

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

AUTHORITY MEMBERS

FLUVANNA COUNTY

Eric Hess, Sheriff
Donald Weaver

GREENE COUNTY

Steve Smith, Sheriff
Marie Durrer

LOUISA COUNTY

Troy Wade, Chairman
Ashland D. Fortune, Sheriff

MADISON COUNTY

Kevin McGhee
Eric J. Weaver, Sheriff
Jack Hobbs, At Large Member

ORANGE COUNTY

James P. Crozier, Vice Chairman
Mark Amos, Sheriff

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Honorable Members of
Central Virginia Regional Jail Authority
Orange, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Central 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 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

Opinions

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

Change in Accounting Principles

As described in Note 13 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*, Governmental Accounting Standards Board Statement No. 85, *Omnibus 2017*, and Governmental Accounting Standards Board Statement No. 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 13 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 schedules related to pension and OPEB funding on pages 52-58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Central Virginia Regional Jail Authority's basic financial statements. The schedule of revenues, expenses and changes in net position - budget and actual is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2018, on our consideration of Central 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 Central 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 Central Virginia Regional Jail Authority's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 20, 2018

- Basic Financial Statements -

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

**Statement of Net Position
As of June 30, 2018**

ASSETS	
Cash and cash equivalents	\$ 10,356,431
Due from other governmental units	784,072
Capital assets (net of accumulated depreciation) (Note 5):	
Land	175,000
Buildings and improvements	21,260,211
Vehicles	116,638
Machinery and equipment	148,529
Construction in progress	369,455
Total assets	\$ <u>33,210,336</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items (Note 3)	\$ 1,003,216
OPEB related items (Note 9)	<u>100,010</u>
Total deferred outflows of resources	\$ <u>1,103,226</u>
LIABILITIES	
Accounts payable	\$ 139,710
Accrued payroll	28,613
Unearned revenue	428,975
Compensated absences - current portion (Note 6)	56,662
Long-term liabilities:	
Compensated absences - long-term portion (Note 6)	509,958
Net pension liability (Note 3)	1,235,700
Net OPEB liability (Notes 3 and 8)	<u>630,250</u>
Total liabilities	\$ <u>3,029,868</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items (Note 3)	\$ 244,924
OPEB related items (Note 9)	<u>53,000</u>
Total deferred inflows of resources	\$ <u>297,924</u>
NET POSITION	
Net investment in capital assets	\$ 22,069,833
Unrestricted	<u>8,915,937</u>
Total net position	\$ <u>30,985,770</u>

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Statement of Revenues, Expenses, and Changes in Net Position For the Year Ended June 30, 2018

Operating revenues:	
Contributions from participating localities:	
County of Greene	\$ 1,531,966
County of Fluvanna	1,288,121
County of Orange	2,196,423
County of Madison	922,806
County of Louisa	3,125,575
Other jurisdictions per diem	12,775
Charges for services	250,579
Recovered medical costs	87,905
Miscellaneous	79,811
Commonwealth of Virginia State Compensation Board:	
State of Virginia	4,285,915
Virginia Department of Corrections - Expenditure refunds	185,564
Reimbursement for jail inmate days:	
State of Virginia	851,152
Federal inmate days	667,325
	<hr/>
Total operating revenues	\$ 15,485,917
	<hr/>
Operating expenses:	
Public Safety:	
Personnel costs	\$ 6,322,605
Fringe benefits	2,570,506
Contractual services	1,163,866
Other charges	2,028,939
Depreciation expense	810,946
Capital outlay	89,446
	<hr/>
Total operating expenses	\$ 12,986,308
	<hr/>
Operating income (loss)	\$ 2,499,609
	<hr/>
Nonoperating revenues (expenses):	
Interest income	\$ 16,127
Interest expense	(12,366)
	<hr/>
Net nonoperating revenues (expenses)	\$ 3,761
	<hr/>
Income (loss)	\$ 2,503,370
	<hr/>
Change in net position	\$ 2,503,370
	<hr/>
Net position, beginning of year, as restated	28,482,400
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Net position, end of year	\$ 30,985,770
	<hr/>

