Blue Ridge Juvenile Detention Commission Meeting
Thursday, September 12, 2024 @ 10:30 AM
Blue Ridge Juvenile Detention Conference Room
195 Peregory Lane, Charlottesville VA 22902

I. Call to Order

II. Matters from the Public

III. Meeting Minutes – May 9, 2024

IV. Old Business

V. New Business
- FY23 Reports of the External Auditor
- FY24 Unaudited Financial Report

VI. Matters from Director

VII. Matters from Commission Members

VIII. Matters from Commission Attorney

IX. Adjournment

Blue Ridge Juvenile Detention Commission Meeting
May 9, 2024

A scheduled meeting of the Blue Ridge Juvenile Detention Commission was held on May 9, 2024 @ 10:30 AM in the conference room at Blue Ridge Juvenile Detention, 195 Peregory Lane, Charlottesville VA.

Members Attending: Kaki Dimock, County of Albemarle; Ashley Reynolds Marshall, City of Charlottesville; John Egertson, County of Culpeper; Cathy Schafrik, County of Greene; Eric Dahl, County of Fluvanna

Others Attending: Jay Boland, Jodi Dillow, Jeff Gore via Zoom, Ann Shawver via Zoom, Sam McLearen, Culpeper County Planning Director

I. Call to Order
The meeting was called to order by Ms. Dimock at 10:38 AM.

II. Matters from the Public
None

III. Meeting Minutes
A motion was offered by Mr. Dahl and seconded by Ms. Marshall to approve the February 8, 2024 meeting minutes. The motion was approved by a 5-0 voice call vote.

IV. Old Business
None

V. New Business
March FY24 YTD Unaudited Financial Report – Ms. Shawver presented the financial report including reserve funds and discussion followed.

VI. Matters from Director
Mr. Boland gave an update to the Commission on the following items:

- Camera system upgrade is complete
- BRJD will be hosting an upcoming lunch & learn event with community providers, residents and their families
- Staff vacancies – 4
- Annual plant sale with Habitat for Humanity
- Field Training Officer (FTO) designation
- Paternity leave – will be out for the month of June and then intermittently

VII. Matters from Commission Members
Ms. Dimock shared that she attended an art event recently where some of the artists spoke about their experience working with the residents @ BRJD. The artists were effusive about how meaningful the experience was for everyone involved and how welcoming and engaging BRJD staff were.

VIII. Matters from Commission Attorney
Mr. Gore gave an update on the state budget.

IX. Adjournment
The meeting adjourned @ 11:06 AM.

Respectfully submitted,
Jodi L. Dillow, Recording Secretary

BLUE RIDGE JUVENILE DETENTION COMMISSION
EXECUTIVE SUMMARY

AGENDA TITLE: FY23 Reports of the External Auditor **SUBJECT/PROPOSAL/REQUEST:** **STAFF CONTACTS:** Ann Shawver, Financial Consultant	**AGENDA DATE:** September 12, 2024 **FORMAL AGENDA:** **ACTION:** No **INFORMATION:** Yes **CONSENT AGENDA:** **ACTION:** No **INFORMATION:** **ATTACHMENTS:** Yes

Brown, Edwards and Company, LLP (Brown Edwards) has issued reports dated May 29, 2024 on the Blue Ridge Juvenile Detention Commission (Commission) for the fiscal year ending June 30, 2023 as follows:

- Financial Report
- Comments on Internal Control and Other Suggestions for Your Consideration ("Management Letter")
- Required Communication with Those Charged with Governance

A summary of each of these published reports follows.

Financial Report

This report contains the audited financial statements and two audit reports. The first auditor's report, found on pages 1 – 4, is a report on the *Audit of the Financial Statements*. This report includes an unmodified (the best) opinion on the fair presentation of the financial statements. It discloses that the prior year financial statements were audited by other auditors, addresses both management's and the auditor's responsibilities for the financial statements, and discusses elements of the financial statements on which the auditors do not express an opinion. Finally, this report discloses the fact that Brown Edwards issued another report as required by Government Auditing Standards.

The second auditor's report, found on pages 39 – 40, is the report on *Internal Control over Financial Reporting and on Compliance and Others Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. This report explains that the auditor considered the Commission's internal control over financial reporting as it designed audit procedures appropriate for expressing an opinion on the financial statements. The report explained that the auditors' procedures were not performed to express an opinion on the effectiveness of the Commission's internal control. Accordingly, the auditors did not express an opinion on the effectiveness of the

Commission's internal control.

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

The audit did not identify any deficiencies considered to be material weaknesses. The audit did identify a matter considered to be a significant deficiency. On pages 42 and 43, the audit cites *Capital Asset Reporting* as a significant deficiency. The auditors included the following recommendation:

> We recommend reviewing the roles and responsibilities that are present between the Commission and its fiscal agent in order to effectively provide a control system that aids in addressing the reporting of government wide activity that exists. In doing so, the County and Commission can better adhere to existing procedures and effectively combine resources so that these balances are reported each year.

Commission management offered this planned corrective action:

> We concur with these observations. The Commission, in coordination with its financial consultant, will revisit the roles and responsibilities of the parties (the Commission, its consultant, and Albemarle County) regarding accounting and financial reporting of capital assets and related long-term liabilities. The goal will be to ensure a complete and accurate process with proper internal controls which fully complies with governmental accounting standards and which is achieved in the most cost-effective manner.

This financial report further explained that the auditors also performed tests of compliance with certain provisions of laws, regulations, contracts and grant agreements. The auditors did not express an opinion on compliance with those provisions. However, the results of those tests disclosed no instances of noncompliance or other matters required to be reported under *Government Auditing Standards*.

The Schedule of Revenues, Expenses and Changes in Net Position, found on page 6 of the report, presents an increase in net position of $49,756. This report is presented using the accrual method of accounting. The Schedule of Revenues and Expenditures – Operating Fund, Budgetary Basis, found on pages 35 through 37 of the report presents an excess of revenues over expenditures of $276,127. This is presented using the modified accrual method of accounting and is consistent with the Commission's budgetary method which is used for tracking reserve balances. A reconciliation between the accrual and budgetary methods of reporting is shown on page 38 of the financial statements. The accounting for capital assets and long-term liabilities lead to the differences in modified accrual and full accrual performance.

Inclusive of the FY23 results, the Commission's reserves as of June 30, 2023 totaled $1,137,862 and were 25% of the currently adopted budget of $4,589,730.

Management Letter

This letter is issued by the external auditors to communicate comments and suggestions. The following suggestion was included in the letter dated May 29, 2024:

- **Capital Asset Reporting (Significant Deficiency)** – as previously described, the auditors noted that the Commission did not retain adequate documentation regarding its capital assets. The report recommended that a control structure be developed between the Commission and its fiscal agent, Albemarle County, that effectively records, tracts and reports capital assets. This should encompass not only traditional capital assets, but also leases and subscription arrangements.
- **New GASB Pronouncements** – the auditors cited a number of statements of the Governmental Accounting Standards Board (GASB) which may impact the Commission in coming periods. Commission management, along with its fiscal agent Albemarle County, with the assistance of its financial consultant, will ensure compliance with each applicable standard. Two standards are effective for FY24, GASB Statement 99, Omnibus 2022 and GASB Statement 100, Accounting Changes and Error Corrections – an amendment of GASB 62. Neither of these standards is expected to have a significant impact on the financial statements of the Commission. Two standards are effective for FY25, GASB 101, Compensated Absences and GASB 102, Certain Risk Disclosures. GASB 101 will have an impact on the amount of compensated absences recorded as a liability. Commission management has not yet quantified this impact. The auditors cited some other GASB projects that are in progress. As GASB standards are adopted, their effective dates are known and impact can be evaluated.

