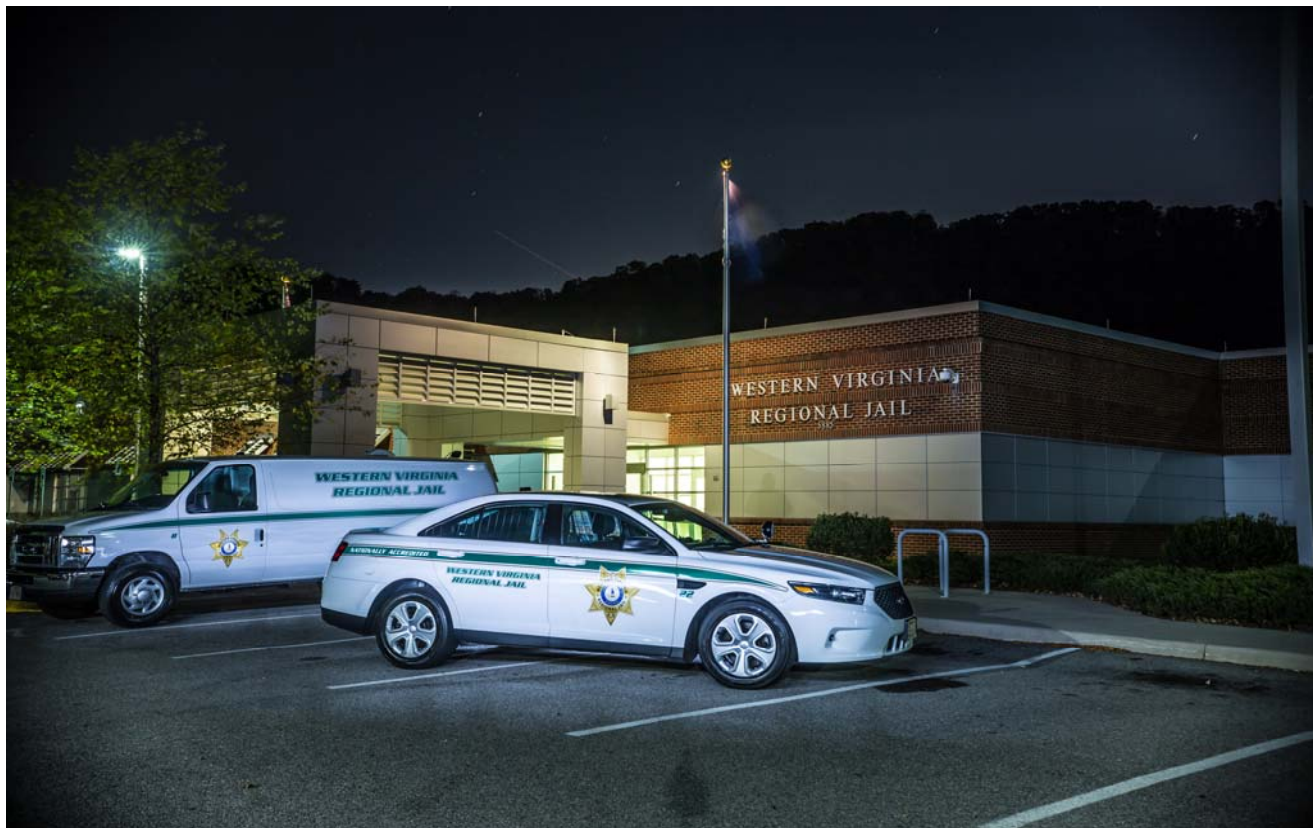


# **WESTERN VIRGINIA REGIONAL JAIL AUTHORITY**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**Fiscal Year Ended June 30, 2018**

**Roanoke, Virginia**

**WESTERN VIRGINIA REGIONAL JAIL AUTHORITY**

**ROANOKE, VIRGINIA**

**Comprehensive Annual Financial Report**

**For the Year Ended June 30, 2018**

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**Prepared by:**

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Roanoke County Finance Department

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**WESTERN VIRGINIA REGIONAL JAIL AUTHORITY**

Comprehensive Annual Financial Report  
For the Year Ended June 30, 2018

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**Table of Contents**

<b><u>Introductory Section</u></b>	<b>Page</b>
Letter of Transmittal	1-5
GFOA Certificate of Achievement	6
Organizational Chart	7
List of Appointed Officials	8
<b><u>Financial Section</u></b>	
Independent Auditors' Report	9-11
Management's Discussion and Analysis	12-15
<b><u>Basic Financial Statements</u></b>	
Exhibit 1 Statement of Net Position	16
Exhibit 2 Statement of Revenues, Expenses, and Changes in Net Position	17
Exhibit 3 Statement of Cash Flows	18
Notes to the Financial Statements	19-64
<b><u>Required Supplementary Information</u></b>	
Exhibit 4 Group Life Insurance Program	65
Exhibit 5 Schedule of Employer Contributions - Group Life Insurance Program	66
Exhibit 6 Notes to Required Supplementary Information - Group Life Insurance Program	67-68
Exhibit 7 Schedule of Components of and Changes in Net Pension Liability (Asset) and Related Ratios	69
Exhibit 8 Schedule of Employer Contributions - Pension Plan	70
Exhibit 9 Notes to Required Supplementary Information	71

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## WESTERN VIRGINIA REGIONAL JAIL AUTHORITY

### Comprehensive Annual Financial Report For the Year Ended June 30, 2018

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#### Table of Contents

<u>Statistical Section</u>	<u>Page</u>
Table 1 Net Position by Component - Last Nine Fiscal Years	72
Table 2 Change in Net Position - Last Nine Fiscal Years	73
Table 3 Revenues and Billed Inmate Days - By Major Customer - Last Nine Fiscal Years	74
Table 4 Largest Revenue Sources - Current Year and Eight Years Ago	75
Table 5 Outstanding Debt by Type - Last Nine Fiscal Years	76
Table 6 Revenue Bond Coverage - Last Nine Fiscal Years	77
Table 7 Number of Employees by Identifiable Activity - Last Nine Fiscal Years	78
Table 8 Inmate Booking Statistics - Last Nine Fiscal Years	79
Table 9 Capital Asset Statistics - Last Nine Fiscal Years	80
Table 10 Demographic Statistics for Member Jurisdictions - Last Nine Fiscal Years	81
Table 11 Principal Employers - Current year and Eight Years Ago	82
<u>Compliance Section</u>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	83-84

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## Introductory Section

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# **WESTERN VIRGINIA REGIONAL JAIL**

*Serving the City of Salem and the Counties of  
Franklin, Montgomery, and Roanoke*

**Colonel Bobby D. Russell**  
*Superintendent*

**Major Amanda K. Trent**  
*Services Division Commander*



**Lt. Colonel David F. Cox**  
*Deputy Superintendent*

**Major Derek Stokes**  
*Security Division Commander*

September 28, 2018

The Board of Directors  
Western Virginia Regional Jail Authority

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Western Virginia Regional Jail Authority (Jail Authority) for the fiscal year ended June 30, 2018. The report was prepared by the Superintendent and Finance Manager, who assume full responsibility for the accuracy of information, and the completeness and fairness of presentation. We believe the financial information as presented, is accurate in all material respects and that it is presented in a manner designed to fairly set forth the financial position and results of operations as measured by the financial activity of the Jail Authority's Enterprise Fund.

The Jail Authority is required to undergo an annual audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. This report was prepared in accordance with generally accepted accounting principles (GAAP) as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB). In the performance of this audit, consideration is given to the adequacy of the Jail Authority's internal accounting control structure. Internal controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that the cost of an internal control structure should not exceed the benefits likely to be derived, and therefore, management must continuously evaluate the benefits of various controls given the related costs of implementation. We believe that the Jail Authority's internal accounting controls adequately safeguard assets and provide reasonable assurances of proper recording of financial transactions.

The certified public accounting firm of Robinson, Farmer, Cox & Associates has audited the June 30, 2018 financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Jail Authority for the fiscal year ended June 30, 2018, are free of material misstatement.

The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and the significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Jail Authority's financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented in the financial section of this report.

Governmental Accounting Standards Board (GASB) pronouncements require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of *Management's Discussion and Analysis* (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Jail Authority's MD&A can be found immediately following the auditor's report in the financial section.

### **PROFILE OF THE ORGANIZATION**

The Western Virginia Regional Jail began taking in prisoners in 2009 and serves the counties of Franklin, Montgomery, and Roanoke and the City of Salem. The Western Virginia Regional Jail Authority, a political subdivision of the Commonwealth of Virginia, was created under the provisions of Section 53.1-95.2 of the Code of Virginia 1950, as amended. The Jail Authority is governed by a twelve member board, comprised of three members from each participating jurisdiction.

The Western Virginia Regional Jail, which was designed to accommodate the current and future inmate populations of its four member jurisdictions, housed an average daily inmate population of 831 last year and is ACA Accredited, Board of Corrections Certified, and LEED® Certified.

### **ECONOMIC CONDITIONS**

The financial condition of the Jail Authority is primarily dependent upon the inmate population at the facility. The overall inmate population is indirectly related to the populations of Franklin County, Montgomery County, Roanoke County and the City of Salem. As the member localities experience growth and increases in development, the number of inmates housed at the facility from those jurisdictions would also expect to increase. Over the past several years, the member localities have experienced gradual population growth rates. This growth experience is expected to continue in the years to come.

In fiscal year 2018, the average daily population (ADP) of inmates was 831. This ADP represents a 2.9% decrease from the fiscal year 2017 average of 856. For the past five years, the ADP has ranged between 734 and 856. It is projected that the population will continue to be within this range for the upcoming fiscal year.

For the past several fiscal years, significant jail population from non-member jurisdictions have significantly contributed to the strong financial condition of the Jail Authority. The U.S. Marshals Service, Henry County, Alleghany County and the City of Bristol provided significant inmate population levels during the fiscal year.

### **MAJOR ACCOMPLISHMENTS AND INITIATIVES**

Each year since the opening of the Western Virginia Regional Jail, major accomplishments are attained which improve or acknowledge the high quality of the jail's operations.

ACA accreditation was again achieved during the fiscal year with a score of 100 % compliance with both the mandatory and non-mandatory standards. This is the third consecutive audit in which this maximum level of compliance has been achieved. In addition, the jail has received 100% unconditional certification by the Board of Corrections each year since opening in 2009.

The Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting was awarded for the 5th consecutive year.

The Jail Authority continues to place importance in community involvement.

Jail Authority employees participated in various community events during the past fiscal year which include the New River Valley Law Enforcement Memorial Softball Tournament, Roanoke County's Touch a Truck, Tug for Tots, the Badges for Baseball program, the iCan Shine Bike Camp, and the Roanoke Valley Toys for Tots program. The Jail's support for Special Olympics continued with employee involvement in various events including the Zombie Run, the Law Enforcement Torch Run and a Car Show. In addition, through a new partnership with the Growth Through Opportunity Program, the Jail helped special needs adults gain valuable job skills and social experience through completing various work assignments.

The Jail Authority continually seeks rehabilitation opportunities for inmates.

The Jail's GED program continues to provide inmates with this certification opportunity. Instructor hours were increased during the fiscal year, which expanded the availability of this program to more inmates. In addition, during the year, a program was started whereby criminal justice students from a local university meet regularly with inmates to study crime, justice and social issues together. This unique program uses Shakespearean Literature to facilitate the study.