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Statement of Cash Flows
For the Year Ended June 30, 2018

Cash flows from operating activities:	
Receipts from customers	\$ 15,405,034
Payments to suppliers	(3,408,423)
Payments to and on behalf of employees	(9,005,811)
	<u>2,990,800</u>
Net cash flows provided by (used for) operating activities	\$ 2,990,800
Cash flows from noncapital and related financing activities:	
Payments from State Compensation Board	\$ 8,231,092
Payment of note principle	(7,315,000)
	<u>916,092</u>
Net cash flows from noncapital and related financing activities	\$ 916,092
Cash flows from capital and related financing activities:	
Purchase of capital assets	\$ (551,359)
Interest payments	(12,366)
	<u>(563,725)</u>
Net cash flows provided by (used for) capital and related financing activities	\$ (563,725)
Cash flows from investing activities:	
Interest income	\$ 16,127
	<u>16,127</u>
Net increase (decrease) in cash and cash equivalents	\$ 3,359,294
Cash and cash equivalents, beginning of year	<u>6,997,137</u>
Cash and cash equivalents, end of year	<u>\$ 10,356,431</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 2,499,609
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	810,946
Changes in assets and liabilities:	
(Increase) / decrease in due from other governmental units	16,792
Increase / (decrease) in accounts payable	(126,172)
Increase / (decrease) in accrued payroll	(34,744)
Increase / (decrease) in unearned revenue	(97,675)
Increase / (decrease) in compensated absences	63,737
(Increase) / decrease in deferred outflows - pension related	(14,735)
(Increase) / decrease in deferred outflows - opeb related	(71,010)
Increase / (decrease) in deferred inflows - pension related	244,924
Increase / (decrease) in deferred inflows - opeb related	53,000
Increase / (decrease) in net pension liability	(334,122)
Increase / (decrease) in net OPEB liability	(19,750)
	<u>2,990,800</u>
Cash flows provided by (used for) operating activities	\$ 2,990,800

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY
Statement of Fiduciary Net Position
FIDUCIARY FUNDS

As of June 30, 2018

	<u>Agency Funds</u>
ASSETS	
Cash	\$ <u>729,173</u>
LIABILITIES	
Amounts held for inmate benefits	\$ 722,191
Amounts held for employee benefits	<u>6,982</u>
Total liabilities	\$ <u>729,173</u>

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements As of June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. The Financial Reporting Entity:

The Central Virginia Regional Jail Authority was established pursuant to the Code of Virginia (1950), as amended and the participating Counties of Fluvanna, Greene, Louisa, Madison and Orange. The construction costs of the Authority are divided among the participating localities. The costs of operation and maintenance for each county shall be on a 3 year average prisoner day basis. The Authority is considered a Jointly Governed Organization of the above localities because each locality is equally represented on the Board. Each participating locality contributes annually to the Authority's operations. However, there is no financial benefit or burden between the Authority and the participating localities.

B. Financial Statement Presentation:

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the Authority's financial activities in the form of "management's discussion and analysis" (MD&A). Management has elected to omit the MD&A.

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

Central Virginia Regional Jail 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.

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

Additionally, the Authority reports the following fund type:

Agency funds account for assets held by the Authority as an agent or custodian of individuals, private organizations, other governmental units or other funds. The inmate account, commissary account, employee account, work release account, donation account and EIP payroll account are the Authority's agency funds.

D. Capital Assets:

All purchased capital assets are valued at historical cost. Donated capital assets are valued at their acquisition value on the date donated. Only assets with a cost of \$5,000 or more will be capitalized.

Construction-in-progress is capitalized as constructed and will not be depreciated until complete and placed in service.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements As of June 30, 2018 (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Capital Assets: (Continued)

Depreciation is calculated using the straight-line method.

The following estimated useful lives are used to depreciate assets:

Buildings and improvements	30-40 years
Vehicles, machinery, and equipment	5-10 years

E. Accounts Receivable:

Accounts receivable are reported at book value utilizing the direct write-off method for uncollectible accounts. Uncollected balances have not been significant and no allowances for uncollectible accounts are recorded.