Required Communication with those Charged with Governance

This communication is provided to provide the Commission with information about the auditors' responsibilities under generally accepted auditing standards and government auditing standards. It addresses management responsibilities, the use of estimates, and cites some of the most sensitive financial statement disclosures (capital assets, pension and other post-employment benefits). The report goes on to address a number of other matters of importance to an independent audit. The representation letter is included in the report.

Recommendations: None at this time.

BLUE RIDGE JUVENILE DETENTION COMMISSION

CHARLOTTESVILLE, VIRGINIA

FINANCIAL REPORT

June 30, 2023

BOARD MEMBERS

ALBEMARLE COUNTY

Kaki Dimock, Chief Human Services Officer

CITY OF CHARLOTTESVILLE

Ashley Reynolds Marshall, Deputy City Manager for Racial Equity, Diversity, and Inclusion

CULPEPER COUNTY

John Egertson, County Executive

FLUVANNA COUNTY

Eric Dahl, County Administrator

GREENE COUNTY

Cathy Schafrik, County Administrator

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BROWN EDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of
Blue Ridge Juvenile Detention Commission
Charlottesville, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Blue Ridge Juvenile Detention Commission, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Blue Ridge Juvenile Detention Commission's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Blue Ridge Juvenile Detention Commission, as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Blue Ridge Juvenile Detention Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of the Blue Ridge Juvenile Detention Commission of June 30, 2022 were audited by other auditors whose report dated May 22, 2023 expressed an unmodified opinion on those statements.

Responsibilities of Management 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, and 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.

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Responsibilities of Management for the Financial Statements (Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Blue Ridge Juvenile Detention Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Blue Ridge Juvenile Detention Commission Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Blue Ridge Juvenile Detention Commission Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Blue Ridge Juvenile Detention Commission's basic financial statements. The accompanying budgetary schedule are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2023, on our consideration of Blue Ridge Juvenile Detention Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Blue Ridge Juvenile Detention Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Blue Ridge Juvenile Detention Commission's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
May 29, 2024

BASIC FINANCIAL STATEMENTS

BLUE RIDGE JUVENILE DETENTION COMMISSION

STATEMENT OF NET POSITION
June 30, 2023
(With Comparative Amounts for 2022)

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 4)	$ 1,777,652	$ 1,464,136
Prepaid Items	5,077	2,502
Accounts receivable (Note 5)	2,100	1,597
Due from other governments (Note 5)	66,392	64,359
Total current assets	1,851,221	1,532,594
NONCURRENT ASSETS		
Net pension asset (Note 7)	23,965	108,959
Capital assets, net of accumulated depreciation (Note 6)	5,507,973	5,782,342
Total noncurrent assets	5,531,938	5,891,301
Total assets	7,383,159	7,423,895
DEFERRED OUTFLOWS OF RESOURCES		
OPEB related items (Notes 8, 9, 10)	143,621	153,572
Pension related items (Note 7)	184,331	341,874
Total deferred outflows of resources	327,952	495,446
Total assets and deferred outflows of resources	$ 7,711,111	$ 7,919,341
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	$ 51,232	$ 28,540
Compensation payable	105,711	86,782
Compensated absences - current portion	12,958	12,104
Total current liabilities	169,901	127,426
Noncurrent liabilities:		
Net OPEB liability (Notes 8, 9, 10)	480,961	522,931
Compensated absences - net of current portion	116,626	108,940
Total noncurrent liabilities	597,587	631,871
Total liabilities	767,488	759,297
DEFERRED INFLOWS OF RESOURCES		
OPEB related items (Notes 8, 9, 10)	151,503	123,037
Pension related items (Note 7)	254,709	549,352
Total deferred inflows of resources	406,212	672,389
NET POSITION		
Net investment in capital assets	5,500,313	5,782,342
Restricted - net pension asset	23,965	108,959
Unrestricted	1,013,133	596,354
Total net position	6,537,411	6,487,655
Total liabilities, deferred inflows of resources and net position	$ 7,711,111	$ 7,919,341

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

BLUE RIDGE JUVENILE DETENTION COMMISSION

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
June 30, 2023
(With Comparative Amounts for 2022)

	2023	2022
OPERATING REVENUES		
From local sources:		
Charges for services	$ 3,030,902	$ 2,948,492
Miscellaneous	17,643	11,759
Recovered costs	44,160	-
Intergovernmental:		
State	1,020,067	1,006,792
Federal	42,274	57,322
Total operating revenues	4,155,046	4,024,365
OPERATING EXPENSES		
Compensation and related items	2,911,687	2,877,627
Contractual	465,096	278,043
Other charges	502,961	475,642
Depreciation	282,029	294,951
Total operating expenses	4,161,773	3,926,263
Total operating income (loss)	(6,727)	98,102
NONOPERATING REVENUES		
Interest income	56,483	7,127
Total nonoperating revenues	56,483	7,127
Change in net position	49,756	105,229
Net position, beginning of year	6,487,655	6,382,426
Net position, end of year	$ 6,537,411	$ 6,487,655

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

BLUE RIDGE JUVENILE DETENTION COMMISSION

STATEMENT OF CASH FLOWS
June 30, 2023
(With Comparative Amounts for 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 4,152,509	$ 3,753,335
Payments to suppliers	(955,599)	(750,693)
Payments to and for employees	(2,939,877)	(2,768,234)
Net cash flows provided by operating activities	257,033	234,408
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	56,483	7,127
Net change in cash and cash equivalents	313,516	241,535
Cash and cash equivalents, beginning of year	1,464,136	1,222,601
Cash and cash equivalents, end of year	$ 1,777,652	$ 1,464,136
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	$ (6,727)	$ 98,102
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	282,029	294,951
Excess of employer contributions over pension expense	(52,106)	10,326
Excess of employer contributions over other postemployment benefits expense	(3,553)	11,834
Changes in operating assets and deferred outflows of resources:		
Prepaid items	(2,575)	(2,502)
Due from other governments	(2,033)	(64,359)
Accounts receivable	(503)	(591)
Changes in operating liabilities and deferred inflows of resources:		
Accounts payable and accrued liabilities	15,032	5,494
Compensation payable	18,929	76,254
Compensated absences	8,540	10,979
Unearned revenue	-	(206,080)
Net cash provided by operating activities	$ 257,033	$ 234,408
NONCASH CAPITAL AND RELATED FINANCING		
Capital assets acquired through accounts payable	$ 7,660	$ -

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

BLUE RIDGE JUVENILE DETENTION COMMISSION

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Financial Reporting Entity

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

Note 2. Operating Activities

The detention facility consists of 40 detention beds. The members are assessed a pro-rata share of the operating expenses in proportion to their respective use of the facility for each detainee they commit to the Commission's custody. The operating charges are to be collected in advance at the beginning of each quarter of each fiscal year based on the operating member percentages established by the member's respective usage during the preceding three fiscal years. Member jurisdictions may be entitled to an adjustment at year end based on actual performance. In FY23, the Commission decided not to refund positive budget-based performance to member jurisdictions, but instead for this to be retained by the Commission to build reserves in accordance with the Commission's financial policies. Charges to nonmember jurisdictions are based upon an established per diem charge as the Commission may deem advisable for the care, maintenance, and subsistence of their detainees. The Commonwealth of Virginia may provide capital and/or operating expense reimbursement grants to the Commission. These funds are subject to the provisions of any bond indenture or financing documents requiring specific application of such funds.