The Residential Substance Abuse Treatment (RSAT) grant, awarded by the Virginia Department of Criminal Justice Services, continues to provide resources to provide substance abuse treatment to applicable inmates. This program enhances the likelihood for living alcohol and drug free in the community after release.

The first year of providing mental health services to inmates through a Virginia Department of Criminal Justice Services grant was successful. The Jail Authority was one of six jails in Virginia selected to participate in this program whose objective is to help inmates understand and address their mental illness and make the long-term changes necessary to become healthy and productive citizens after their release. This objective will be accomplished by providing inmates education, peer support, recovery planning and evidence-based programming to promote cognitive-behavioral change.

The DMV Connect Program continues to provide inmates with Virginia identification cards, which is beneficial to an inmate after release. The Purple Communications Project continues to provide internet based communication services to deaf or hearing impaired inmates. Beginning in fiscal year 2018, a program was started whereby birth certificates are ordered by Jail staff from state agencies and provided to inmates upon request.

Staff driven initiatives continue to be a focus of the agency.

Mental health first aid training continued to be provided to all staff. This training provided staff with the skills and knowledge to address situations with our mentally ill inmates. Our employee recognition program continues to evolve with the selection of four Employee of the Quarter recognitions and recognition of our Employee of the Year.



A career development program was initiated during the year whereby officers who exhibit certain skills and abilities and who regularly participate in community activities are given the designation of Master Officer.

A Health and Wellness center continues to provide employees with a no cost option for medical treatment of minor illnesses. This center also is an excellent resource for various wellness programs.

Jail management continually monitors and evaluates new technological opportunities that can improve operational efficiency.

*SMART* kiosks became fully functional during the year. This leading edge technological equipment allows inmates to send and receive electronic messages to their friends and family. In addition, through the kiosks family visitation is available as well as electronic inmate requests.

Implementation of the Guard1 Man Down System was completed during the year. This leading edge system uses pager style devices worn by correctional officers to alert other staff of an emergency by a simple press of a button.

The Jail's nurse call system was replaced during the year with one using the latest technology. This system provides inmates in medical housing with direct communication with medical staff in the event of an emergency.

A new electronic performance appraisal/employee evaluation system was fully implemented during the year.

## **FINANCIAL PLANNING**

As part of the annual budget process, estimated revenues and justification of those revenues are forecasted for future trends. The process focuses on operating revenues and expenses as well as debt service and investment income.

## **FINANCIAL INFORMATION AND CONTROLS**

Budgetary controls are established to ensure compliance with annual operating budgets approved by the Jail Authority's Board. Monthly reports containing comparisons between actual and budgeted amounts are prepared and presented to the Jail Authority's management and the Board.

The Jail Authority usually initiates its annual operating budget preparations in November of each fiscal year with a final budget approval occurring by April.

## **AWARDS AND ACKNOWLEDGMENTS**

The Western Virginia Regional Jail Authority received its fifth consecutive Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for its fiscal year ended June 30, 2017 Comprehensive Annual Financial Report (CAFR). In order to be awarded this prestigious honor, the Authority must publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements.

The Jail Authority continues to demonstrate excellence in its processes and procedures. The Jail again received unconditional certification from the Virginia State Board of Corrections. This rating has been achieved each year since 2009. The Jail continues to operate under procedures which were 100% certified during the first Prison Rape Elimination Act (PREA) audit in 2014.

In 2018, the Jail Authority was re-accredited by the American Correctional Association (ACA) with a score of 100%. This is the third audit since the jail opened in 2009 with each one achieving this highest level of certification. The Jail Authority is one of over 1,500 correctional organizations currently involved in the accreditation process across the nation and represents one of only a few of the state's ninety-seven jails to be certified by ACA.

Appreciation is extended to members of the Western Virginia Regional Jail Authority for their continued interest, dedication and support.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Bobby D. Russell".

Colonel Bobby D. Russell, Superintendent

A handwritten signature in blue ink, appearing to read "Roger Herald".

Roger Herald, Finance Manager



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Western Virginia Regional  
Jail Authority**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

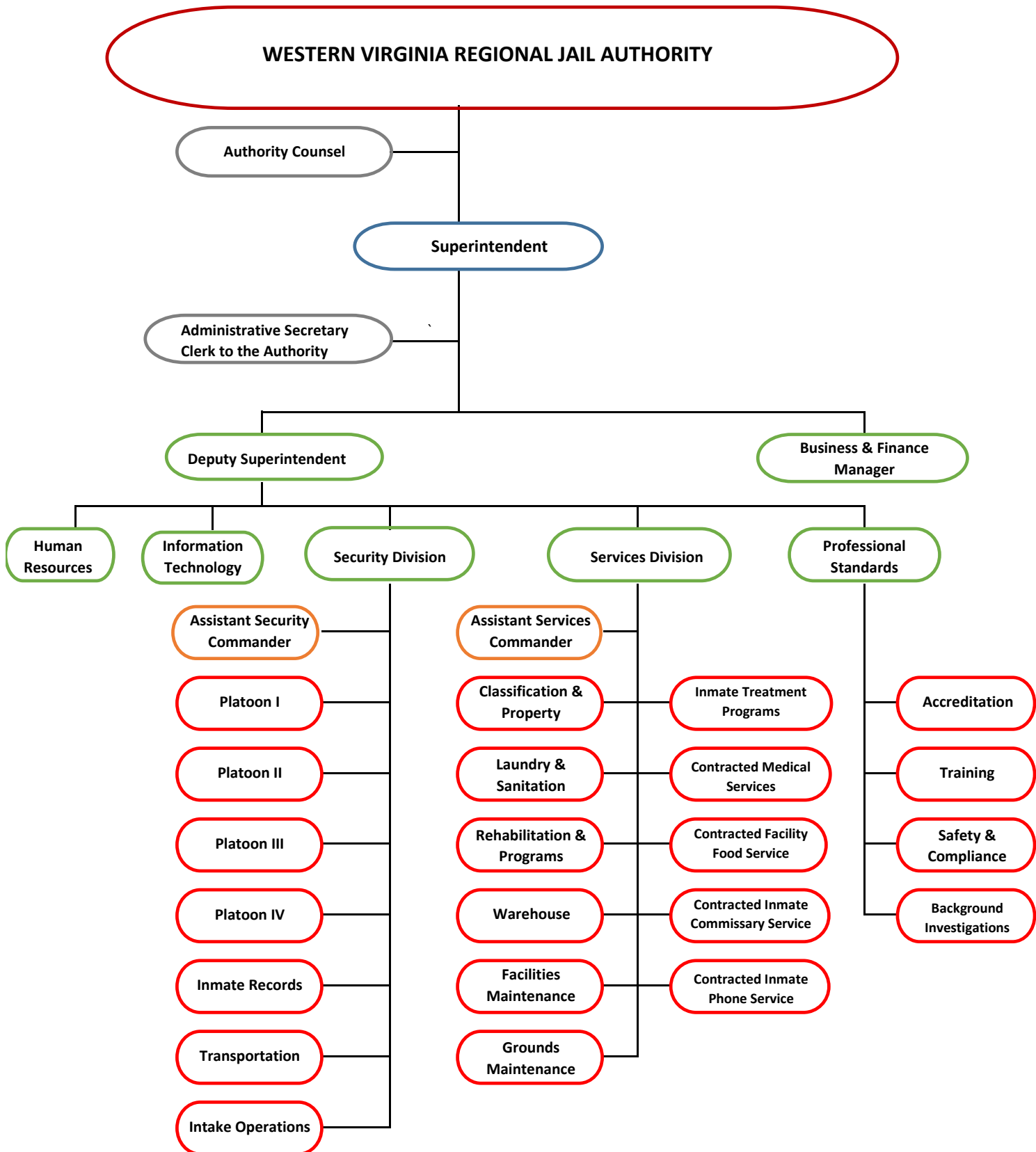
**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

# WESTERN VIRGINIA REGIONAL JAIL

## Organization Chart



**Western Virginia Regional Jail Authority  
List of Appointed Officials**

**Board Members**

<b><u>Locality/Title</u></b>	<b><u>Primary</u></b>	<b><u>Alternate</u></b>
<b>City of Salem</b>		
Sheriff	April Staton	Todd Clingenpeel
Administrator or Designee	James E. Taliaferro, Chair	Rosie Jordan
Council Member	Bill Jones	Randy Foley
<b>County of Franklin</b>		
Sheriff	Bill Overton	Duane Amos
Administrator or Designee	Christopher L. Whitlow, Vice Chair	Brent Robertson
Board Member	Ron Thompson	Timothy Tatum
<b>County of Montgomery</b>		
Sheriff	C.H. Partin	Kim Haug
Administrator or Designee	F. Craig Meadows, Secretary	Carol Edmonds
Board Member	Steve Fijalkowski	Mary Biggs
<b>County of Roanoke</b>		
Sheriff	Eric Orange	Steve Turner
Administrator or Designee	Rebecca Owens, Treasurer	Daniel O'Donnell
Board Member	Joseph McNamara	Martha Hooker

**Officials**

Bobby D. Russell .....	Superintendent
David F. Cox .....	Deputy Superintendent
Derek Stokes .....	Security Division Commander
Amanda K. Trent .....	Services Division Commander
James Hollingsworth .....	Professional Standards Unit
Kim Thompson .....	Human Resources Manager
Roger Herald .....	Finance Manager
Debbie Clark .....	I.T. Manager
Jodi Bishop .....	Clerk to the Authority

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## Financial Section

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# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditors' Report

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To the Members of the Board  
Western Virginia Regional Jail Authority  
Roanoke, Virginia

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Western Virginia Regional Jail Authority, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Western Virginia Regional Jail Authority's basic financial statements as listed in the table of contents.

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

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

### *Auditors' Responsibility*

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

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

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

## *Opinion*

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

## *Change in Accounting Principle*

As described in Note 12 to the financial statements, in 2018, the Authority adopted new accounting guidance, GASB Statement Nos. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, 85 *Omnibus 2017*, and 89 *Accounting for Interest Cost Incurred Before the End of a Construction Period*. Our opinion is not modified with respect to this matter.

## *Restatement of Beginning Balances*

As described in Note 12 to the financial statements, in 2018, the Authority restated beginning balances to reflect the requirements of GASB Statement No. 75. Our opinion is not modified with respect to this matter.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules related to OPEB and pension funding on pages 12-15 and 65-71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Western Virginia Regional Jail Authority's basic financial statements. The introductory section and statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2018, on our consideration of the Western Virginia Regional Jail Authority'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 Western Virginia Regional Jail Authority'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 the Western Virginia Regional Jail Authority's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*

Blacksburg, Virginia  
September 28, 2018

## **Western Virginia Regional Jail Authority**

### **Management's Discussion and Analysis**

The following discussion and analysis of the Western Virginia Regional Jail Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the transmittal letter, at the introductory section of this report, and the basic financial statements, which follow this section.

#### **Financial Highlights**

- The total assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources as of June 30, 2018 by \$33,626,590 (Net Position). Of this amount, \$22,749,835 (unrestricted net position) may be used to meet the Authority's future obligations to members and creditors.
- Operating revenues decreased by \$554,994 or 3.5% from 2017. This reduction resulted from a decrease in inmate housing revenues from member jurisdictions offset by an increases in housing revenues from nonmember jurisdictions and the US Marshals Service. Daily Inmate Population averaged 831 during the year, a 2.9% decrease from 2017 level.
- Operating expenses increased by \$378,316 or 1.9% from 2017. This increase occurred at expected levels primarily in personnel, medical services and contractual services cost categories.