F. Cash and Cash Equivalents:

The Authority's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with an initial maturity of three months or less.

G. Use of Estimates:

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

H. Investments:

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

I. Budgets and Budgetary Accounting:

A budget is prepared for informational and fiscal planning purposes. 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. The budget is prepared on the same basis of accounting as the actual amounts in the financial statements.

J. Net Position:

Net position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, reduced by accumulated depreciation and by any outstanding debt, deferred outflows of resources and increased by deferred inflows of resources related to the acquisition, construction or improvement of those assets. Restricted net position represents restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

K. Net Position Flow Assumption:

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

L. Deferred Outflows/Inflows of Resources:

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

M. Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's Retirement Plan and the additions to/deductions from the 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 benefit terms. Investments are reported at fair value.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements As of June 30, 2018 (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

N. Other Postemployment Benefits (OPEB):

Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance Program provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance 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 Group Life Insurance 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 Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program 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.

NOTE 2 - DEPOSITS AND INVESTMENTS:

Deposits:

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

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, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements As of June 30, 2018 (Continued)

NOTE 3 - PENSION PLAN:

Plan Description

All full-time, salaried permanent employees of the 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>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2018 (Continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</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>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>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</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>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>Eligible Members 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"> Political subdivision employees* Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> Political subdivision employees who are covered by enhanced benefits for hazardous duty employees. <p>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>

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2018 (Continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2018 (Continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2018 (Continued)

NOTE 3 - 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 Contribution Component: (Cont.)</u> 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"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1.</p>

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2018 (Continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2018 (Continued)

NOTE 3 - 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>

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2018 (Continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</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>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</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>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <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>

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2018 (Continued)

NOTE 3 - 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"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<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>

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2018 (Continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.	Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.	Disability Coverage Employees of political subdivisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions: <ul style="list-style-type: none"> Hybrid Retirement Plan members are ineligible for ported service. <u>Defined Contribution Component:</u> Not applicable.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements As of June 30, 2018 (Continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Pension Plan Data

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

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	53
Inactive members:	
Vested inactive members	20
Non-vested inactive members	72
Inactive members active elsewhere in VRS	<u>63</u>
Total inactive members	155
Active members	<u>124</u>
Total covered employees	<u><u>332</u></u>

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. 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 Authority's contractually required employer contribution rate for the year ended June 30, 2018 was 11.52% 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 Authority were \$678,087 and \$656,610 for the years ended June 30, 2018 and June 30, 2017, respectively.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements As of June 30, 2018 (Continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Net Pension Liability

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

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the 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.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2018 (Continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees (Continued)

Mortality rates: (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 - 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%

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements As of June 30, 2018 (Continued)

NOTE 3 - 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 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.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2018 (Continued)

NOTE 3 - 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%

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements As of June 30, 2018 (Continued)

NOTE 3 - 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:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
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 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.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2018 (Continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2016	\$ 13,155,774	\$ 11,585,953	\$ 1,569,821
Changes for the year:			
Service cost	\$ 762,029	\$ -	\$ 762,029
Interest	893,861	-	893,861
Differences between expected and actual experience	441,445	-	441,445
Assumption changes	(67,718)	-	(67,718)
Contributions - employer	-	656,511	(656,511)
Contributions - employee	-	282,792	(282,792)
Net investment income	-	1,433,691	(1,433,691)
Benefit payments, including refunds of employee contributions	(772,667)	(772,667)	-
Administrative expenses	-	(7,968)	7,968
Other changes	-	(1,288)	1,288
Net changes	\$ 1,256,950	\$ 1,591,071	\$ (334,121)
Balances at June 30, 2017	\$ 14,412,724	\$ 13,177,024	\$ 1,235,700

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2018 (Continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
Central Virginia Regional Jail Authority			
Net Pension Liability	\$ 3,193,362	\$ 1,235,700	\$ (373,441)

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

For the year ended June 30, 2018, the Authority recognized pension expense of \$574,155. At June 30, 2018, the 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	\$ 325,129	\$ -
Change in assumptions	-	47,624
Net difference between projected and actual earnings on pension plan investments	-	197,300
Employer contributions subsequent to the measurement date	678,087	-
Total	\$ 1,003,216	\$ 244,924