Note 3. Summary of Signification Accounting Policies

Basis of Accounting:

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

Cash and Cash Equivalents:

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

Capital Assets:

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

Buildings and improvements	40 Years
Equipment and vehicles	5 Years

(Continued)

Note 3. Summary of Significant Accounting Policies (Continued)

Operating and Nonoperating Revenues and Expenses:

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

Compensated Absences:

The Commission records liabilities for accrued vacation and sick leave at various amounts based on the length of service. Benefits or pay are received for unused annual leave or retirement bonus upon termination. There are various restrictions both for annual leave and retirement bonus upon termination of employment. Accumulated vacation up to 40 days is paid upon termination of employment. Compensated absences consisted of $129,584 and $121,044 as of June 30, 2023 and 2022, respectively.

Net Position:

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

Net Position Flow Assumption:

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

Pensions and Other Postemployment Benefits (OPEB):

For purposes of measuring the net pension liability (asset) and net VRS and VERIP related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pension and to OPEB, and pension and OPEB expense, information about the fiduciary net position of the Commission's Retirement Plan and net position of the VRS GLI Plan and VERIP plan and the additions to/deductions from the Commission's Retirement Plan's, VRS OPEB, and VERIP OPEB Plan fiduciary net position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS) or respective actuary. 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.

(Continued)

Note 3. Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources:

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

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

Use of Estimates:

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

Comparative Amounts:

Comparative amounts are presented for informational purposes only.

Note 4. Deposits and Investments

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

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

(Continued)

Note 5. Receivables and Due From Other Governments

Receivables and amounts due from other governments are as follows:

	2023	2022
Accounts receivable:		
Other	$ 2,100	$ 1,597
Due from other governments:		
City of Charlottesville	$ 66,392	$ 48,893
Commonwealth of Virginia	-	4,550
USDA	-	10,916
Total due from other governments	$ 66,392	$ 64,359

Note 6. Capital Assets

Changes in capital assets are summarized below:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 417,115	$ -	$ -	$ 417,115
Total capital assets not being depreciated	417,115	-	-	417,115
Capital assets being depreciated:				
Building and improvements	10,526,320	-	-	10,526,320
Equipment	738,442	7,660	-	746,102
Vehicles	171,539	-	-	171,539
Total capital assets being depreciated	11,436,301	7,660	-	11,443,961
Accumulated depreciation:				
Building and improvements	5,188,831	267,932	-	5,456,763
Equipment	727,713	2,757	-	730,470
Vehicles	154,530	11,340	-	165,870
Total accumulated depreciation	6,071,074	282,029	-	6,353,103
Capital assets being depreciated, net	5,365,227	(274,369)	-	5,090,858
Net capital assets	$ 5,782,342	$ (274,369)	$ -	$ 5,507,973

Depreciation expense was $282,029 and $294,951 for 2023 and 2022, respectively.

(Continued)

Note 7. Defined Benefit Pension Plan

Plan Description

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

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

- https://www.varetire.org/members/benefits/defined-benefit/plan1.asp,
- https://www.varetire.org/members/benefits/defined-benefit/plan2.asp,
- https://www.varetirement.org/hybrid.html.

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	12
Inactive members:	
Vested inactive members	7
Non-vested inactive members	29
Inactive members active elsewhere in VRS	28
Total inactive members	64
Active members	38
Total covered employees	114

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.

Note 7. Defined Benefit Pension Plan (Continued)

Contributions (Continued))

The political subdivision's contractually required contribution rate for the year ended June 30, 2023 was 4.98% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were $90,448 and $99,714 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Asset

The net pension asset is calculated separately for each employer and represents that particular employer's total pension asset determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension asset was measured as of June 30, 2022. The total pension asset used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2021 rolled forward to the measurement date of June 30, 2022.

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, 2021, 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, 2022.

Inflation	2.50%
General Employees – Salary increases, including inflation	3.50 – 5.35%
Public Safety Employees with hazardous duty benefits – Salary increases, including inflation	3.50 – 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 45% to 70% of deaths are assumed to be service related. Mortality is projected using the applicable Pub-2010 Mortality Table with various set backs or set forwards for both males and females.

Note 7. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Updated mortality table; adjusted retirement rates; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; no change to disability rates; no change to salary scale; no change to line of duty disability; and no change to discount rate.

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Updated mortality table; adjusted retirement rate to better fit experience and increased final retirement age to 70; decreased rates of withdrawal; no change to disability rates; no changes to salary scale; no change to line of duty disability; and no change to discount rate.

(Continued)

Note 7. 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
Public Equity	34.00 %	5.71 %	1.94 %
Fixed Income	15.00	2.04	0.31
Credit Strategies	14.00	4.78	0.67
Real Assets	14.00	4.47	0.63
Private Equity	14.00	9.73	1.36
MAPS – Multi-Asset Public Strategies	6.00	3.73	0.22
PIP – Private Investment Partnership	3.00	6.55	0.20
Total	100.00 %		5.33 %
		Inflation	2.50 %
		*Expected arithmetic nominal return	7.83 %

* The above allocation provides for a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Note 7. Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. 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. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in the FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. From July 1, 2022 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (Asset) (a) – (b)**
Balances at June 30, 2021	$ 4,312,927	$ 4,421,886	$ (108,959)
Changes for the year:			
Service cost	127,908	-	127,908
Interest	293,891	-	293,891
Differences between expected and actual experience	(164,638)	-	(164,638)
Contributions – employer	-	98,894	(98,894)
Contributions – employee	-	82,507	(82,507)
Net investment income	-	(6,623)	6,623
Benefit payments, including refunds of employee contributions	(173,798)	(173,798)	-
Administrative expenses	-	(2,715)	2,715
Other changes	-	104	(104)
Net changes	83,363	(1,631)	84,994
Balances at June 30, 2022	$ 4,396,290	$ 4,420,255	$ (23,965)

Note 7. Defined Benefit Pension Plan (Continued)

Sensitivity of the Net Pension Asset to Changes in the Discount Rate

The following presents the net pension asset of the political subdivision using the discount rate of 6.75%, as well as what the political subdivision's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Political subdivision's net pension liability (asset)	$ 686,138	$ (23,965)	$ (586,162)

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

For the year ended June 30, 2023, the political subdivision recognized pension expense of $37,522. At June 30, 2023, the political subdivision 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	$ 51,853	$ 135,265
Change in assumptions	42,030	-
Net difference between projected and actual earnings on pension plan investments	-	119,444
Employer contributions subsequent to the measurement date	90,448	-
Total	$ 184,331	$ 254,709

Note 7. Defined Benefit Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The $90,448 reported as deferred outflows of resources related to pensions resulting from the political subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Asset in the Fiscal Year ending June 30, 2024. 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 Ended June 30,	Increase (Reduction) to Pension Expense
2024	$ (56,841)
2025	(82,782)
2026	(82,255)
2027	61,052
2028	-
Thereafter	-
Total recognition	$ (160,826)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2022 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at https://www.varetire.org/Pdf/Publications/2022-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 8. Other Postemployment Benefits Liability – Local Plan

Plan Description

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

The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis, meaning contributions are not tied to covered payroll or salaries. The funding requirements are established and may be amended by the County Board of Supervisors.

Note 8. Other Postemployment Benefits Liability – Local Plan (Continued)

Benefits Provided

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

Employees Covered by Benefit Terms

Information regarding covered employees is available in the County's separately issued 2023 Annual Comprehensive Financial Report (ACFR).

Total OPEB Liability

At June 30, 2023, the Commission reported a liability of $381,021 for its proportionate share of the collective net VERIP OPEB liability. The collective total OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the collective total OPEB liability was determined by an actuarial valuation as of September 1, 2022, rolled back to June 30, 2022. The Commission's proportion of the collective OPEB liability was based on a projection of the Commission's long-term share of contributions of the OPEB plan relative to the projected contributions of all participating employers. At June 30, 2023, the Commission's proportionate share of the County's OPEB plan was 0.99%.