#### **Using This Annual Report**

The Financial Section of the Comprehensive Annual Financial Report consists of Management's Discussion and Analysis and the basic financial statements, including notes that explain in more detail some of the information in the financial statements. This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements as well as management's examination and analysis of financial condition and performance.

The Authority's financial statements report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer both short and long-range financial information about its activities. The Statement of Net Position includes the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). It also provides the basis for assessing the liquidity and financial flexibility of the Authority.

The Statement of Revenues, Expenses and Changes in Net Position contains all of the current year's revenue and expenses. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its per diem charges and other revenues, profitability, and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the cash receipts and cash payments made by the Authority during the fiscal year. The statement reports cash receipts and cash payments and net changes in cash and cash equivalents resulting from operations, investing, and capital, and non-capital financing activities, without consideration of the earnings event, when an obligation arises or depreciation of capital assets.

The Notes to the Financial Statements provide required disclosures and other information that are essential to a full understanding of material data provided in the financial statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

### Financial Analysis

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position report information about the Authority's activities in a way that will help to determine its financial health. These two statements report the net position of the Authority and changes to it. The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, net position, is one way to measure financial health or financial position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to also consider other non-financial factors such as changes in economic conditions, population and service area growth, and new or changed legislation.

The Authority's total net position increased from last year by \$726,048. Our analysis of the condensed Statement of Net Position below focuses on the changes in assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position as compared to prior year:

	<u>2018</u>	<u>2017, As restated</u>
<b>ASSETS</b>		
Current assets	\$ 11,674,936	\$ 11,204,233
Noncurrent assets and investments	17,256,798	14,757,256
Capital assets, net	<u>72,530,557</u>	<u>74,662,753</u>
Total assets and deferred outflows	\$ <u>101,462,291</u>	\$ <u>100,624,242</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	\$ <u>4,372,698</u>	\$ <u>4,877,187</u>
<b>LIABILITIES</b>		
Other liabilities	\$ 5,039,944	\$ 3,592,543
Long term liabilities	<u>65,842,250</u>	<u>68,508,406</u>
Total liabilities and deferred inflows	\$ <u>70,882,194</u>	\$ <u>72,100,949</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	\$ <u>1,326,205</u>	\$ <u>499,938</u>
<b>NET POSITION</b>		
Net investment in capital assets	\$ 8,782,199	\$ 10,283,788
Restricted	2,094,556	2,237,792
Unrestricted	<u>22,749,835</u>	<u>20,378,962</u>
Total net position	\$ <u><u>33,626,590</u></u>	\$ <u><u>32,900,542</u></u>

Net Position may serve over time as a useful indicator of the Authority's financial position. In the case of the Authority, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$33,626,590 at the close of fiscal year 2018. This is an increase compared to last year's Restated Net Position \$32,900,542.

A portion of the Authority's Net Position, 26.1%, reflects its investment in capital assets (e.g. land, buildings, and equipment); less any related debt used to acquire those assets that are outstanding. The Authority uses these capital assets to provide services to customers; consequently, these assets are not available for future spending. The Authority's investment in capital assets is reported net of related debt, if applicable, and it should be noted that the resources needed to repay any debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Authority's Net Position, 67.6%, represents resources that are not subject to restrictions on how they may be used. This unrestricted remaining balance of Net Position may be used to meet the Authority's ongoing obligations to customers and creditors.

The changes in the Authority's net position can be determined by reviewing the following condensed Statement of Revenues, Expenses and Changes in Net Position:

	<u>2018</u>	<u>2017</u>
<b>REVENUES:</b>		
<b>OPERATING REVENUES</b>		
Charges for services - member jurisdictions	\$ 9,949,801	\$ 11,066,808
Charges for services - nonmember jurisdictions	1,002,858	513,702
Charges for services - U.S. Marshal Service	1,949,666	1,641,847
Commonwealth of Virginia - per diem charges	1,091,476	1,368,079
Payphone commissions	339,525	335,936
Commissary revenue	578,509	561,670
Other operating revenue	300,612	279,399
Total operating revenues	<u>15,212,447</u>	<u>15,767,441</u>
<b>NONOPERATING REVENUES</b>		
Commonwealth of Virginia - Compensation Board	6,999,033	6,780,508
State and federal grant revenue	405,663	165,788
Interest income	240,852	123,277
Total revenues	<u>\$ 22,857,995</u>	<u>\$ 22,837,014</u>
<b>EXPENSES:</b>		
<b>OPERATING EXPENSES</b>		
Salaries, wages and fringe benefits	\$ 11,179,013	\$ 11,120,316
Medical services	2,621,543	2,429,664
Food services	883,814	916,869
Contractual services	782,839	569,217
Repairs and maintenance	323,899	324,399
Utilities	742,261	762,705
Materials and supplies	463,717	696,235
Other operating expenses	569,858	396,763
Depreciation	2,537,231	2,509,691
Total operating expenses	<u>20,104,175</u>	<u>19,725,859</u>
<b>NONOPERATING EXPENSES</b>		
Bond issuance costs	\$ -	\$ 252,849
Interest expense	2,027,772	2,069,248
Total expenses	<u>\$ 22,131,947</u>	<u>\$ 22,047,956</u>
Change in net position	<u>\$ 726,048</u>	<u>\$ 789,058</u>
Total net position, beginning of year, as restated	\$ 32,900,542	\$ 32,817,932
Restatement of beginning balance	-	(706,448)
Total net position, end of year	<u>\$ 33,626,590</u>	<u>\$ 32,900,542</u>

- Operating revenues decreased by 3.5%, \$554,994, in fiscal year 2018 compared to fiscal year 2017. This reduction resulted from a decrease in inmate housing revenues from member jurisdictions offset by an increase in housing revenues from nonmember jurisdictions and the US Marshals Service. Daily Inmate Population averaged 831 during the year, a 2.9% decrease from 2017 level.
- Operating expenses increased by 1.9%, \$378,316, in fiscal year 2018 compared to fiscal year 2017. This increase occurred at expected levels primarily in personnel, medical services and contractual services.

## **Capital Assets and Debt Administration**

### ***Capital assets***

As of June 30, 2018, the Authority had invested \$72,530,557 net of accumulated depreciation, in a variety of capital assets including land, buildings, machinery, equipment and vehicles. The decrease in capital assets from the prior year is primarily attributed to the current year depreciation expense of \$2,537,231.

Additional information on the Authority's capital assets can be found in Note 5 in the notes to the basic financial statements. Capital assets net of accumulated depreciation are illustrated in the following table:

	<u>2018</u>	<u>2017</u>
Capital Assets		
Land	\$ 2,351,807	\$ 2,351,807
Buildings	89,770,295	89,770,295
Machinery, equipment and vehicles	4,104,299	3,748,882
Less: accumulated depreciation	(23,695,844)	(21,208,231)
Total capital assets	<u>\$ 72,530,557</u>	<u>\$ 74,662,753</u>

### ***Debt***

At June 30, 2018, the Authority had \$58,680,000 in revenue bonds outstanding, the same amount at June 30, 2017. On January 1, 2007, the Authority issued \$75,850,000 in revenue bonds to finance the construction and equipping of the regional jail facility.

On May 19, 2015, the Authority issued \$30,605,000 of refunding bonds to advance refund \$34,270,000 of the 2007 revenue bonds. Another bond refunding occurred on July 21, 2016 when the Authority issued \$28,075,000 to advance refund the remaining \$30,605,000 of the 2007 revenue bonds.

Additional information on the bonds is contained in Note 4 to the financial statements.

## **Requests for Information**

This financial report is designed to provide our citizens, members, potential investors and creditors with a general overview of the Authority's finances and to demonstrate accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the Finance Manager, Western Virginia Regional Jail Authority, 5885 W River Rd Salem, VA 24153, telephone (540) 378-3700, or visit the Authority's web site at [www.wvarj.org](http://www.wvarj.org).

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## Basic Financial Statements

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Western Virginia Regional Jail Authority  
Statement of Net Position  
June 30, 2018

**ASSETS****Current Assets:**

Cash and cash equivalents	\$ 9,594,098
Cash and cash equivalents - restricted	93,433
Interest receivable	41,287
Accounts receivable	751,861
Due from the Commonwealth	937,102
Due from the Federal Government	166,676
Inventories	90,479
Total current assets	<u>\$ 11,674,936</u>

**Noncurrent Assets:**

Cash and cash equivalents - restricted	9,099
Investments	\$ 13,054,011
Net pension asset	4,193,688
Capital assets:	
Land	2,351,807
Buildings and improvements	89,770,295
Equipment	4,104,299
Accumulated depreciation	(23,695,844)
Total net capital assets	<u>\$ 72,530,557</u>
Total noncurrent assets	<u>\$ 89,787,355</u>
Total assets	<u>\$ 101,462,291</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred charge on refunding	\$ 3,551,543
Pension related items	778,934
OPEB related items	42,221
Total deferred outflows of resources	<u>\$ 4,372,698</u>

**LIABILITIES****Current liabilities:**

Accounts payable	\$ 517,935
Accrued payroll and withholdings	489,017
Health claims payable	124,484
Amounts held for inmates	93,433
Accrued interest payable	221,532
Unearned revenue	680,000
Compensated absences - current portion	376,828
Revenue bonds payable - current portion	2,536,715
Total current liabilities	<u>\$ 5,039,944</u>

**Noncurrent liabilities:**

Compensated absences - net of current portion	\$ 443,064
Revenue bonds payable - net of current portion	64,763,186
Net OPEB liability	636,000
Total noncurrent liabilities	<u>\$ 65,842,250</u>
Total liabilities	<u>\$ 70,882,194</u>

**DEFERRED INFLOWS OF RESOURCES**

Pension related items	\$ 1,248,205
OPEB related items	78,000
Total deferred outflows of resources	<u>\$ 1,326,205</u>

**NET POSITION**

Net investment in capital assets	\$ 8,782,199
Restricted - debt service	9,099
Restricted - jail fees	861,366
Restricted - commissary revenue	1,224,091
Unrestricted	22,749,835
Total net position	<u>\$ 33,626,590</u>

The notes to financial statements are an integral part of this statement.

Western Virginia Regional Jail Authority  
Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended June 30, 2018

**OPERATING REVENUES**

Charges for services - member jurisdictions	\$ 9,949,801
Charges for services - nonmember jurisdictions	1,002,858
Charges for services - U.S. Marshal Service	1,949,666
Commonwealth of Virginia - per diem charges	1,091,476
Payphone commissions	339,525
Commissary revenue	578,509
Miscellaneous income	141,480
Miscellaneous fees	159,132
Total operating revenues	<u>\$ 15,212,447</u>

**OPERATING EXPENSES**

Salaries and wages	\$ 8,732,154
Fringe benefits	2,446,859
Medical services	2,621,543
Food services	883,814
Contractual services	782,839
Repairs and maintenance	323,899
Utilities	742,261
Materials and supplies	463,717
Other	569,858
Depreciation	2,537,231
Total operating expenses	<u>\$ 20,104,175</u>

Operating income (loss)	<u>\$ (4,891,728)</u>
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**NONOPERATING REVENUES (EXPENSES)**

Commonwealth of Virginia - Compensation Board	\$ 6,999,033
Federal grant revenue	50,379
State grant revenue	355,284
Interest income	240,852
Interest expense	(2,027,772)
Total nonoperating revenues (expenses)	<u>\$ 5,617,776</u>

Change in net position	\$ 726,048
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Total net position, beginning of year, as restated	<u>32,900,542</u>
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Total net position, end of year	<u><u>\$ 33,626,590</u></u>
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The notes to financial statements are an integral part of this statement.