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2018 (Continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

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

\$678,087 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability 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	\$	8,025
2020		159,498
2021		36,116
2022		(123,434)
2023		-
Thereafter		-

NOTE 4 - DUE FROM OTHER GOVERNMENTAL UNITS:

Federal inmates	\$	71,536
Participating localities		67,031
Commonwealth of Virginia:		
State inmate days		281,012
Compensation Board		364,493
Total	\$	<u><u>784,072</u></u>

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2018 (Continued)

NOTE 5 - CAPITAL ASSETS:

The following is a summary of changes in capital assets during the year:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets not being depreciated:				
Land	\$ 175,000	\$ -	\$ -	\$ 175,000
Construction in progress	-	369,455	-	369,455
Total capital assets not being depreciated	\$ 175,000	\$ 369,455	\$ -	\$ 544,455
Capital assets being depreciated:				
Buildings and improvements	\$ 28,757,321	\$ 64,329	\$ -	\$ 28,821,650
Vehicles	546,957	58,990	84,070	521,877
Machinery and equipment	285,427	58,585	-	344,012
Total capital assets being depreciated	\$ 29,589,705	\$ 181,904	\$ 84,070	\$ 29,687,539
Accumulated depreciation	(7,435,285)	(810,946)	(84,070)	(8,162,161)
Total capital assets being depreciated, net	\$ 22,154,420	\$ (629,042)	\$ -	\$ 21,525,378
Net capital assets	\$ 22,329,420	\$ (259,587)	\$ -	\$ 22,069,833

Depreciation expense for the fiscal year totaled \$810,946.

NOTE 6 - COMPENSATED ABSENCES:

In accordance with GASB Statement 16, Accounting for Compensated Absences, the Authority accrued the liability arising from outstanding compensated absences. The Authority has outstanding accrued vacation, sick and compensation time pay as summarized below:

Compensated absences June 30, 2017	\$ 502,883
Increase (decrease) during year	63,737
Compensated absences June 30, 2018	\$ 566,620
Less current portion (10%)	(56,662)
Total long-term portion	\$ 509,958

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2018 (Continued)

NOTE 7 - SUMMARY OF SPECIAL ACCOUNTS:

A summary of activity from the special accounts at Central Virginia Regional Jail Authority are shown below:

	Receipts	Disburse- ments	Excess of Revenues over (under) Expenses
Inmate account	\$ 1,188,213	\$ 1,149,071	\$ 39,142
Commissary account	517,937	474,745	43,192
Work release	596,632	598,193	(1,561)
Inmate medical co-payment	26,980	26,980	-
Donation account	3,688	5,026	(1,338)
Employee account	2,238	1,200	1,038
	<u>\$ 2,335,688</u>	<u>\$ 2,255,215</u>	<u>\$ 80,473</u>

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS-HEALTH INSURANCE:

A. Plan Description:

In addition to the pension benefits described in Note 3, the Authority provides post-retirement health care insurance benefits for employees who are eligible for retirement benefits. All employees who meet the eligibility criteria for Jail retirement and elect to retire are eligible, at the sole expense of the retiree, for access to health care insurance coverage via a \$250 per month stipend towards the retiree's health insurance premium. The stipend will be paid to the retiree, who is then responsible for payment to their coverage provider. Benefits cease when the retiree is eligible to receive Medicare.

Retirement eligibility is at 20 years of service for those who were hired prior to December 31, 1991. Employees hired after this date are not eligible for the program. The Authority will offer a new OPEB plan effective July 1, 2018 that allows new employees to enter the program.