Actuarial Assumptions and Other Inputs

Information regarding actuarial assumptions and the discount rate is available is the separately issued County's 2023 Annual Comprehensive Financial Report (ACFR).

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

The following presents the total OPEB liability of the Commission, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.69%) or one percentage point higher (4.69%) than the current discount rate:

	1.00% Decrease (2.69%)	Current Discount Rate (3.69%)	1.00% Increase (4.69%)
Total OPEB liability	$ 403,928	$ 381,021	$ 360,912

Note 8. Other Postemployment Benefits Liability – Local Plan (Continued)

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

The following presents the total OPEB liability of the Commission, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (2.94%) or one percentage point higher (4.94%) than the current healthcare cost trend rates:

	1.00% Decrease (2.94%)	Current Healthcare Cost Trend Rates (3.94%)	1.00% Increase (4.94%)
Total OPEB liability	$ 349,337	$ 381,021	$ 419,145

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

For the year ended June 30, 2023, the Commission recognized OPEB expense of $10,155. At June 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 12,602	$ 32,687
Change in assumptions	11,337	77,381
Change in Proportion	94,439	-
Total	$ 118,378	$ 110,068

Note 8. Other Postemployment Benefits Liability – Local Plan (Continued)

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Increase (Reduction) to OPEB Expense
2024	$ (252)
2025	2,600
2026	4,182
2027	9,127
2028	(7,347)
Thereafter	-
Total recognition	$ 8,310

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan is available in the separately issued County Annual Comprehensive Financial Report (ACFR).

Note 9. Other Postemployment Benefits Liability – Virginia Retirement System Plans

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the Commission also participates in one cost-sharing other postemployment benefit plan, described as follows.

Plan Descriptions

Group Life Insurance Program

All full-time teachers and employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

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

Specific information for the GLI is available at https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp.

Note 9. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

<u>Contributions</u>

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2021. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

<u>Group Life Insurance Program</u>

Governed by:	*Code of Virginia* 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2023 Contribution	$ 11,089
June 30, 2022 Contribution	$ 9,745

In June 2022, the Commonwealth made a special contribution of approximately $30.4 million to the Group Life Insurance plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act.

<u>OPEB Liabilities, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB</u>

The net OPEB liabilities were measured as of June 30, 2022 and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the net OPEB liabilities were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers.

<u>Group Life Insurance Program</u>

June 30, 2023 proportionate share of liability	$ 99,940
June 30, 2022 proportion	0.0087%
June 30, 2021 proportion	0.0091%
June 30, 2023 expense (benefit)	$(2,619)

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense was related to deferred amount from changes in proportion.

Note 9. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

OPEB Liabilities, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB (Continued)

At June 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Group Life Insurance Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 7,914	$ 4,009
Change in assumptions	3,728	9,735
Net difference between projected and actual earnings on OPEB plan investments	-	6,245
Changes in proportion	2,512	21,446
Employer contributions subsequent to the measurement date	11,089	-
Total	$ 25,243	$ 41,435

The deferred outflows of resources related to OPEB resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the Fiscal Year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future reporting periods as follows:

Group Life Insurance Program

Year Ended June 30,	(Reduction) to OPEB Expense
2024	$ (5,280)
2025	(6,474)
2026	(10,082)
2027	(2,801)
2028	(2,644)
Thereafter	-
Total recognition	$ (27,281)

Note 9. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued))

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2021, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

Inflation	2.50%
Salary increases, including inflation:	
• Locality – general employees	3.50 – 5.35%
• Locality – hazardous duty employees	3.50 – 4.75%
Healthcare cost trend rates:	
• Age under 68	7.00 – 4.75%
• Age 65 and older	5.25 – 4.75%
Investment rate of return, net of expenses, including inflation	6.75%

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 7.

Net OPEB Liabilities

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program
Total OPEB liability	$ 3,672,085
Plan fiduciary net position	2,467,989
Employers' net OPEB liability (asset)	$ 1,204,096
Plan fiduciary net position as a percentage of total OPEB liability	67.21%

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

Note 9. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Long-Term Expected Rate of Return

Group Life Insurance Programs
The long-term expected rate of return on VRS 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 OPEB investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00 %	5.71 %	1.94 %
Fixed Income	15.00	2.04	0.31
Credit Strategies	14.00	4.78	0.67
Real Assets	14.00	4.47	0.63
Private Equity	14.00	9.73	1.36
MAPS – Multi-Asset Public Strategies	6.00	3.73	0.22
PIP – Private Investment Partnership	3.00	6.55	0.20
Total	100.00 %		5.33 %
Inflation		2.50 %	
*Expected arithmetic nominal return		7.83 %	

The above allocation provides for a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11, including inflation of 2.50%.

Note 9. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Discount Rate

The discount rate used to measure the GLI OPEB liabilities was 6.75% The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2022, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' 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 OPEB liability.

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

The following presents the net OPEB liabilities of the Blue Ridge Juvenile Detention Commission, as well as what the net OPEB liabilities would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current discount rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
GLI Net OPEB liability	$ 145,424	$ 99,940	$ 63,182

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2022 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 10. Summary of the Net/Total OPEB Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:

	OPEB Plans:			
	Deferred Outflows	Deferred Inflows	Net/Total OPEB Liability	OPEB Expense (Benefit)
Net Group Life Insurance Program	$ 25,243	$ 41,435	$ 99,940	$ (2,619)
Total Local Plan	118,378	110,068	381,021	10,155
	$ 143,621	$ 151,503	$ 480,961	$ 7,536

Note 11. Risk Management

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

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

Note 12. Fiscal Agent

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

Note 13. Litigation

At June 30, 2023, there were no matters of litigation involving the Commission which would materially affect the Commission's position should any court decisions on pending matters not be favorable.

Note 14. Detainee Cost Per Diem

The Commission's detainee days totaled 7,170 for the year ended June 30, 2023 and 6,133 for 2022. Costs incurred in the operation of the Commission are as follows:

	2023	2022
Total operating expenditures per budgetary basis	$ 3,935,402	$ 3,638,052
Less:		
Charges to others for detainee care and other sources	(823,950)	(845,566)
Reimbursed expenditures from the Commonwealth	(1,020,067)	(1,006,792)
Net cost to participant localities	$ 2,091,386	$ 1,785,694
Total detainee days for participant localities	7,170	6,133
Actual local cost per diem	$ 291.69	$ 291.16

(Continued)

Note 15. New Accounting Standards

In April 2022, the GASB issued **Statement No. 99**, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, the GASB issued **Statement No. 100**, *Accounting Changes and Error Corrections*. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

In June 2022, the GASB issued **Statement No. 101**, *Compensated Absences*. This statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

BLUE RIDGE JUVENILE DETENTION COMMISSION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
June 30, 2023