Western Virginia Regional Jail Authority  
Statement of Cash Flows  
For the Year Ended June 30, 2018

<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$	15,107,340
Payments to suppliers		(6,343,701)
Payments to employees		(11,612,044)
Net cash provided by (used for) operating activities	\$	<u>(2,848,405)</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Operating grants	\$	7,477,830
Net cash provided by (used for) noncapital financing activities	\$	<u>7,477,830</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Purchase and construction of capital assets	\$	(405,035)
Bond issuance costs		-
Deposit with refunded bonds escrow agent		-
Interest expense		(2,658,379)
Net cash provided by (used for) capital and related financing activities	\$	<u>(3,063,414)</u>
<b>Cash Flows from Investing Activities</b>		
Interest income	\$	223,739
Sale of investments		(1,546,715)
Net cash provided by (used for) investing activities	\$	<u>(1,322,976)</u>
Net increase (decrease) in cash and cash equivalents	\$	243,035
Cash and cash equivalents at the beginning of the year (includes restricted of \$570,570)		9,453,595
Cash and cash equivalents at the end of the year (includes restricted of \$102,532)	\$	<u><u>9,696,630</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>		
Operating income (loss)	\$	(4,891,728)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation		2,537,231
Changes in assets and liabilities:		
Accounts receivable		198,474
Inventories		(7,653)
Prepaid items		9,947
Net pension asset		(1,437,284)
Deferred outflows of resources related to pension and OEPB plans		283,305
Accounts payable (operating)		41,936
Accrued payroll and withholdings		24,818
Health claims payable		(22,430)
Amounts held for inmates		16,419
Unearned revenue		(320,000)
Compensated absences		3,293
Net OPEB liability		(111,000)
Deferred inflows of resources		826,267
Net cash provided by (used for) operating activities	\$	<u><u>(2,848,405)</u></u>

## Notes:

The change in the fair value of investments not reported above totaled \$17,113 during the fiscal year.

The notes to financial statements are an integral part of this statement.

WESTERN VIRGINIA REGIONAL JAIL AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

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**Note 1-Summary of Significant Accounting Policies:**

The financial statements of Western Virginia Regional Jail Authority (the Authority) conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

**A. Financial Reporting Entity**

The Authority was created by concurrent resolutions of the City of Salem and Counties of Franklin, Montgomery, and Roanoke. The Authority was created under the provisions of Section 53.1-95.2 of the *Code of Virginia 1950*, as amended. The Authority was created to construct and operate a jail facility for the participating jurisdictions.

The Authority does not have any component units. In addition, the Authority is not considered a component unit of any of the participating jurisdictions.

**B. Basis of Accounting**

The Authority 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. The Authority accrues revenue for services rendered but not yet billed at the end of the fiscal year.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for inmate housing. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**C. Basic Financial Statements**

Since the Authority is only engaged in business-type activities, it is required to present only the financial statements required for enterprise funds. For the Authority, the basic financial statements and required supplementary information consist of:

- Management's Discussion and Analysis
- Enterprise fund financial statements
  - Statement of Net Position
  - Statement of Revenues, Expenses, and Changes in Net Position
  - Statement of Cash Flows
  - Notes to the Financial Statements
- Required Supplementary Information
  - OPEB and Pension including notes thereto

Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

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Note 1-Summary of Significant Accounting Policies: (continued)

D. Deferred Outflows/Inflows or Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources expenditure until then. The Authority has multiple items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to the measurement of the net pension asset and net OPEB liability and contributions to the pension and OPEB plan made during the current year and subsequent to the net pension asset and net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority 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 liability are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

E. Pensions

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

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Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

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Note 1-Summary of Significant Accounting Policies: (continued)

F. OPEB

*Group Life Insurance*

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

G. Capital Assets

Capital assets are stated at cost or historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of gift. Depreciation is computed using the straight line method over the estimated useful lives of the respective assets.

Maintenance, repairs and minor renewals are charged to expense as incurred, while major renewals and replacements are capitalized. Upon the sale or retirement of a capital asset, the cost and related accumulated depreciation, if applicable, are eliminated from the related accounts, and any resulting gain or loss is included in income.

The Authority defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life of at least one year. Assets are depreciated over their estimated useful lives as presented below.

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10-40
Equipment	3-10

H. Interest on Indebtedness

Interest expense applicable to that portion of indebtedness, the proceeds of which are used to construct new facilities, is capitalized during the period of construction as part of the cost of such facilities. Other interest costs of the Authority are treated as nonoperating expenses. No interest was capitalized during the current or prior fiscal year.

I. Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. As of June 30, 2018, short-term investments reported as cash and cash equivalents totaled \$461,995.

Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

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Note 1-Summary of Significant Accounting Policies: (continued)

J. Investments

Short-term investments consist of investments with original maturities in excess of three months and a remaining maturity of less than one year and are carried at fair value, which approximates market. Long-term investments consist of investments with a remaining maturity of greater than one year and are also carried at fair value, which approximates market. Net unrealized and realized gains or losses are reflected in the statement of revenues, expenses and changes in net position.

K. Budgets and Budgetary Accounting

A budget is prepared for information, fiscal planning purposes, and to provide the basis for setting per diem rates. None of the participating entities are required to approve the budget. The budget is adopted as a planning document and is not a legal control on expenses.

L. Accounts Receivable

Accounts receivable are recorded at the invoiced amount and do not bear interest. Primary customers consist of the Counties of Franklin, Montgomery and Roanoke, the City of Salem and the U.S. Marshal Service. Management does not feel that an allowance of balances is necessary so the direct write-off method of accounting for uncollectible accounts is used.

M. Inventories and Prepaid Items

Inventory is recorded using the first-in, first-out method (FIFO) and is valued at cost. Inventory consists of parts and supplies utilized in the daily operation of the jail.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

N. Use of Estimates

Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

O. Restricted Cash and Investments

Restricted cash and investments consists of funds totaling \$93,433 held for inmates and \$9,099 related to bonds.

P. Long-Term Obligations

Long-term obligations are reported as liabilities in the statement of net position at face value, net of any applicable premiums and discounts.

Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

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**Note 1-Summary of Significant Accounting Policies: (continued)**

Q. Compensated Absences

The liability for compensated absences consists of unpaid accumulated vacation leave balances. The liability is based on vacation leave accumulated at June 30. Limited vacation leave may be accumulated until retirement or termination. Accumulated vacation is paid at the employee's current wage upon retirement or termination.

R. Net Position

Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is divided into three components:

- Net investment in capital assets—consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted—consist of assets that are restricted by the Authority's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted—all other net position is reported in this category.

S. Net Position Flow Assumption

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g. restricted bond and 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 Authority's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

**Note 2-Deposits and Investments:**

*Deposits* - The County of Roanoke maintains a cash and investment pool that is available for use by all County funds, component units and entities for which the County is fiscal agent. The Authority participates in this pool and at June 30, 2018, the carrying value of the Authority's deposits with banks and savings institutions was \$9,234,635. Deposits with banks are covered by Federal depository insurance and collateralized in accordance with the Virginia Security for Public Deposits 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% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

**Note 2-Deposits and Investments: (continued)**

*Investments* - Statutes authorize the Authority to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, bankers' acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Information relative to the County of Roanoke pooled account is presented in the audited financial statements of the County of Roanoke and can be obtained from the Director of Finance, County of Roanoke, 5204 Bernard Drive, Suite 300E, Roanoke, Virginia 24018; telephone 540-772-2020 or by visiting the County's web site at [www.roanokecountyva.gov](http://www.roanokecountyva.gov).

**Custodial Credit Risk (Investments)**

The Authority's investment policy provides that securities purchased for the Authority shall be held by the Authority Treasurer or by the Treasurer's custodian. If held by a custodian, the securities must be in the Authority's name or in the custodian's name and identifiable on the custodian's books as belonging to the Authority. Further, if held by a custodian, the custodian must be a third party, not a counterparty (buyer or seller) to the transaction. At June 30, 2018, all of the Authority's investments were held in accordance with this policy.

**Credit Risk of Debt Securities**

The Authority's investment policy for credit risk is consistent with the investments allowed by statute as previously detailed.

The Authority's rated debt investments as of June 30, 2018 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

Rated Debt Investments' Values			
<u>Rated Debt Investments</u>	Fair Quality Ratings		
	<u>AAAm</u>	<u>Not rated</u>	
Fidelity Institutional Treas - Class II	\$ 9,099	\$ -	
Roanoke County Investment Pool	-	13,506,907	
Total	\$ 9,099	\$ 13,506,907	

The Roanoke County Investment Pool is not rated; however, underlying investments in the pool are rated. Those ratings along with additional information concerning the pool are presented in the Roanoke County, Virginia Comprehensive Annual Financial Report, a copy of which may be requested from: County of Roanoke, 5204 Bernard Drive, Suite 300E, Roanoke, Virginia 24018; telephone 540-772-2020 or by visiting the County's web site at [www.roanokecountyva.gov](http://www.roanokecountyva.gov).

Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

Note 2-Deposits and Investments: (continued)

Interest Rate Risk

The Authority's policy with regard to interest rate risk requires that all investments mature within five years of their purchase date. The policy further requires maturity scheduling be timed to anticipated need and scheduled to coincide with projected cash flow needs.

Investment Maturities (in years)			
Investment Type	Fair Value	1 Year or less	1-5 Years
Fidelity Institutional Treas - Class II	\$ 9,099	\$ 9,099	\$ -
Roanoke County Investment Pool	13,506,907	452,896	13,054,011
Total	\$ 13,516,006	\$ 461,995	\$ 13,054,011

External Investment Pools

The fair value of the positions in the external investment pool (Roanoke County Investment Pool) is the same as the value of the pool shares. As the Roanoke County Investment Pool is not SEC registered, regulatory oversight of the pool rests with the Roanoke County Board of Supervisors.

Note 3-Fair Value Measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The Authority maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 - Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date
- Level 2 - Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3 - Unobservable inputs that are supported by little or no market activity for the asset or liability

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.



Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

**Note 3-Fair Value Measurement: (continued)**

The Authority has the following recurring fair value measurements as of June 30, 2018:

	Fair Value Measurement Using	
	Level 1 - Quoted Prices in Active Markets for Identical Assets	Level 2- Significant Other Observable Inputs
Fidelity Institutional Treasury - Class II	\$ 9,099	\$ -
Roanoke County Investment Pool	-	13,506,907
Total	\$ 9,099	\$ 13,506,907

**Note 4-Long-Term Obligations:**

Changes in long-term obligations for the year are as follows:

	Balance July 1, 2017	Issuances/ Additions	Retirements/ Reductions	Balance June 30, 2018	Amount Due Within One Year
Revenue Bonds	\$ 58,680,000	\$ -	\$ -	\$ 58,680,000	\$ 1,700,000
Unamortized Premiums	9,471,692	-	(851,791)	8,619,901	836,715
Compensated Absences	816,599	422,599	(419,306)	819,892	376,828
Net OPEB Liability	747,000	6,000	(117,000)	636,000	-
Total	\$ 69,715,291	\$ 428,599	\$ (1,388,097)	\$ 68,755,793	\$ 2,913,543

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30,	Revenue Bonds	
	Principal	Interest
2019	\$ 1,700,000	\$ 2,632,881
2020	2,015,000	2,577,156
2021	2,090,000	2,505,131
2022	2,185,000	2,408,706
2023	2,285,000	2,308,381
2024-2028	13,235,000	9,725,280
2029-2033	14,090,000	6,756,571
2034-2038	17,110,000	3,216,000
2039	3,970,000	99,250
Totals	\$ 58,680,000	\$ 32,229,356

Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

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Note 4-Long-Term Obligations: (continued)

Details of long-term indebtedness:

	<u>Total Amount</u>
Revenue Bonds:	
 \$30,605,000 refunding revenue bond issued on May 19, 2015 for a partial refunding of the Authority's 2007 revenue bonds. Interest payments began on December 1, 2015 and continue semi-annually until June 1, 2033, with interest accruing at rates between 3.00% and 5.00%. Principal payments varying from \$500,000 to \$3,040,000 begin on December 1, 2018 and continue until December 1, 2032	 \$ 30,605,000
 \$28,075,000 refunding revenue bond issued on July 21, 2016 for a partial refunding of the Authority's 2007 revenue bonds. Interest payments began on December 1, 2016 and continue semi-annually until December 1, 2038, with interest accruing at rates between 4.00% and 5.00%. Principal payments varying from \$1,635,000 to \$3,970,000 begin on December 1, 2029 and continue until December 1, 2038.	 28,075,000
Plus: Unamortized Premium	<u>8,619,901</u>
Total Revenue Bond	<u>\$ 67,299,901</u>
Other Liabilities:	
Compensated Absences	819,892
Net OPEB Liability	<u>636,000</u>
Total Long-term Obligations	<u><u>\$ 68,755,793</u></u>

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Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

**Note 5-Capital Assets:**

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,351,807	\$ -	\$ -	\$ 2,351,807
Total capital assets not being depreciated	<u>\$ 2,351,807</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,351,807</u>
Capital assets, being depreciated:				
Buildings	\$ 89,770,295	\$ -	\$ -	\$ 89,770,295
Machinery and equipment	3,748,882	405,035	(49,618)	4,104,299
Total capital assets being depreciated	<u>\$ 93,519,177</u>	<u>\$ 405,035</u>	<u>\$ (49,618)</u>	<u>\$ 93,874,594</u>
Accumulated depreciation:				
Buildings	\$ (18,430,804)	\$ (2,248,229)	\$ -	\$ (20,679,033)
Machinery and equipment	(2,777,427)	(289,002)	49,618	(3,016,811)
Total accumulated depreciation	<u>\$ (21,208,231)</u>	<u>\$ (2,537,231)</u>	<u>\$ 49,618</u>	<u>\$ (23,695,844)</u>
Total capital assets being depreciated, net	<u>\$ 72,310,946</u>	<u>\$ (2,132,196)</u>	<u>\$ -</u>	<u>\$ 70,178,750</u>
Capital assets, net of depreciation	<u>\$ 74,662,753</u>	<u>\$ (2,132,196)</u>	<u>\$ -</u>	<u>\$ 72,530,557</u>

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Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

**Note 6-Pension Plan:**

*Plan Description*

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

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>About Plan 1</b> Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</p>	<p><b>About Plan 2</b> Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</p>	<p><b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> <li>• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</li> <li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li> </ul>

Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

Note 6-Pension Plan: (continued)

*Plan Description (continued)*

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

Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

Note 6-Pension Plan: (continued)

*Plan Description (continued)*

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

Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

Note 6-Pension Plan: (continued)

*Plan Description (continued)*

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

Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

Note 6-Pension Plan: (continued)

*Plan Description (continued)*

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



Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

Note 6-Pension Plan: (continued)

*Plan Description (continued)*

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

Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

**Note 6-Pension Plan:** (continued)

*Plan Description (continued)*

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

Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

**Note 6-Pension Plan:** (continued)

*Plan Description (continued)*

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

Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

Note 6-Pension Plan: (continued)

*Plan Description (continued)*

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

Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

Note 6-Pension Plan: (continued)

*Plan Description (continued)*

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

Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

Note 6-Pension Plan: (continued)

*Plan Description (continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<b>Disability Coverage</b> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.	<b>Disability Coverage</b> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.	<b>Disability Coverage</b> Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.  Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
<b>Purchase of Prior Service</b> Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	<b>Purchase of Prior Service</b> Same as Plan 1.	<b>Purchase of Prior Service</b> <u><b>Defined Benefit Component:</b></u> Same as Plan 1, with the following exceptions: Hybrid Retirement Plan members are ineligible for ported service.  <u><b>Defined Contribution Component:</b></u> Not applicable.

Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

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**Note 6-Pension Plan:** (continued)

*Plan Description (continued)*

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

*Employees Covered by Benefit Terms*

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	11
Inactive members:	
Vested inactive members	13
Non-vested inactive members	74
Inactive members active elsewhere in VRS	<u>81</u>
Total inactive members	168
Active members	<u>186</u>
Total covered employees	<u>365</u>

*Contributions*

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

The Western Virginia Regional Jail Authority's contractually required employer contribution rate for the year ended June 30, 2018 was 9.70% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Western Virginia Regional Jail Authority were \$778,934 and \$737,898 for the years ended June 30, 2018 and June 30, 2017, respectively.

Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

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Note 6-Pension Plan: (continued)

*Net Pension Liability*

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

*Actuarial Assumptions - General Employees*

The total pension liability for General Employees in the Western Virginia Regional Jail Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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

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

Mortality rates:

Largest 10 - Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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



Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

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**Note 6-Pension Plan:** (continued)

*Actuarial Assumptions - General Employees (continued)*

All Others (Non 10 Largest) - Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

**Largest 10 employers - Non-Hazardous Duty:**

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

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

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

Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

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Note 6-Pension Plan: (continued)

*Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits*

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Western Virginia Regional Jail Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

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**Note 6-Pension Plan:** (continued)

*Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (continued)*

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

Largest 10 - Hazardous Duty:

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

All Others (Non 10 Largest) - Hazardous Duty:

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

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Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

**Note 6-Pension Plan: (continued)**

*Long-Term Expected Rate of Return*

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

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

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the Western Virginia Regional Jail Authority Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

Note 6-Pension Plan: (continued)

*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, 2016	\$ 9,262,228	\$ 12,018,632	\$ (2,756,404)
Changes for the year:			
Service cost	\$ 1,361,538	\$ -	\$ 1,361,538
Interest	644,883	-	644,883
Changes of assumptions	(128,173)	-	(128,173)
Differences between expected and actual experience	(656,756)	-	(656,756)
Contributions - employer	-	742,395	(742,395)
Contributions - employee	-	384,203	(384,203)
Net investment income	-	1,541,333	(1,541,333)
Benefit payments, including refunds of employee contributions	(99,226)	(99,226)	-
Administrative expenses	-	(7,730)	7,730
Other changes	-	(1,425)	1,425
Net changes	\$ 1,122,266	\$ 2,559,550	\$ (1,437,284)
Balances at June 30, 2017	\$ 10,384,494	\$ 14,578,182	\$ (4,193,688)

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Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

Note 6-Pension Plan: (continued)

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
Western Virginia Regional Jail Authority			
Net Pension Liability (Asset)	\$ (2,155,227)	\$ (4,193,688)	\$ (5,809,506)

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

For the year ended June 30, 2018, the Western Virginia Regional Jail Authority recognized pension expense of \$379,388. At June 30, 2018, the Western Virginia Regional Jail Authority 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	\$ -	\$ 910,411
Changes of assumptions	-	103,759
Net difference between projected and actual earnings on pension plan investments	-	234,035
Employer contributions subsequent to the measurement date	778,934	-
Total	\$ 778,934	\$ 1,248,205

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Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

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Note 6-Pension Plan: (continued)

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

\$778,934 reported as deferred outflows of resources related to pensions resulting from the Western Virginia Regional Jail Authority's contributions subsequent to the measurement date will be recognized as an addition to the Net Pension Asset in the fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>		
2019	\$	(375,042)
2020		(246,664)
2021		(277,603)
2022		(310,671)
2023		(38,225)
Thereafter		-

Note 7-Group Life Insurance (GLI) Program (OPEB Plan):

*Plan Description*

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

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

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Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

**Note 7-Group Life Insurance (GLI) Program (OPEB Plan): (continued)**

*Plan Description (Continued)*

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p><b>Eligible Employees</b></p> <p>The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none"> <li>• City of Richmond</li> <li>• City of Portsmouth</li> <li>• City of Roanoke</li> <li>• City of Norfolk</li> <li>• Roanoke City School Board</li> </ul> <p>Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p>
<p><b>Benefit Amounts</b></p> <p>The benefits payable under the Group Life Insurance Program have several components.</p> <ul style="list-style-type: none"> <li>• <b><u>Natural Death Benefit</u></b> - The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.</li> <li>• <b><u>Accidental Death Benefit</u></b> - The accidental death benefit is double the natural death benefit.</li> <li>• <b><u>Other Benefit Provisions</u></b> - In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> <li>○ Accidental dismemberment benefit</li> <li>○ Safety belt benefit</li> <li>○ Repatriation benefit</li> <li>○ Felonious assault benefit</li> <li>○ Accelerated death benefit option</li> </ul> </li> </ul>
<p><b>Reduction in Benefit Amounts</b></p> <p>The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>



Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

**Note 7-Group Life Insurance (GLI) Program (OPEB Plan): (continued)**

*Plan Description (Continued)*

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS (Continued)
<p><b>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</b></p> <p>For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute. The amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,111.</p>

*Contributions*

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2018 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$42,221 and \$40,552 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the entity reported a liability of \$636,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2017 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the participating employer's proportion was .04228% as compared to 0.04271% at June 30, 2016.

For the year ended June 30, 2018, the participating employer recognized GLI OPEB expense of \$6,000. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

Note 7-Group Life Insurance (GLI) Program (OPEB Plan): (continued)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 14,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	24,000
Change in assumptions	-	33,000
Changes in proportion	-	7,000
Employer contributions subsequent to the measurement date	<u>42,221</u>	<u>-</u>
Total	<u>\$ 42,221</u>	<u>\$ 78,000</u>

\$42,221 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2019	\$ (16,000)
2020	(16,000)
2021	(16,000)
2022	(16,000)
2023	(10,000)
Thereafter	(4,000)

Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

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Note 7-Group Life Insurance (GLI) Program (OPEB Plan): (continued)

*Actuarial Assumptions*

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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

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

**Mortality Rates - General State Employees**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

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Note 7-Group Life Insurance (GLI) Program (OPEB Plan): (continued)

*Actuarial Assumptions (continued)*

**Mortality Rates - General State Employees (continued)**

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

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

**Mortality Rates - Teachers**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

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Note 7-Group Life Insurance (GLI) Program (OPEB Plan): (continued)

*Actuarial Assumptions (continued)*

**Mortality Rates - Teachers (continued)**

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

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

**Mortality Rates - SPORS Employees**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

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Note 7-Group Life Insurance (GLI) Program (OPEB Plan): (continued)

*Actuarial Assumptions (continued)*

**Mortality Rates - SPORS Employees (continued)**

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

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

**Mortality Rates - VaLORS Employees**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

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Note 7-Group Life Insurance (GLI) Program (OPEB Plan): (continued)

*Actuarial Assumptions (continued)*

**Mortality Rates - VaLORS Employees (continued)**

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

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

**Mortality Rates - JRS Employees**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

Note 7-Group Life Insurance (GLI) Program (OPEB Plan): (continued)

*Actuarial Assumptions (continued)*

**Mortality Rates - JRS Employees (continued)**

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

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

**Mortality Rates - Largest Ten Locality Employers - General Employees**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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



Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

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Note 7-Group Life Insurance (GLI) Program (OPEB Plan): (continued)

*Actuarial Assumptions (continued)*

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

**Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

Note 7-Group Life Insurance (GLI) Program (OPEB Plan): (continued)

*Actuarial Assumptions (continued)*

**Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees (continued)**

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

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Note 7-Group Life Insurance (GLI) Program (OPEB Plan): (continued)

*NET GLI OPEB Liability*

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

		Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$	2,942,426
Plan Fiduciary Net Position		1,437,586
Employers' Net GLI OPEB Liability (Asset)	\$	1,504,840
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		48.86%

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

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Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

Note 7-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

*Long-Term Expected Rate of Return*

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

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

*Discount Rate*

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

**Note 7-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**

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

The follow presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 7.00%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
Authority's proportionate share of the Group Life Insurance Program			
Net OPEB Liability	\$ 822,919	\$ 636,000	\$ 484,919

**Group Life Insurance Program Fiduciary Net Position**

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

**Note 8-Due from the Commonwealth:**

Amounts reported as due from the Commonwealth at year end are as follows:

	Amounts
Compensation Board Reimbursements	\$ 898,547
Department of Corrections	38,555
Total	<u>\$ 937,102</u>

**Note 9-Unearned Revenue:**

The Authority signed an inmate telephone services agreement with Inmate Calling Solutions, LLC (ICS). Terms of the agreement provide ICS the exclusive right to install and operate the Jail's inmate telephone system for a period of 5 years beginning on approximately August 15, 2016. Revenue generated by the system will be retained by ICS; however, the Jail received a payment of \$1,600,000 in connection with the agreement. This revenue will be deferred and recognized over the term of this agreement. At the end of the fiscal year, deferred revenue under this agreement totaled \$680,000.

Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

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**Note 10-Arbitrage Rebate Liability:**

The Internal Revenue Code of 1986 (the Code) establishes rules and regulations for arbitrage rebates which are applicable to the Authority. At present, the Authority has no arbitrage rebate liability. This estimated arbitrage rebate liability is subject to change based on future investment earnings of the Authority.

**Note 11-Risk Management:**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority participates with other organizations in the Virginia Association of Counties public entity risk pool. Each member of the risk pool jointly and severally agrees to assume, pay and discharge any liability. The Authority pays the risk pool contributions and assessments based upon classifications and rates into designated cash reserve funds out of which expenses of the pools, claims and awards are to be paid. In the event of a loss, deficit, or depletion of all available funds and/or excess insurance, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The Authority carries insurance coverage for all other risk of loss. Settled claims have not exceeded coverage in the current or prior two fiscal years.

**Note 12-Adoption of Accounting Principles:**

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

Net Position, July 1, 2017, as previously stated	\$ 33,606,990
Implementation of GASB 75	(706,448)
Net Position, July 1, 2017, as restated	<u><u>\$ 32,900,542</u></u>

In addition, the Authority implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset. The implementation of this Statement had no impact on beginning net position.

Western Virginia Regional Jail Authority  
Notes to the Financial Statements  
June 30, 2018 (continued)

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Note 13-Upcoming Pronouncements:

The following pronouncements will be implemented in future periods. Management is currently evaluating the impact these pronouncements will have on the Organization's financial statements; however, no impact has been determined at this time.

Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, clarifies which liabilities governments should include when disclosing information related to debt. It defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, it requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

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## Required Supplementary Information

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Western Virginia Regional Jail Authority  
Schedule of Authority's Share of Net OPEB Liability  
Group Life Insurance Program  
For the Year Ended June 30, 2018

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2017	0.04228% \$	636,000 \$	7,674,184	8.29%	48.86%

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.

Western Virginia Regional Jail Authority  
Schedule of Employer Contributions  
Group Life Insurance Program  
For the Years Ended June 30, 2014 through June 30, 2018

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Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2018	\$ 42,221	\$ 42,221	\$ -	\$ 8,079,335	0.52%
2017	40,552	40,552	-	7,674,184	0.53%
2016	36,668	36,668	-	7,649,867	0.48%
2015	36,296	36,296	-	7,523,787	0.48%
2014	34,004	34,004	-	7,214,192	0.47%

Schedule is intended to show information for 10 years. Information is only available for the years shown.

**Western Virginia Regional Jail Authority  
Notes to Required Supplementary Information  
Group Life Insurance Program  
For the Year Ended June 30, 2018**

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

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

**General State Employees**

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

**Teachers**

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

**SPORS Employees**

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

**VaLORS Employees**

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

Western Virginia Regional Jail Authority  
Notes to Required Supplementary Information  
Group Life Insurance Program  
For the Year Ended June 30, 2018

**JRS Employees**

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

**Largest Ten Locality Employers - General Employees**

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

**Non-Largest Ten Locality Employers - General Employees**

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

**Largest Ten Locality Employers - Hazardous Duty Employees**

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

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

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

Western Virginia Regional Jail Authority  
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios  
For the Years Ended June 30, 2015 through June 30, 2018

	2017	2016	2015	2014
<b>Total pension liability</b>				
Service cost	\$ 1,361,538	\$ 1,359,306	\$ 1,292,320	\$ 1,263,991
Interest	644,883	532,601	455,486	348,082
Changes of assumptions	(128,173)	-	-	-
Differences between expected and actual experience	(656,756)	(170,538)	(543,492)	-
Benefit payments, including refunds of employee contributions	(99,226)	(135,448)	(69,890)	(85,572)
<b>Net change in total pension liability</b>	<b>\$ 1,122,266</b>	<b>\$ 1,585,921</b>	<b>\$ 1,134,424</b>	<b>\$ 1,526,501</b>
<b>Total pension liability - beginning</b>	<b>9,262,228</b>	<b>7,676,307</b>	<b>6,541,883</b>	<b>5,015,382</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 10,384,494</b>	<b>\$ 9,262,228</b>	<b>\$ 7,676,307</b>	<b>\$ 6,541,883</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 742,395	\$ 883,707	\$ 869,478	\$ 1,048,423
Contributions - employee	384,203	381,831	375,680	354,596
Net investment income	1,541,333	225,981	449,948	1,148,916
Benefit payments, including refunds of employee contributions	(99,226)	(135,448)	(69,890)	(85,572)
Administrative expense	(7,730)	(5,919)	(4,878)	(5,043)
Other	(1,425)	(87)	(99)	60
<b>Net change in plan fiduciary net position</b>	<b>\$ 2,559,550</b>	<b>\$ 1,350,065</b>	<b>\$ 1,620,239</b>	<b>\$ 2,461,380</b>
<b>Plan fiduciary net position - beginning</b>	<b>12,018,632</b>	<b>10,668,567</b>	<b>9,048,328</b>	<b>6,586,948</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 14,578,182</b>	<b>\$ 12,018,632</b>	<b>\$ 10,668,567</b>	<b>\$ 9,048,328</b>
<b>Authority's net pension liability (asset) - ending (a) - (b)</b>	<b>\$ (4,193,688)</b>	<b>\$ (2,756,404)</b>	<b>\$ (2,992,260)</b>	<b>\$ (2,506,445)</b>
<b>Plan fiduciary net position as a percentage of the total pension asset</b>	<b>140.38%</b>	<b>129.76%</b>	<b>138.98%</b>	<b>138.31%</b>
<b>Covered payroll</b>	<b>\$ 7,674,184</b>	<b>\$ 7,649,867</b>	<b>\$ 7,523,787</b>	<b>\$ 7,214,192</b>
<b>Authority's net pension asset as a percentage of covered payroll</b>	<b>54.65%</b>	<b>36.03%</b>	<b>39.77%</b>	<b>34.74%</b>

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

Western Virginia Regional Jail Authority  
Schedule of Employer Contributions - Pension Plan  
For the Years Ended June 30, 2009 through June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2018	\$ 778,934	\$ 778,934	\$ -	\$ 8,079,335	9.64%
2017	737,898	737,898	-	7,674,184	9.62%
2016	883,707	883,707	-	7,649,867	11.55%
2015	869,478	869,478	-	7,523,787	11.56%
2014	1,048,423	1,048,423	-	7,214,192	14.53%
2013	997,388	997,388	-	6,748,227	14.78%
2012	839,178	839,178	-	6,367,060	13.18%
2011	817,852	817,852	-	6,205,253	13.18%
2010	804,289	804,289	-	6,186,842	13.00%
2009	522,548	522,548	-	4,019,601	13.00%

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

Western Virginia Regional Jail Authority  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2018

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

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

**Largest 10 - Non-Hazardous Duty:**

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

**Largest 10 - Hazardous Duty:**

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

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

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

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

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

# Statistical Section

This part of Western Virginia Regional Jail Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

## Contents

### Financial Trends

#### Page

These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time. 72-73

### Revenue Capacity

These schedules contain information to help the reader assess factors affecting the Authority's operating revenue. 74-75

### Debt Capacity

These schedules contain information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future. 76-77

### Operating Information

These schedules contain information about the Authority's operations and resources to help the reader understand how the Authority's financial information relates to the services the Authority provides and the activities it performs. 78-80

### Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place and to help make comparisons over time and with other authorities. 81-82



Table 1

WESTERN VIRGINIA REGIONAL JAIL AUTHORITY  
Net Position By Component  
Last Nine Fiscal Years (1)

	2018 (4)	2017	2016	2015 (3)	2014	2013 (2)	2012	2011	2010
Net investment in capital assets	\$ 8,782,199	\$ 10,283,788	\$ 11,268,790	\$ 13,029,929	\$ 15,536,059	\$ 17,891,850	\$ 20,441,043	\$ 22,693,455	\$ 26,604,880
Restricted	2,094,556	2,237,792	1,704,780	1,152,705	913,713	963,568	780,421	591,824	191,722
Unrestricted	22,749,835	21,085,410	19,844,362	18,795,101	15,299,651	12,772,502	11,049,895	9,883,035	6,745,908
Total Net Position	<u>\$ 33,626,590</u>	<u>\$ 33,606,990</u>	<u>\$ 32,817,932</u>	<u>\$ 32,977,735</u>	<u>\$ 31,749,423</u>	<u>\$ 31,627,920</u>	<u>\$ 32,271,359</u>	<u>\$ 33,168,314</u>	<u>\$ 33,542,510</u>

(1) The first full year of operations for the Authority was 2010.

(2) The Authority implemented provisions of GASB Statements 63 and 65 during the 2013 fiscal year, and applied all changes required thereof retroactively to statistical information, as necessary.

(3) The Authority implemented provisions of GASB Statement 68 during the 2015 fiscal year and restated beginning net position accordingly. Information relative to GASB Statement 68 was not available for prior fiscal years and therefore provisions of this statement were not applied retroactively in this table.

(4) The Authority implemented provisions of GASB Statement 75 during the 2018 fiscal year and restated beginning net position accordingly. Information relative to GASB Statement 75 was not available for prior fiscal years and therefore provisions of this statement were not applied retroactively in this table.