B. Funding Policy:

The Authority establishes employer contribution rates for plan participants as part of the budgetary process each year. The Authority also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again this is determined annually as part of the budgetary process. Retirees pay 100% of the premiums. Currently, there are three retirees in the plan. There are nine employees expected to retire and join the plan in the next four years.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2018 (Continued)

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS-HEALTH INSURANCE: (CONTINUED)

C. Annual OPEB Cost and Net OPEB Obligation:

The Authority's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount determined in accordance with the parameters of GASB Statement 45. The OPEB obligation is reported in total at year end and is reduced by the actual contributions made on behalf of the retirees. The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation:

Annual required contribution	\$	-
Interest on net OPEB obligation		4,575
Adjustment to annual required contribution		(4,575)
Annual OPEB cost (expense)	\$	-
Contributions made		(24,750)
Decrease in net OPEB obligation	\$	(24,750)
Net OPEB obligation - beginning of year		183,000
Net OPEB obligation - end of year	\$	158,250
Current portion	\$	30,000
Long-term portion		128,250
Total	\$	158,250

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2018 and the preceding two years are as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2016	\$ -	100%	213,000
June 30, 2017	-	100%	183,000
June 30, 2018	-	100%	158,250

D. Funded Status and Funding Progress:

The funded status of the plan as of June 30, 2010 is as follows:

Actuarial accrued liability (AAL)	\$	51,414
Actuarial value of plan assets		-
Unfunded actuarial accrued liability	\$	51,414
Funded ratio (actuarial value of plan assets / AAL)		0%
Covered payroll (active plan members)		Not available
UAAL as a percentage of covered payroll		Not available

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS-HEALTH INSURANCE: (CONTINUED)

D. Funded Status and Funding Progress: (Continued)

Actuarial values of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and the new estimates are made about the future. The schedules of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Measurement of Actuarial Information:

The Authority has elected to calculate information of an actuarial nature using the alternative measurement method permitted by GASB 43, for plans with fewer than 100 participants.

The following simplifying assumptions were made:

Retirement age for active employees - Retirement age was estimated at the earliest eligibility date.

Mortality - Life expectancies were assumed to be 65 years.

Coverage Elections - It was assumed that those employees currently on the Authority's health insurance plan would continue it into retirement (if eligible).

Interest Assumptions

Funding interest rate	N/A
Annual amortization increase rate	2.50%

NOTE 9 - 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.

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>Eligible Employees</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"> • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City School Board <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>

NOTE 9 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)*Plan Description (Continued)*

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS (CONTINUED)
<p>Benefit Amounts</p> <p>The benefits payable under the Group Life Insurance Program have several components.</p> <ul style="list-style-type: none"> • <u>Natural Death Benefit</u> - The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • <u>Accidental Death Benefit</u> - The accidental death benefit is double the natural death benefit. • <u>Other Benefit Provisions</u> - 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"> ○ Accidental dismemberment benefit ○ Safety belt benefit ○ Repatriation benefit ○ Felonious assault benefit ○ Accelerated death benefit option
<p>Reduction in Benefit Amounts</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>
<p>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</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 \$31,010 and \$29,000 for the years ended June 30, 2018 and June 30, 2017, respectively.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2018 (Continued)

NOTE 9 - 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

At June 30, 2018, the entity reported a liability of \$472,000 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 .03138% as compared to .02671% at June 30, 2016.

For the year ended June 30, 2018, the participating employer recognized GLI OPEB expense of \$18,000. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 11,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	18,000
Change in assumptions	-	24,000
Changes in proportion	69,000	
Employer contributions subsequent to the measurement date	<u>31,010</u>	<u>-</u>
Total	<u>\$ 100,010</u>	<u>\$ 53,000</u>

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2018 (Continued)

NOTE 9 - 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)

\$31,010 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	\$ 2,000
2020	2,000
2021	2,000
2022	2,000
2023	7,000
Thereafter	1,000

Actuarial Assumptions

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

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

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2018 (Continued)

NOTE 9 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates - General State Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2018 (Continued)

NOTE 9 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2018 (Continued)

NOTE 9 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates - SPORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2018 (Continued)

NOTE 9 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates - VaLORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2018 (Continued)

NOTE 9 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates - JRS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2018 (Continued)

NOTE 9 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates - Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements As of June 30, 2018 (Continued)

NOTE 9 - 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.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2018 (Continued)

NOTE 9 - 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.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2018 (Continued)

NOTE 9 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

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

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

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

NET GLI OPEB Liability

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

		Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$	2,942,426
Plan Fiduciary Net Position		1,437,586
Employers' Net GLI OPEB Liability (Asset)	\$	<u>1,504,840</u>
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.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements As of June 30, 2018 (Continued)

NOTE 9 - 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.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2018 (Continued)

NOTE 9 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the Group Life Insurance Program			
Net OPEB Liability	\$ 611,000	\$ 472,000	\$ 360,000

Group Life Insurance Program Fiduciary Net Position

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

NOTE 10 - 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 for which the Authority carries insurance.