	2022	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY									
Service Cost	$ 127,908	$ 171,717	$ 180,117	$ 189,110	$ 172,652	$ 166,421	$ 184,344	$ 177,119	$ 142,904
Interest	293,891	265,811	231,305	208,240	187,199	167,047	161,204	152,459	137,921
Differences between expected and actual experience	(164,638)	(111,700)	242,220	59,398	45,276	136,044	(47,090)	(22,146)	-
Changes in assumptions	-	116,516	-	126,316	(96,834)	(60,722)	-	-	-
Benefit payments, including refunds of employee contributions	(173,798)	(134,726)	(150,136)	(87,289)	-	(144,984)	(284,987)	(80,025)	(66,248)
Refund of contributions	-	-	-	(24,950)	-	-	-	-	-
Net change in total pension liability	$ 83,363	$ 307,618	$ 503,506	$ 470,825	$ 308,293	$ 263,806	$ 13,471	$ 227,407	$ 214,577
Total pension liability - beginning	4,312,927	4,005,309	3,501,803	3,030,978	2,722,685	2,458,879	2,445,408	2,218,001	2,003,424
Total pension liability - ending (a)	$ 4,396,290	$ 4,312,927	$ 4,005,309	$ 3,501,803	$ 3,030,978	$ 2,722,685	$ 2,458,879	$ 2,445,408	$ 2,218,001
PLAN FIDUCIARY NET POSITION									
Contributions - employer	$ 98,894	$ 102,842	$ 83,172	$ 86,711	$ 88,764	$ 81,943	$ 107,724	$ 112,081	$ 128,298
Contributions - employee	82,507	87,283	93,005	95,649	95,918	87,889	82,927	86,383	73,311
Net investment income	(6,623)	949,153	63,706	208,898	207,143	297,908	36,471	108,003	300,519
Benefit payments, including refunds of employee contributions	(173,798)	(134,726)	(150,136)	(87,289)	(96,834)	(144,984)	(284,987)	(80,025)	(66,248)
Refund of contributions	-	-	-	(24,950)	-	-	-	-	-
Administrative expense	(2,715)	(2,242)	(2,091)	(1,928)	(1,679)	(1,653)	(1,546)	(1,335)	(1,492)
Other	104	91	(77)	(133)	(190)	(270)	(18)	(23)	16
Net change in plan fiduciary net position	$ (1,631)	$ 1,002,401	$ 87,579	$ 276,958	$ 293,122	$ 320,833	$ (59,429)	$ 225,084	$ 434,404
Plan fiduciary net position - beginning	4,421,886	3,419,485	3,331,906	3,054,948	2,761,826	2,440,993	2,500,422	2,275,338	1,840,934
Plan fiduciary net position - ending (b)	$ 4,420,255	$ 4,421,886	$ 3,419,485	$ 3,331,906	$ 3,054,948	$ 2,761,826	$ 2,440,993	$ 2,500,422	$ 2,275,338
Commission’s net pension liability (asset) - ending (a) - (b)	$ (23,965)	$ (108,959)	$ 585,824	$ 169,897	$ (23,970)	$ (39,141)	$ 17,886	$ (55,014)	$ (57,337)
Plan fiduciary net position as a percentage of the total pension liability	100.55%	102.53%	85.37%	95.15%	100.79%	101.44%	99.27%	102.25%	102.59%
Covered payroll	$ 1,804,585	$ 1,882,878	$ 1,978,222	$ 2,018,447	$ 2,007,385	$ 1,819,607	$ 1,733,722	$ 1,744,886	$ 1,470,248
Commission’s net pension liability (asset) as a percentage of covered payroll	-1.33%	-5.79%	29.61%	8.42%	-1.19%	-2.15%	1.03%	-3.15%	-3.90%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2014 information was presented in the entity's fiscal year 2015 financial report.

This schedule is intended to show information for 10 years. Since fiscal year 2015 (plan year 2014) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

BLUE RIDGE JUVENILE DETENTION COMMISSION

SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2023

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	$ 90,448	$ 90,448	$ -	$ 2,053,448	4.40%
2022	99,714	99,714	-	1,804,585	5.53%
2021	103,464	103,464	-	1,882,878	5.49%
2020	83,876	83,876	-	1,978,222	4.24%
2019	86,890	86,890	-	2,018,447	4.30%
2018	95,150	95,150	-	2,007,385	4.74%
2017	86,249	86,249	-	1,819,607	4.74%
2016	112,692	112,692	-	1,733,722	6.50%
2015	113,418	113,418	-	1,744,886	6.50%
2014	128,500	128,500	-	1,470,248	8.74%

* Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

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.

BLUE RIDGE JUVENILE DETENTION COMMISSION

SCHEDULE OF COMMISSION'S SHARE OF NET/Total OPEB LIABILITY
June 30, 2023

Plan Fiscal Year Ended June 30	Employer's Proportion of the Net/Total OPEB Liability	Employer's Proportionate Share of the Net/Total OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Virginia Retirement System - Group Life Insurance					
2022	0.0087%	$ 99,940	$ 1,804,585	5.54%	67.21%
2021	0.0091%	106,182	1,882,878	5.64%	67.45%
2020	0.0096%	160,375	1,978,269	8.11%	52.64%
2019	0.0103%	167,609	2,018,447	8.30%	52.00%
2018	0.0106%	161,000	2,007,385	8.02%	51.22%
2017	0.0987%	148,000	1,819,607	8.13%	48.86%
County of Albemarle Local Plan					
2022	0.9900%	$ 381,021	N/A	N/A	3.02%
2021	0.9400%	416,749	N/A	N/A	3.02%
2020	0.7100%	330,013	N/A	N/A	2.61%
2019	0.7100%	302,480	N/A	N/A	2.60%
2018	0.7500%	324,350	N/A	N/A	N/A
2017	0.7500%	308,518	N/A	N/A	N/A

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not 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 entity's fiscal year.

BLUE RIDGE JUVENILE DETENTION COMMISSION

SCHEDULE OF OPEB CONTRIBUTIONS
June 30, 2023

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Virginia Retirement System - Group Life Insurance					
2023	$ 11,089	$ 11,089	$ -	$ 2,053,448	0.54%
2022	9,745	9,745	-	1,804,585	0.54%
2021	10,168	10,168	-	1,882,878	0.54%
2020	10,287	10,287	-	1,978,269	0.52%
2019	10,496	10,496	-	2,018,447	0.52%
2018	10,519	10,519	-	2,007,385	0.52%
2017	9,462	9,462	-	1,819,607	0.52%
2016	8,322	8,322	-	1,733,722	0.48%
2015	8,375	8,375	-	1,744,886	0.48%
2014	7,057	7,057	-	1,470,248	0.48%

County of Albemarle Local Plan

Data is not disclosed for the Commission's proportion of the Local Plan because the plan is funded on a pay-as-you-go basis. As such, this plan does not have contractual contribution requirements.

Note 1. Changes of Benefit Terms

Pension

There have been no actuarially material changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation.

Other Postemployment Benefits (OPEB)

There have been no actuarially material changes to the benefit provisions since the prior actuarial valuation.

Note 2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

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

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age.
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to line of duty rates.
- No change to discount rate.