Source: Financial Statements

Table 2

WESTERN VIRGINIA REGIONAL JAIL AUTHORITY									
Changes in Net Position									
Last Nine Fiscal Years(1)									
	2018 (4)	2017	2016	2015 (3)	2014	2013(2)	2012	2011	2010
<b>OPERATING REVENUES</b>									
Charges for services - member jurisdictions	\$ 9,949,801	\$ 11,066,808	\$ 10,527,638	\$ 9,688,094	\$ 11,050,624	\$ 10,196,515	\$ 10,398,697	\$ 9,649,406	\$ 7,157,653
Charges for services - nonmember jurisdictions	1,002,858	280,765	214,411	235,477	147,277	123,620	267,997	244,120	277,625
Charges for services - U.S. Marshal Service	1,949,666	1,874,784	1,866,586	1,426,201	1,923,142	1,205,827	708,960	547,053	387,498
Commonwealth of Virginia - per diem charges	1,091,476	1,368,079	1,363,398	1,444,158	1,371,214	1,537,690	1,807,185	1,850,604	1,535,327
Payphone commissions	339,525	335,936	323,440	301,128	314,530	276,887	219,362	203,628	174,289
Commissary sales	578,509	561,670	515,740	340,326	345,247	286,953	263,408	209,029	222,082
Miscellaneous income	141,480	88,400	73,773	66,920	53,964	9,043	78,222	9,700	3,872
Miscellaneous fees	159,132	190,999	163,200	150,317	156,844	143,833	136,601	138,488	26,851
Total operating revenues	\$ 15,212,447	\$ 15,767,441	\$ 15,048,186	\$ 13,652,621	\$ 15,362,842	\$ 13,780,368	\$ 13,880,432	\$ 12,852,028	\$ 9,785,197
<b>OPERATING EXPENSES</b>									
Salaries and wages	\$ 8,732,154	\$ 8,483,616	\$ 8,213,176	\$ 8,009,082	\$ 7,670,454	\$ 7,170,572	\$ 6,869,372	\$ 6,443,189	\$ 6,454,515
Fringe benefits	2,446,859	2,636,700	3,366,800	2,092,789	2,684,337	2,254,860	2,850,188	2,261,886	2,129,542
Medical services	2,621,543	2,429,664	2,357,869	2,288,041	2,259,643	2,144,299	2,125,197	2,029,898	2,068,004
Food services	883,814	916,869	868,241	820,193	853,970	799,069	767,695	751,380	737,210
Contractual services	782,839	569,217	473,696	484,453	464,319	439,473	283,967	191,964	173,628
Repairs and maintenance	323,899	324,399	343,591	306,443	405,736	356,219	313,364	165,413	59,575
Utilities	742,261	762,705	728,303	788,695	804,359	727,801	628,545	630,500	763,101
Materials and supplies	463,717	696,235	564,684	593,876	761,685	600,909	717,766	441,921	492,411
Other	569,858	396,763	327,814	301,569	334,105	340,639	506,243	293,406	320,022
Depreciation	2,537,231	2,509,691	2,556,593	2,544,982	2,586,446	2,590,704	2,663,065	2,781,339	2,725,741
Total operating expenses	\$ 20,104,175	\$ 19,725,859	\$ 19,800,767	\$ 18,230,123	\$ 18,825,054	\$ 17,424,545	\$ 17,725,402	\$ 15,990,896	\$ 15,923,749
Operating income (loss)	\$ (4,891,728)	\$ (3,958,418)	\$ (4,752,581)	\$ (4,577,502)	\$ (3,462,212)	\$ (3,644,177)	\$ (3,844,970)	\$ (3,138,868)	\$ (6,138,552)
<b>NONOPERATING REVENUES (EXPENSES)</b>									
Commonwealth of Virginia - Compensation Board	\$ 6,999,033	\$ 6,780,508	\$ 6,840,359	\$ 6,484,186	\$ 6,647,957	\$ 6,079,393	\$ 6,033,332	\$ 6,007,230	\$ 1,194,384
Federal grant revenue	50,379	76,607	69,024	23,707	24,703	151,382	118,740	-	5,019,917
State grant revenue	355,284	89,181	-	-	-	-	-	-	-
Gain (loss) on disposal of assets	-	-	-	-	17,083	(20,502)	-	-	-
Bond issuance costs	-	(252,849)	-	(272,088)	-	-	-	-	-
Interest income	240,852	123,277	110,762	85,017	74,433	27,715	87,795	37,602	50,583
Interest expense	(2,027,772)	(2,069,248)	(2,427,367)	(3,134,997)	(3,180,461)	(3,237,250)	(3,291,852)	(3,280,160)	(3,267,524)
Total nonoperating revenues (expenses)	\$ 5,617,776	\$ 4,747,476	\$ 4,592,778	\$ 3,185,825	\$ 3,583,715	\$ 3,000,738	\$ 2,948,015	\$ 2,764,672	\$ 2,997,360
Change in net position	\$ 726,048	\$ 789,058	\$ (159,803)	\$ (1,391,677)	\$ 121,503	\$ (643,439)	\$ (896,955)	\$ (374,196)	\$ (3,141,192)
Total net position, beginning of year	\$ 32,900,542	\$ 32,817,932	\$ 32,977,735	\$ 34,369,412	\$ 31,627,920	\$ 32,271,359	\$ 33,168,314	\$ 33,542,510	\$ 36,683,702
Total net position, end of year	\$ 33,626,590	\$ 33,606,990	\$ 32,817,932	\$ 32,977,735	\$ 31,749,423	\$ 31,627,920	\$ 32,271,359	\$ 33,168,314	\$ 33,542,510

(1) The first full year of operations for the Authority was 2010.

(2) The Authority implemented provisions of GASB Statements 63 and 65 during the 2013 fiscal year, and applied all changes required thereof retroactively to statistical information, as necessary.

(3) The Authority implemented provisions of GASB Statement 68 during the 2015 fiscal year, resulting in a restatement of beginning net position for the 2015 fiscal year. Information prior to 2015 was not available and therefore changes as a result of the implementation of this standard have not been applied retroactively.

(4) The Authority implemented provisions of GASB Statement 75 during the 2018 fiscal year and restated beginning net position accordingly. Information relative to GASB Statement 75 was not available for prior fiscal years and therefore provisions of this statement were not applied retroactively in this table.

Source: Financial Statements

Table 3

WESTERN VIRGINIA REGIONAL JAIL AUTHORITY  
Revenues & Billed Inmate Days - By Major Customer  
Last Nine Fiscal Years (1)

Fiscal Year	Franklin County							Montgomery County						
	Total Revenue	Billed Inmate Days	Per Diem Rate	Inmate Days Billed	Debt Service	Rate per Day	Average Daily Population (2)	Total Revenue	Billed Inmate Days	Per Diem Rate	Inmate Days Billed	Debt Service	Rate per Day	Average Daily Population (2)
2018	\$ 2,309,049	\$ 1,774,828	\$ 32.19	55,136	\$ 534,221	\$ 10.28	142	\$ 2,909,338	\$ 2,041,071	\$ 32.19	63,407	\$ 868,267	\$ 10.28	231
2017	2,589,506	1,964,813	32.19	61,038	624,693	11.97	143	3,610,552	2,645,117	32.19	82,172	965,435	11.97	221
2016	2,189,895	1,514,539	32.19	47,050	675,356	13.31	139	3,613,256	2,588,076	32.19	80,400	1,025,180	13.31	211
2015	2,036,314	1,391,358	32.19	43,223	644,956	14.37	123	3,408,033	2,439,726	32.19	75,791	968,307	14.37	185
2014	2,577,914	1,893,866	32.19	58,834	684,048	15.45	121	3,916,445	2,969,302	32.19	92,243	947,143	15.45	168
2013	2,271,240	1,554,584	32.19	48,294	716,656	17.79	110	3,243,980	2,217,859	32.19	68,899	1,026,121	17.79	158
2012	2,118,280	1,464,409	32.19	45,493	653,871	14.45	124	3,267,047	2,259,874	32.19	70,204	1,007,173	14.45	191
2011	1,905,719	1,236,690	30.20	40,950	669,029	15.88	115	2,908,156	1,911,720	30.20	63,302	996,436	15.88	172
2010	1,812,193	921,400	20.00	46,070	890,793	19.37	126	1,981,350	1,005,720	20.00	50,286	975,630	19.37	138

Fiscal Year	Roanoke County							City of Salem						
	Total Revenue	Billed Inmate Days	Per Diem Rate	Inmate Days Billed	Debt Service	Rate per Day	Average Daily Population (2)	Total Revenue	Billed Inmate Days	Per Diem Rate	Inmate Days Billed	Debt Service	Rate per Day	Average Daily Population (2)
2018	\$ 3,217,626	\$ 2,547,034	\$ 32.19	79,125	\$ 670,592	\$ 10.28	179	\$ 1,513,788	\$ 1,173,487	\$ 32.19	36,455	\$ 340,301	\$ 10.28	91
2017	3,123,464	2,358,980	32.19	73,283	764,484	11.97	175	1,743,286	1,354,491	32.19	42,078	388,795	11.97	89
2016	3,168,886	2,276,509	32.19	70,721	892,377	13.31	184	1,555,601	1,111,842	32.19	34,540	443,759	13.31	91
2015	2,748,160	1,732,661	32.19	53,826	1,015,499	14.37	194	1,495,587	1,014,929	32.19	31,529	480,658	14.37	92
2014	3,062,304	1,983,613	32.19	61,622	1,078,691	15.45	191	1,493,962	1,035,424	32.19	32,166	458,538	15.45	81
2013	3,155,254	2,156,279	32.19	66,986	998,975	17.79	154	1,526,040	1,042,840	32.19	32,396	483,200	17.79	74
2012	3,353,292	2,309,207	32.19	71,737	1,044,085	14.45	198	1,660,078	1,148,582	32.19	35,681	511,496	14.45	97
2011	3,335,485	2,178,444	30.20	72,134	1,157,041	15.88	200	1,500,046	990,640	30.20	32,803	509,406	15.88	88
2010	2,528,682	1,284,400	20.00	64,220	1,244,282	19.37	176	835,428	425,380	20.00	21,269	410,048	19.37	58

Fiscal Year	Commonwealth of Virginia				
	Total Revenue	Debt Service	Billed Inmate Days	Per Diem Rate	Inmate Days Billed
2018	\$ 1,091,476	N/A	\$ 1,091,476	Various	N/A
2017	1,368,079	N/A	1,368,079	Various	N/A
2016	1,363,398	N/A	1,363,398	Various	N/A
2015	1,444,158	N/A	1,444,158	Various	N/A
2014	1,371,214	N/A	1,371,214	Various	N/A
2013	1,537,690	N/A	1,537,690	Various	N/A
2012	1,807,150	N/A	1,807,150	Various	N/A
2011	1,850,604	N/A	1,850,604	Various	N/A
2010	1,535,327	N/A	1,535,327	Various	N/A

Fiscal Year	U.S. Marshal Service				
	Total Revenue	Inmate Transportation	Billed Inmate Days	Per Diem Rate	Inmate Days Billed
2018	\$ 1,949,666	\$ 102,625	\$ 1,847,041	\$ 56.59	32,639
2017	1,874,784	136,849	1,737,935	56.59	30,711
2016	1,866,586	105,109	1,761,477	56.59	31,127
2015	1,426,201	111,049	1,315,152	56.59	23,240
2014	1,923,142	121,393	1,801,749	56.59	31,839
2013	1,205,827	52,919	1,152,908	56.59	20,373
2012	708,960	29,937	679,023	56.59	11,999
2011	547,053	44,516	502,537	56.59	8,880
2010	387,498	36,753	350,745	56.59	6,198

(1) The first full year of operations for the Authority was 2010.

(2) Debt service billings are based on each jurisdictions average daily population on a rolling basis that takes into account three years of historical data.

Source: Billing records of the Authority.