The Authority is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The Authority pays Virginia Municipal Group contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements As of June 30, 2018 (Continued)

NOTE 11 - LITIGATION, CLAIMS AND ASSESSMENTS:

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

NOTE 12 - LONG-TERM DEBT:

On December 22, 2014, the Authority issued a Series 2014 Revenue Anticipation Note in the amount of \$8,465,000. The fiscal year 2017 balance was \$7,315,000, with \$1,150,000 variable interest of approximately 1.82% APR payable monthly. The note was paid in full in fiscal year 2018 from the receipt of state grants for the construction of additional inmate housing. Total interest paid in FY 18 was \$12,366.

NOTE 13 - ADOPTION OF ACCOUNTING PRINCIPLES:

Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*:

The Authority implemented the financial reporting provisions of the above Statement 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 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 Political Subdivisions. The implementation of this Statement resulted in a restatement of net position. This restatement is detailed in Note 14.

Governmental Accounting Standards Board Statement No. 85, *Omnibus 2017*:

The Authority implemented the provisions of the above Statement 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)).

Governmental Accounting Standards Board Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*:

The Authority early implemented the financial reporting provisions of the above Statement during the fiscal year ended June 30, 2018. 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 reported in a business-type activity or enterprise fund.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2018 (Continued)

NOTE 14 - RESTATEMENT OF NET POSITION:

The Authority's net position was restated as follows:

		<u>Fiscal Year Ending</u> <u>30-Jun-17</u>
Net Position, as previously reported	\$	28,920,400
Implementation of GASB 75		<u>(438,000)</u>
Net Position, as restated	\$	<u><u>28,482,400</u></u>

- Required Supplementary Information -

CENTRAL 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
Total pension liability				
Service cost	\$ 762,029	\$ 581,496	\$ 575,824	\$ 545,907
Interest	893,861	844,981	797,368	741,951
Differences between expected and actual experience	441,445	39,555	943	-
Changes in assumptions	(67,718)	-	-	-
Benefit payments, including refunds of employee contributions	(772,667)	(762,817)	(625,105)	(367,248)
Net change in total pension liability	\$ 1,256,950	\$ 703,215	\$ 749,030	\$ 920,610
Total pension liability - beginning	13,155,774	12,452,559	11,703,529	10,782,919
Total pension liability - ending (a)	\$ 14,412,724	\$ 13,155,774	\$ 12,452,559	\$ 11,703,529
Plan fiduciary net position				
Contributions - employer	\$ 656,511	\$ 589,767	\$ 478,419	\$ 552,396
Contributions - employee	282,792	236,532	192,167	191,799
Net investment income	1,433,691	202,292	500,151	1,449,183
Benefit payments, including refunds of employee contributions	(772,667)	(762,817)	(625,105)	(367,248)
Administrative expense	(7,968)	(6,928)	(6,714)	(7,428)
Other	(1,288)	(85)	(107)	76
Net change in plan fiduciary net position	\$ 1,591,071	\$ 258,761	\$ 538,811	\$ 1,818,778
Plan fiduciary net position - beginning	11,585,953	11,327,192	10,788,381	8,969,603
Plan fiduciary net position - ending (b)	\$ 13,177,024	\$ 11,585,953	\$ 11,327,192	\$ 10,788,381
Authority's net pension liability - ending (a) - (b)	\$ 1,235,700	\$ 1,569,821	\$ 1,125,367	\$ 915,148
Plan fiduciary net position as a percentage of the total pension liability	91.43%	88.07%	90.96%	92.18%
Covered payroll	\$ 5,735,912	\$ 4,779,876	\$ 3,875,864	\$ 3,818,334
Authority's net pension liability as a percentage of covered payroll	21.54%	32.84%	29.04%	23.97%