(Continued)

Note 2. Changes of Assumptions (Continued)

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

All Others (Non 10 Largest) - Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

OTHER SUPPLEMENTARY INFORMATION

BLUE RIDGE JUVENILE DETENTION COMMISSION

SCHEDULE OF REVENUES AND EXPENDITURES - OPERATING FUND
BUDGETARY BASIS
June 30, 2023

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Charges for services:				
Care of detainees:				
County of Albemarle	$ 538,496	$ 538,496	$ 538,496	$ -
City of Charlottesville	796,709	796,709	796,709	-
County of Greene	249,386	249,386	249,386	-
County of Fluvanna	154,487	154,487	154,487	-
County of Culpeper	467,874	467,874	467,874	-
Community Placement Program	850,000	850,000	823,950	(26,050)
Total charges for services	3,056,952	3,056,952	3,030,902	(26,050)
Miscellaneous:				
Other	6,000	6,000	17,643	11,643
Recovered costs:				
Region Ten	8,000	8,000	12,600	4,600
Other	27,850	27,850	31,560	3,710
Total recovered costs	35,850	35,850	44,160	8,310
Intergovernmental:				
Commonwealth of Virginia:				
Department of Juvenile Justice	901,169	901,169	1,012,867	111,698
Other	1,000	1,000	7,200	6,200
Total Commonwealth of Virginia	902,169	902,169	1,020,067	117,898
Federal government:				
USDA	30,000	30,000	42,274	12,274
Total intergovernmental	932,169	932,169	1,062,341	130,172
Total revenues	4,030,971	4,030,971	4,155,046	124,075
EXPENDITURES				
Compensation and related items:				
Salaries and wages	2,371,348	2,371,348	2,309,891	61,457
Fringes:				
Social Security and Medicare taxes	190,129	190,129	172,107	18,022
Retirement	136,982	136,982	109,913	27,069
Health insurance	357,430	357,430	304,656	52,774
Dental insurance	9,600	9,600	7,950	1,650
Life insurance	28,279	28,279	25,958	2,321
Unemployment	5,000	5,000	1,200	3,800
Workers' compensation	24,000	24,000	24,668	(668)
Other expenditures	17,624	17,624	11,002	6,622
Total Compensation and related items	3,140,392	3,140,392	2,967,345	173,047

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

BLUE RIDGE JUVENILE DETENTION COMMISSION

SCHEDULE OF REVENUES AND EXPENDITURES - OPERATING FUND (Continued)
BUDGETARY BASIS
June 30, 2023

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
EXPENDITURES: (Continued)				
Contractual:				
Legal	30,000	30,000	30,000	-
Professional services	25,000	25,000	68,210	(43,210)
Health services	15,000	15,000	13,619	1,381
Audit	5,500	5,500	5,159	341
Repairs and maintenance	40,900	40,900	64,935	(24,035)
Maintenance contracts	133,701	133,701	129,851	3,850
Printing and binding	1,000	1,000	-	1,000
Advertising	1,000	1,000	2,382	(1,382)
Refuse collection	2,000	2,000	3,673	(1,673)
Administration fees	117,424	117,424	117,424	-
Information technology	18,000	18,000	18,000	-
Other contractual	7,000	7,000	11,843	(4,843)
Total contractual	396,525	396,525	465,096	(68,571)
Other charges:				
Data processing	30,000	30,000	39,704	(9,704)
Electrical	60,000	60,000	70,882	(10,882)
Heating	14,000	14,000	13,359	641
Water and sewer	11,000	11,000	20,672	(9,672)
Postal services	1,000	1,000	708	292
Telecommunications	27,000	27,000	26,654	346
Fire insurance	38,000	38,000	32,880	5,120
Training - Academy	5,500	5,500	1,504	3,996
Travel - subsistence	5,000	5,000	3,812	1,188
Miscellaneous	7,454	7,454	2,986	4,468
Dues and memberships	1,500	1,500	1,394	106
Materials and supplies	3,500	3,500	2,345	1,155
Office supplies	7,500	7,500	8,682	(1,182)
Food supplies	133,000	133,000	188,779	(55,779)
Medical and lab supplies	11,000	11,000	14,137	(3,137)
Laundry and janitorial supplies	15,000	15,000	18,967	(3,967)
Linen supplies	2,000	2,000	1,258	742
Uniforms - residents	6,000	6,000	6,011	(11)
Repair and maintenance supplies	12,000	12,000	15,958	(3,958)
Vehicle and equipment fuel	2,000	2,000	2,569	(569)
Vehicle and equipment repairs	5,000	5,000	1,939	3,061
Security supplies	3,000	3,000	4,119	(1,119)
Uniforms and apparel - employees	6,000	6,000	8,329	(2,329)
Books and subscriptions	2,000	2,000	834	1,166
Education and recreation supplies	15,000	15,000	2,030	12,970
Other operating supplies	5,000	5,000	3,923	1,077
Copy expense	600	600	-	600
Curry school	5,000	5,000	-	5,000
Total other charges	434,054	434,054	494,435	(60,381)

BLUE RIDGE JUVENILE DETENTION COMMISSION

SCHEDULE OF REVENUES AND EXPENDITURES - OPERATING FUND (Continued)
BUDGETARY BASIS
June 30, 2023

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
EXPENDITURES: (Continued)				
Capital outlay:				
Machinery and equipment	15,000	15,000	932	14,068
Furniture and fixtures	40,000	40,000	580	39,420
Lease/rent equipment	7,000	7,000	7,014	(14)
Total capital outlay	62,000	62,000	8,526	53,474
Total expenditures	4,032,971	4,032,971	3,935,402	97,569
NET OPERATING INCOME (LOSS)	(2,000)	(2,000)	219,644	221,644
NONOPERATING REVENUES:				
Interest income	2,000	2,000	56,483	54,483
Total nonoperating revenue	2,000	2,000	56,483	54,483
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ 276,127	$ 276,127

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

BLUE RIDGE JUVENILE DETENTION COMMISSION

RECONCILIATION OF THE SCHEDULE OF REVENUES AND EXPENDITURES - OPERATING FUND BUDGETARY BASIS TO THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
June 30, 2023

Reconciliation of excess (deficiency) of revenues over under expenditures to changes in net position per the Statement of Revenues, Expenses and Changes in Net Position:	$ 276,127
Excess (Deficiency) of revenues over (under) expenses per budgetary basis schedule	
Depreciation expense	(282,029)
Change in pension related items	52,106
Change in OPEB related items	3,552
Changes in net position, per statement of revenues, expenses, and changes in net position	$ 49,756

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

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 the Honorable Members of the
Blue Ridge Juvenile Detention Commission
Charlottesville, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the Blue Ridge Juvenile Detention Commission (the "Commission") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated May 29, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control and therefore, material weaknesses or significant deficiencies may exist that have not been identified. **Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. We did identify a certain deficiency in internal control, described by the accompanying Schedule of Findings and Responses, as item 2023-001 that we consider to be a significant deficiency.**

Report on Compliance and Other Matters

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

Commission's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Commission's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Commission's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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
May 29, 2024

BLUE RIDGE JUVENILE DETENTION COMMISSION

SUMMARY OF COMPLIANCE MATTERS
June 30, 2023

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 Center's compliance with certain provisions of laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia:

Cash and Investment Laws
Conflict of Interest Act
Local Retirement Systems
Procurement Laws
Uniform Disposition of Unclaimed Property Act

BLUE RIDGE JUVENILE DETENTION CENTER

SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2023

A. FINANCIAL STATEMENT AUDIT

2023-001: Capital Asset Reporting (Significant Deficiency)

Condition:

Capital asset listings and information needed to populate year end entries were not effectively retained and recorded as a part of the audit process. Additionally, the process of tracking and recording right of use assets and liabilities for leases and subscription based information technology arrangements could be improved so that the accounting ledger and financial reporting process accurately and materially reflect GASB Statements No. 87 and 96.

Criteria:

Capital asset reporting is a key accounting function with substantial impacts on the annual reporting of the Commission. Assets should be documented and balances reflective of the estimates and policies in place used to capitalize those assets in prior years. Additionally, controls should be in place to properly identify, record, and adjust for new assets on an annual basis.

Cause:

Turnover in key personnel of the fiscal agent and those tasked with overseeing the financial reporting of the Commission created additional work to accurately record information as previously reported.

Effect:

Key information needed to record assets, liabilities, and expenses on an annual basis required significant involvement and review in order to accurately reflect recorded activity in the financial statements.

Recommendation:

We recommend reviewing the roles and responsibilities that are present between the Commission and its fiscal agent in order to effectively provide a control system that aids in addressing the reporting of government wide activity that exists. In doing so, the County and Commission can better adhere to existing procedures and effectively combine resources so that these balances are reported each year.