Table 4

WESTERN VIRGINIA REGIONAL JAIL AUTHORITY  
Largest Revenue Sources  
Current Year and Eight Years Ago (1)

Inmate Operating and Debt Per Diem Fees	Fiscal Year 2018	
	Amount	%
County of Franklin	\$ 2,309,049	16.50%
County of Montgomery	2,909,338	20.79%
County of Roanoke	3,217,626	22.99%
City of Salem	1,513,788	10.82%
Commonwealth of Virginia	1,091,476	7.80%
U.S. Marshals Service	1,949,666	13.93%
Subtotal	\$ 12,990,943	92.83%
Balance from other sources	\$ 1,002,858	7.17%
Grand Total	\$ 13,993,801	100.00%

Inmate Operating and Debt Per Diem Fees	Fiscal year 2010	
	Amount	%
County of Franklin	\$ 1,812,193	19.36%
County of Montgomery	1,981,350	21.17%
County of Roanoke	2,528,682	27.02%
City of Salem	835,428	8.93%
Commonwealth of Virginia	1,535,327	16.41%
U.S. Marshal Service	387,498	4.14%
Subtotal	\$ 9,080,478	97.03%
Balance from other sources	\$ 277,625	2.97%
Grand Total	\$ 9,358,103	100.00%

(1) The first full year of operations for the Authority was 2010.

Source: Billing reports

Table 5

WESTERN VIRGINIA REGIONAL JAIL AUTHORITY  
Outstanding Debt by Type  
Last Nine Fiscal Years (1)

Fiscal Year	Total Revenue Bonds	Annual Total Personal Income (2)	Outstanding Debt to Personal Income	Total Population	Per Capita Personal Income	Outstanding Debt Per Capita
2018	\$ 67,299,901	\$ 11,761,003	0.572%	274,583	\$ 42,832	\$ 245.10
2017	68,151,692	11,635,240	0.586%	274,207	42,432	248.54
2016	68,275,276	9,713,699	0.703%	273,701	35,490	249.45
2015	68,767,515	10,077,840	0.682%	272,052	37,044	252.77
2014	69,880,574	10,028,550	0.697%	270,825	37,030	258.03
2013	71,357,377	9,808,983	0.727%	270,765	36,227	263.54
2012	72,774,180	9,470,351	0.768%	269,247	35,173	270.29
2011	74,135,983	9,036,641	0.820%	267,963	33,723	276.66
2010	75,447,786	8,854,113	0.852%	262,997	33,666	286.88

(1) The first full year of operations for the Authority was 2010.

(2) Amount reported in thousands (000 omitted).

Sources: Financial Statements and Comprehensive Annual Financial Reports of the Counties of Franklin, Montgomery and Roanoke and the City of Salem  
U.S. Census Bureau

Table 6

WESTERN VIRGINIA REGIONAL JAIL AUTHORITY  
Revenue Bond Coverage  
Last Nine Fiscal Years (1)

Fiscal Year	Operating Revenues	Operating Expenses (Excl. Depr.)	Other Available Revenues	Excess Reserves Balances	Net Revenue Available for Debt Service	Principal (P)	Interest (I)	Total (P)(I)	Bond Coverage
2018	\$ 15,212,447	\$ (17,566,944)	\$ 7,645,548	\$ 11,808,282	\$ 17,099,333	-	\$ 2,027,772	\$ 2,027,772	8.43
2017 (3)	15,767,441	(17,216,168)	7,069,573	9,536,958	15,157,804	-	2,069,248	2,069,248	7.33
2016	15,048,186	(17,244,174)	7,020,145	8,278,957	13,103,114	-	2,427,367	2,427,367	5.40
2015 (2)	13,652,621	(15,685,141)	6,592,910	8,668,715	13,229,105	1,530,000	3,134,997	4,664,997	2.84
2014	15,362,842	(16,238,608)	6,764,176	11,108,650	16,997,060	1,475,000	3,180,461	4,655,461	3.65
2013	13,780,368	(14,833,841)	6,258,490	11,789,174	16,994,191	1,415,000	3,237,250	4,652,250	3.65
2012	13,880,432	(15,062,337)	6,239,867	11,363,916	16,421,878	1,360,000	3,291,852	4,651,852	3.53
2011	12,852,028	(13,209,557)	6,044,832	13,005,535	18,692,838	1,310,000	3,280,160	4,590,160	4.07
2010	9,785,197	(13,198,008)	6,264,884	9,535,560	12,387,633	450,000	3,267,524	3,717,524	3.33

(1) The first full year of operations for the Authority was 2010.

(2) In 2015, the Authority refunded approximately 34 million dollars of bonds. The above amounts represent normal principal and interest payments.

(3) In 2017, the Authority refunded approximately 33 million dollars of bonds. The above amounts represent normal principal and interest payments.

Net revenue of the Authority is pledged for the Authority's revenue bonds. Net revenue is defined as all revenue of the Authority less operating expenses, excluding depreciation.

Source: Financial Statements

Table 7

WESTERN VIRGINIA REGIONAL JAIL AUTHORITY  
Number of Employees by Identifiable Activity  
Last Nine Fiscal Years (1)

	2018	2017	2016	2015	2014	2013	2012	2011	2010
Civilian	10	8	8	9	8	9	9	9	8
Sworn	188	182	183	183	183	166	173	172	169
Total Employees	198	190	191	192	191	175	182	181	177

(1) The first full year of operations for the Authority was 2010.

Source: Payroll Records

Table 8

WESTERN VIRGINIA REGIONAL JAIL AUTHORITY  
Inmate Booking Statistics  
Last Nine Fiscal Years(1)

Jurisdiction	Fiscal Year	Average Daily Population	Average Length of Stay (days)	Average Monthly Bookings
County of Franklin	2018	151	73	48
	2017	168	80	52
	2016	129	72	44
	2015	137	71	46
	2014	161	77	51
	2013	132	67	49
	2012	124	66	51
	2011	115	67	42
	2010	126	62	51
Jurisdiction	Fiscal Year	Average Daily Population	Average Length of Stay (days)	Average Monthly Bookings
County of Montgomery	2018	174	78	53
	2017	225	96	51
	2016	220	98	51
	2015	221	102	47
	2014	253	96	63
	2013	189	86	53
	2012	191	97	47
	2011	174	81	52
	2010	138	82	41
Jurisdiction	Fiscal Year	Average Daily Population	Average Length of Stay (days)	Average Monthly Bookings
County of Roanoke	2018	217	67	80
	2017	201	70	69
	2016	194	70	67
	2015	173	66	64
	2014	169	62	67
	2013	184	61	76
	2012	198	76	65
	2011	199	74	65
	2010	176	69	65
Jurisdiction	Fiscal Year	Average Daily Population	Average Length of Stay (days)	Average Monthly Bookings
City of Salem	2018	100	61	39
	2017	115	68	43
	2016	95	63	39
	2015	89	62	35
	2014	88	56	41
	2013	89	52	43
	2012	97	67	38
	2011	89	67	36
	2010	58	56	27
Jurisdiction	Fiscal Year	Average Daily Population	Average Length of Stay (days)	Average Monthly Bookings
Other	2018	189	49	102
	2017	147	70	75
	2016	169	69	61
	2015	134	60	55
	2014	145	53	70
	2013	140	38	51
	2012	118	35	44
	2011	130	28	42
	2010	111	24	53

(1) The first full year of operations for the Authority was 2010.

Source: Daily Population Counts.



Table 9

WESTERN VIRGINIA REGIONAL JAIL AUTHORITY  
Capital Asset Statistics  
Last Nine Fiscal Years (1)

Function/Program/Asset	2018	2017	2016	2015	2014	2013	2012	2011	2010
Public Safety:									
Jail:									
Buildings	1	1	1	1	1	1	1	1	1
Machinery & Equipment	50	52	44	46	45	45	44	43	39
Vehicles	21	20	19	19	20	16	16	13	13
Total	<u>72</u>	<u>73</u>	<u>64</u>	<u>66</u>	<u>66</u>	<u>62</u>	<u>61</u>	<u>57</u>	<u>53</u>

(1) The first full year of operations for the Authority was 2010.

Source: Capital Asset Listings

Table 10

WESTERN VIRGINIA REGIONAL JAIL AUTHORITY  
Demographic Statistics for Member Jurisdictions  
Last Nine Fiscal Years (1)

Fiscal Year	County of Franklin		County of Montgomery		County of Roanoke		City of Salem	
	Population	Unemployment rate	Population	Unemployment rate	Population	Unemployment rate	Population	Unemployment rate
2018	56,427	3.40	98,559	3.50	93,735	3.10	25,862	3.40
2017	56,205	4.10	98,602	4.20	93,924	3.60	25,476	4.10
2016	56,373	4.20	98,121	4.50	93,775	3.50	25,432	4.00
2015	56,793	5.20	96,207	5.50	93,569	4.50	25,483	5.20
2014	56,616	5.20	96,207	5.50	92,703	5.20	25,299	5.20
2013	56,616	4.90	95,626	6.50	93,256	5.50	25,267	6.60
2012	56,419	6.20	94,996	6.40	92,687	5.60	25,145	6.50
2011	56,225	6.40	94,392	7.40	92,376	5.70	24,970	6.10
2010	55,732	7.50	91,394	7.00	91,011	6.30	24,860	7.20

(1) The first full year of operations for the Authority was 2010.

Sources: Financial statements and Comprehensive Annual Financial Reports of the Counties of Franklin, Montgomery and Roanoke and the City of Salem  
Weldon Cooper Center for Public Service Demographics Research Group  
U. S. Bureau of Labor Statistics

Table 11

WESTERN VIRGINIA REGIONAL JAIL AUTHORITY  
Principal Employers  
Current Year and Eight Years Ago (1)

Employer	Type of Business	2018		2010	
		Number of Employees	Rank	Number of Employees	Rank
Virginia Polytechnic Institute and State University	State University	5,000 and over	1	5,000 and over	1
Roanoke County Schools	Local Government	2,000 and over	2	1,000 to 4,999	4
Wells Fargo Operations Center	Private	2,000 and over	3	1,000 to 4,999	6
Veterans Administration Medical Center	Federal Hospital	2,000 and over	4	1,000 to 4,999	2
Lewis-Gale Hospital HCA	Private	1,000 to 4,999	5	1,000 to 4,999	3
Virginia Tech Corporate Research Center	Private	1,000 to 4,999	6	1,000 to 4,999	10
Montgomery County School Board	Local Government	1,000 to 4,999	7	1,000 to 4,999	8
Franklin County Public Schools	Local Government	1,000 to 4,999	8	1,000 to 4,999	9
County of Roanoke	Local Government	1,000 to 4,999	9	1,000 to 4,999	7
PlyGem Windows	Private	1,000 to 4,999	10	1,000 to 4,999	5

(1) The first full year of operations for the Authority was 2010.

Sources: Financial statements and Comprehensive Annual Financial Reports of the Counties of Franklin, Montgomery and Roanoke and the City of Salem  
Montgomery County Economic Development Department  
Franklin County Economic Development Department, Individual Companies  
Roanoke County Economic Development Department  
City of Salem Planning and Economic Development Department

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## Compliance Section

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# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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To the Members of the Board  
Western Virginia Regional Jail Authority  
Roanoke, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of the Western Virginia Regional Jail Authority as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Western Virginia Regional Jail Authority's basic financial statements and have issued our report thereon dated September 28, 2018.

### Internal Control over Financial Reporting

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

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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

*Robinson, Farmer, Cox Associates*

Blacksburg, Virginia  
September 28, 2018