This schedule is intended to report information for 10 years. 2014 is the first year for this presentation. Additional years will be included when available.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Schedule of Employer Contributions - Pension

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 Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
2018	\$ 678,087	\$ 678,087	\$ -	\$ 5,925,880	11.44%
2017	656,510	656,510	-	5,735,912	11.45%
2016	592,227	592,227	-	4,779,876	12.39%
2015	478,419	478,419	-	3,875,864	12.34%
2014	552,513	552,513	-	3,818,334	14.47%
2013	519,032	519,032	-	3,586,951	14.47%
2012	375,929	375,929	-	3,368,541	11.16%
2011	379,002	379,002	-	3,396,075	11.16%
2010	296,216	296,216	-	3,377,602	8.77%
2009	305,346	305,346	-	3,481,714	8.77%

Contributions are from Authority records.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Required Supplementary Information - Pension 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. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 is not material.

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

Largest 10 - Non-Hazardous Duty:

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

CENTRAL 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 (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2017	0.03138% \$	472,000 \$	5,735,912	8.23%	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.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Schedule of Employer Contributions

Group Life Insurance Program

For the Years Ended June 30, 2009 through June 30, 2018

Date	Contributions in Relation to				Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	
2018	\$ 31,010	\$ 31,010	\$ -	\$ 5,925,880	0.52%
2017	29,000	29,000	-	5,735,912	0.51%
2016	25,444	25,444	-	4,779,876	0.53%
2015	20,530	20,530	-	3,875,864	0.53%
2014	20,324	20,324	-	3,818,334	0.53%
2013	18,990	18,990	-	3,586,951	0.53%
2012	14,822	14,822	-	3,368,541	0.44%
2011	14,943	14,943	-	3,396,075	0.44%
2010	6,836	6,836	-	3,377,602	0.20%
2009	9,401	9,401	-	3,481,714	0.27%

Contributions are from Authority records.

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

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%	

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

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%

- Other Supplementary Information -

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Operating Revenues:				
Revenue from local sources:				
Contributions from participating localities:				
County of Greene	\$ 1,524,746	\$ 1,524,746	\$ 1,531,966	\$ 7,220
County of Fluvanna	1,282,050	1,282,050	1,288,121	6,071
County of Orange	2,186,071	2,186,071	2,196,423	10,352
County of Madison	918,457	918,457	922,806	4,349
County of Louisa	3,110,844	3,110,844	3,125,575	14,731
Other jurisdictions per diem	-	-	12,775	12,775
Phone commissions	-	-	97,674	97,674
Charges to prisoners - EIP / Work release	170,800	170,800	152,905	(17,895)
Recovered medical costs	-	-	87,905	87,905
Miscellaneous income	70,150	70,150	79,811	9,661
Total revenue from local sources	\$ 9,263,118	\$ 9,263,118	\$ 9,495,961	\$ 232,843
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Reimbursement of salaries and fringes (Note 8)	\$ 4,010,536	\$ 4,010,536	\$ 4,285,915	\$ 275,379
Expenditure refunds	40,000	40,000	185,564	145,564
State inmate days	746,940	746,940	851,152	104,212
Total revenue from the Commonwealth	\$ 4,797,476	\$ 4,797,476	\$ 5,322,631	\$ 525,155
Revenue from Federal Government:				
Inmate reimbursement	\$ -	\$ -	\$ 667,325	\$ 667,325
Total revenue from the Federal Government	\$ -	\$ -	\$ 667,325	\$ 667,325
Total operating revenues	\$ 14,060,594	\$ 14,060,594	\$ 15,485,917	\$ 1,425,323
Operating Expenses:				
Public Safety:				
Salaries	\$ 6,445,047	\$ 6,445,047	\$ 6,060,356	\$ 384,691
Salaries - Commissary Officer	27,900	27,900	21,169	6,731
Salaries - Overtime	238,445	238,445	230,788	7,657
Salaries - Holiday	88,457	88,457	4,176	84,281
Unemployment	10,000	10,000	6,116	3,884
FICA	520,204	520,204	459,914	60,290
VRS	742,469	742,469	573,718	168,751
Health Insurance	1,881,900	1,456,900	1,299,387	157,513
COBRA Premiums	7,100	7,100	1,786	5,314
Retiree Health Insurance Credit	30,000	30,000	20,339	9,661
Group Life Insurance	84,430	84,430	65,111	19,319
Workers' Compensation	115,714	115,714	116,274	(560)
Hybrid Disability Insurance	4,108	4,108	2,770	1,338
LODA	30,250	30,250	31,207	(957)
Outside Medical, Dental and Hospital Claims	615,000	615,000	612,612	2,388
Physician	90,898	90,898	91,201	(303)
Dentist	44,640	44,640	47,466	(2,826)
Psychologist / RRCBSB	80,000	80,000	65,760	14,240
Employee medical assessments	2,500	2,500	2,015	485
Psychiatrist	20,000	20,000	-	20,000
Medical - DOC Responsible Inmates	40,000	40,000	244,838	(204,838)
Laboratory and X-ray Services	34,000	34,000	42,094	(8,094)
Auditor	17,000	17,000	13,100	3,900
PREA Audit	8,000	8,000	250	7,750
Financial - 5 Year Plan	15,000	15,000	1,900	13,100
Legal Services	40,000	40,000	8,618	31,382