BLUE RIDGE JUVENILE DETENTION CENTER

SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2023

A. FINANCIAL STATEMENT AUDIT

2023-001: Capital Asset Reporting (Significant Deficiency)

Views of Responsible Officials and Planned Corrective Action:

We concur with these observations. The Commission, in coordination with its financial consultant, will revisit the roles and responsibilities of the parties (the Commission, its consultant, and Albemarle County) regarding accounting and financial reporting of capital assets and related long term liabilities. The goal will be to ensure a complete and accurate process with proper internal controls which fully complies with governmental accounting standards and which is achieved in the most cost-effective manner.

BLUE RIDGE JUVENILE DETENTION COMMISSION

COMMENTS ON INTERNAL CONTROL AND OTHER SUGGESTIONS FOR YOUR CONSIDERATION

June 30, 2023

CONTENTS

BROWN EDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT ON COMMENTS AND SUGGESTIONS

To the Honorable Members of the Board of Supervisors
County of Albemarle, Virginia
as a Fiscal Agent of Blue Ridge Juvenile Detention Commission
Charlottesville, Virginia

In planning and performing our audit of the financial statements of the Blue Ridge Juvenile Detention Commission (the "Commission") as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in circumstances for the purpose of expressing our opinion on the financial statements and to comply with any other applicable standards, such as *Government Auditing Standards*, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph 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. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls.

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

If material weaknesses or significant deficiencies were identified during our procedures, they are appropriately designated as such in this report. Additional information on material weaknesses or significant deficiencies and compliance and other matters is included 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*** which should be read in conjunction with this report.

1909 Financial Drive • Harrisonburg, Virginia 22801 • 540-345-0936 • Fax: 540-434-6736 • Fax: 540-434-3097 • www.BEcpas.com

Additionally, during our audit, we may have become aware of certain other matters that provide opportunities for improving your financial reporting system and/or operating efficiency. Such comments and suggestions regarding these matters, if any, are also included in the attached report, but are not designated as a material weakness or significant deficiency. Since our audit is not designed to include a detail review of all systems and procedures, these comments should not be considered as being all-inclusive of areas where improvements might be achieved. We also have included information on accounting and other matters that we believe is important enough to merit consideration by management and those charged with governance. It is our hope that our suggestions will be taken in the constructive light in which they are offered.

We have already discussed these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of the Blue Ridge Juvenile Detention Commission, management, and the appropriate state and federal regulatory agencies 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
May 29, 2024

BLUE RIDGE JUVENILE DETENTION COMMISSION

COMMENTS AND SUGGESTIONS
June 30, 2023

Capital Asset Reporting (Significant Deficiency)

The Commission did not retain adequate capital asset documentation. Procedures should not only be in place to identify and report capital assets on a year-to-year basis, but make recurring adjustments related to depreciation, potential disposals or impairment, and ensure appropriate retention of capitalized assets. A control structure should be developed between the Commission and the County that effectively records, tracks, and reports on capital assets. Additionally, this process should be extended to ensure that all government wide adjustments to capital assets, including leases and subscription arrangements, are accurately identified, recorded, and reported for external reporting. Because these balances are not kept as formal entries made in the general ledger, they are inherently more likely to be overlooked or lack proper treatment.

BLUE RIDGE JUVENILE DETENTION COMMISSION

ACCOUNTING AND OTHER MATTERS
June 30, 2023

In this section, we would like to make you aware of certain confirmed and potential changes that are on the horizon that may affect your financial reporting and audit.

The GASB issued ***Statement No. 99, Omnibus 2022*** in April 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements.
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The GASB issued **Statement No. 100,** ***Accounting Changes and Error Corrections*** in June 2022. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in the absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

The GASB issued **Statement No. 101, *Compensated Absences*** in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

CURRENT GASB PROJECTS

GASB currently has a variety of projects in process. Some of these projects are discussed below.

Conceptual Framework – Recognition. The project's objective is to develop recognition criteria for *whether* information should be reported in state and local governmental financial statements and *when* that information should be reported. This project ultimately will lead to a Concepts Statement on recognition of elements of financial statements. This project has been removed from the technical plan.

Financial Reporting Model. The objective of this project is to make improvements to the financial reporting model, including Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and other reporting model-related pronouncements (Statements No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, No. 41, *Budgetary Comparison Schedules – Perspective Differences*, and No. 46, *Net Assets Restricted by Enabling Legislation, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*). The objective of these improvements would be to enhance the effectiveness of the model in providing information that is essential for decision-making and enhance the ability to assess a government's accounting and address certain application issues, based upon the results of the pre-agenda research on the financial reporting model. This project is currently in exposure draft re-deliberations period.

Revenue and Expense Recognition. The objective of this project is to develop a comprehensive application model for the classification, recognition, and measurement of revenues and expenses. The purpose for developing a comprehensive model is (1) to improve the information regarding revenues and expenses that users need to make decisions and assess accountability, (2) to provide guidance regarding exchange and exchange-like transactions that have not been specifically addressed, (3) to evaluate revenue and expense recognition in the context of the conceptual framework, and (4) to address application issues identified in practice, based upon the results of the pre-agenda research on revenue for exchange and exchange-like transactions. This project is currently in the preliminary views re-deliberations period.

Going Concern Uncertainties and Severe Financial Stress. The objective of this project is to address issues related to disclosures regarding going concern uncertainties and severe financial stress. The project will consider (1) improvements to existing guidance for going concern considerations to address diversity in practice and clarify the circumstances under which disclosure is appropriate, (2) developing a definition of severe financial stress and criteria for identifying when governments should disclose their exposure to severe financial stress, and (3) what information about a government's exposure to severe financial stress is necessary to disclose. This project is currently in the initial deliberations period.

Infrastructure Assets. The objective of this project is to address issues related to accounting and financial reporting for infrastructure assets. The project would evaluate standards-setting options related to reporting infrastructure assets to make information (1) more comparable across governments and more consistent over time, (2) more useful for making decisions and assessing government accountability, (3) more relevant to assessments of a government's economic condition, and (4) better reflect the capacity of those assets to provide service and how that capacity may change over time. This project is currently in the initial deliberations period.

BROWN EDWARDS
certified public accountants

REQUIRED COMMUNICATION WITH THOSE CHARGED WITH GOVENRANCE

To the Honorable Members of the Board of Supervisors
County of Albemarle, Virgina
as a Fiscal Agent of Blue Ridge Juvenile Detention Commission
Charlottesville, Virginia

We have audited the financial statements of the Blue Ridge Juvenile Detention Commission collectively hereafter referred to as the "Commission" for the year ended June 30, 2023. 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 July 5, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

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 3 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2023. 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 estimate(s) affecting the Commission's financial statements were:

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

We evaluated the methods, assumptions, and data used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

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<u>Significant Audit Matters</u> (Continued)

Qualitative Aspects of Accounting Practices (Continued)

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements include those related to:

- Capital assets, pension, and other post-employment liabilities.

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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the Commission's financial statements taken as a whole.

Management has determined that the effects of the following unrecorded misstatement are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

- Unrecorded capital asset disposals would result in $10,196 decrease in capital assets and a corresponding decrease in ending net position.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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 May 29, 2024, 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 Blue Ridge Juvenile Detention Commission'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.

Significant Audit Matters (Continued)

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 Blue Ridge Juvenile Detention Commission'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 required supplementary information, which is 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 engaged to report on the budget to actual schedule, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of Blue Ridge Juvenile Detention Commission 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
May 29, 2024

Blue Ridge Juvenile Detention

Jay Boland, Director

May 29, 2024

Brown, Edwards & Company, L.L.P.
Certified Pubic Accountants
1909 Financial Drive
Harrisonburg, Virginia 22801

This representation letter is provided in connection with your audit of the financial statements of the Blue Ridge Juvenile Detention Commission (the "Commission"), which comprise the respective financial position of the governmental activities and the major fund information as of June 30, 2023, and the respective changes in financial position 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 May 29, 2024, 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 July 5, 2023, 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 effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit.

   a) Capital asset disposals were not recorded. The effect of the disposals going unrecorded is approximately $10,200 more in capital assets and a corresponding amount related to loss on disposal of assets.

9) In addition, you have proposed adjusting journal entries that have been posted to the entity's accounts. We are in agreement with those adjustments.

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

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

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

Information Provided

13) 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.

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

15) 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.

16) 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.

17) 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.

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

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

20) 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

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

22) We have a process to track the status of audit findings and recommendations.

23) 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.

24) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

25) The entity has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.

26) 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.

27) 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.

28) 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.

29) 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.

30) 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.

31) As part of your audit, you assisted with preparation of the financial statements and related notes as well as certain nonaudit journal entries. 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; accept responsibility for the results of the services; and ensured that the entity's data and records are complete and received sufficient information to oversee the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.

32) 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.

33) 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.

34) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

35) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34, as amended, and GASB Statement No. 84, as amended.

36) 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.

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

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

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

40) 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.

41) 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.

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

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

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

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

46) Capital assets have been evaluated for impairment as a result of significant and unexpected decline in service utility. Impairment loss and insurance recoveries have been properly recorded.

47) 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.

48) We have not completed the process of evaluating the impact that will result from adopting new Governmental Accounting Standards Board Statements (GASBS) 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.

49) 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.

50) We agree with the findings of the actuaries in determining pension and other post-employment benefits liabilities and disclosures, and the third party administrators in determining the incurred but not reported 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.

51) 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.

52) 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.

53) 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.

54) 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.

55) 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 the Uniform Guidance.

56) We reaffirm the representations made to the predecessor auditor in our letter dated June 8, 2023, regarding your audit for the fiscal year ended June 30, 2022.

Signature: Jodi Dellon Title: Business Office Manager	Signature: Title:
Signature: Title: CFO, Albemarle County	Signature: Title:
Signature: Title:	Signature: Title:

BLUE RIDGE JUVENILE DETENTION COMMISSION

EXECUTIVE SUMMARY

<u>AGENDA TITLE</u>: FY24 Financial Report (Unaudited) **<u>SUBJECT/PROPOSAL/REQUEST</u>:** **<u>STAFF CONTACTS</u>:** Ann Harrity Shawver, CPA, PLLC	**<u>AGENDA DATE</u>:** September 12, 2024 **<u>FORMAL AGENDA</u>:** **<u>INFORMATION</u>:** Yes **<u>ACTION</u>:** No **<u>ATTACHMENTS</u>:** Yes **<u>REVIEWED BY</u>:**

<u>Summary:</u>

FY24 has come to a close but the year has not been finalized nor audited. This report is presented to provide the Commission with the most updated information available regarding final FY24 results.

The projected FY24 amount of revenue in excess of expenditures is currently $362,000, an improvement from the $306,000 projected as of March. The budget includes the use of $300,000 of reserves to replace the security system, therefore FY24 is actually performing $662,000 better than anticipated. Analysis of significant revenue and expenditure trends are as follows:

<u>Revenues exceed the revenue estimate by $546,000 or 12%</u>:

- Community Placement Program (CPP) funding from the Department of Juvenile Justice (DJJ) is aided by strong placements and an updated contract. Revenue exceeds the estimate by 25% or $214,000.
- DJJ Block Grant funding exceeded the estimate by $154,000 or 16% due to an increase in the amount allotted to BRJD.
- USDA funding has exceeded the estimate for the year by $14,000 or 36%.
- Interest earnings are bolstered by strong interest rates obtained by County of Albemarle managed investments. A budgetary surplus of $116,000 is the result.
- Other revenue includes payments from non-member jurisdictions for bed space, phone system revenues, Region Ten funding, and State per diems, all of which exceeded the revenue estimate. The majority of the excess was from non-member jurisdiction charges. $32,000 was received while none was budgeted.

<u>Expenditures are below budget at 99% of the budget for a positive variance of $116,000:</u>

- Salaries and benefits, which comprise approximately 75% of the budget, produce the majority of the positive expenditure variance. Vacancies create significant savings in salaries, health insurance, VRS retirement contributions and other areas. Overtime remained within budget for the year while part time wages exceeded the budget for the year.

- Other expenditure categories are producing offsetting budgetary surpluses or shortfalls in the $11,000 and under range.
- Contractual and professional services are expected to be $11,000 or 13% below budget due to savings in health services which vary based on the needs of residents. This category includes audit, accounting, legal, health and other professional services.
- Facility maintenance and utilities spending exceeds budget by $11,000 or 4% due to spending in excess of budget for electric and water/sewer utilities.
- Other operating costs include administrative items such as training and employee supplies and will be $10,000 or 10% under budget. Within this category there are offsetting positive and negative budgetary variances. The largest single contributor to the budget variance is the Curry School Grant which was not expended in FY24. Linen and uniform expenses were also contained within budget.
- The capital outlay budget was amended earlier this fiscal year when the Commission approved use of $300,000 in reserves to replace the security system. This project, along with other capital expenditures, will cause this category to slightly exceed budget by $8,000 or 2%.

Reserves

Inclusive of these unaudited results, operating reserves will total $1,499,402. The Commission's Service Agreement calls for reserves of 25% of budget or $1,147,433. This results in excess reserves of $351,969. The Commission also holds a Construction Reserve of $400,300.

Recommendations: None at this time.

Blue Ridge Juvenile Detention Commission
Statement of Revenues, Expenditures and Changes in Net Position
Year Ended June 30, 2024
(Unaudited)

Category	FY24 (Unaudited)	FY24 Budget	FY24 Projection	Projected % Budget Recognized	FY24 Projected Budget Variance Positive/ (Negative)
Member jurisdiction contributions	2,516,431	2,516,431	2,516,431	100%	-
Community Placement Program (CPP) funding of the DJJ	1,063,539	850,000	1,063,539	125%	213,539
Department of Juvenile Justice (DJJ) Block Grant funding	1,100,827	946,772	1,100,827	116%	154,055
USDA	54,463	40,000	54,463	136%	14,463
Interest	120,975	5,000	120,975	2420%	115,975
Recovered cost - compensation	28,000	30,000	28,000	93%	(2,000)
Other revenue	67,624	18,000	67,624	376%	49,624
Total revenues	**4,951,859**	**4,406,203**	**4,951,859**	**112%**	**545,656**
Salaries and benefits	3,407,147	3,523,467	3,407,147	97%	116,320
Administrative support - County and ACRJ	114,252	146,336	146,336	100%	-
Contractual and professional services	68,481	85,500	74,481	87%	11,019
Resident food, medical and supplies	180,500	173,000	180,500	104%	(7,500)
Facility maintenance and utilities	315,254	310,000	321,173	104%	(11,173)
Insurance	34,723	40,000	34,723	87%	5,277
Other operating costs	92,942	102,900	92,942	90%	9,958
Capital outlay	333,017	325,000	333,017	102%	(8,017)
Total expenditures	**4,546,316**	**4,706,203**	**4,590,319**	**98%**	**115,884**
Change in net position	**405,543**	**(300,000)**	**361,540**		**661,540**