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual
For the Year Ended June 30, 2018 (Continued)

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Operating Expenses: (Continued)				
Public Safety: (Continued)				
Litigation	65,000	65,000	810	64,190
General Assembly Representation	25,000	25,000	16,278	8,722
Data Processing	25,000	25,000	16,924	8,076
Community Corrections	75,000	75,000	75,000	-
Communications / IT Service Contracts	21,283	21,283	20,044	1,239
OAR - CIT Training	2,500	2,500	2,500	-
Basic and In-Service Training - RRCJA	56,628	56,628	46,055	10,573
Repairs & Maint / Building and Grounds	35,000	35,000	18,364	16,636
Outside Repairs - EDP Equipment	2,000	2,000	219	1,781
Repairs & Maintenance - Vehicles	12,500	12,500	4,351	8,149
Repairs & Maint - Equipment	3,000	3,000	-	3,000
Maintenance Contracts - Bldg & Grounds	45,548	45,548	46,386	(838)
Maintenance Contracts - Office Equipment	4,300	4,300	2,182	2,118
Extermination Services	4,800	4,800	3,203	1,597
Infectious Waste Removal	2,000	2,000	-	2,000
Refuse Collection	7,400	7,400	10,020	(2,620)
Printing and Binding Services - Admin	3,000	3,000	10,241	(7,241)
Printing and Binding Services - Training	2,000	2,000	-	2,000
Printing and Binding Services - Security	8,000	8,000	-	8,000
Printing and Binding Services - Work Release	5,100	5,100	-	5,100
Medical Forms	2,000	2,000	-	2,000
Advertising - Admin	3,000	3,000	3,140	(140)
Advertising - Training	6,000	6,000	-	6,000
Electricity/heating	340,000	340,000	284,957	55,043
Water/sewer	161,860	161,860	150,790	11,070
Postage	6,000	6,000	6,242	(242)
Telephone	28,000	28,000	20,156	7,844
Insurance - Boiler and Machinery	8,000	8,000	3,163	4,837
Insurance - General and Increased Liability Limits	2,200	2,200	-	2,200
Insurance - Inland Marine	800	800	-	800
Insurance - Vehicles	10,152	10,152	9,850	302
Insurance - Public Officials Liability	5,100	5,100	2,807	2,293
Insurance - Law Enforcement Liability	6,000	6,000	41	5,959
Insurance - General Property	50,250	31,665	22,081	9,584
Insurance - Accident Inmate	3,200	3,200	3,750	(550)
Lease - Office Equipment	5,000	5,000	3,489	1,511
Lease - EIP Equipment	12,800	12,800	988	11,812
Tolls	175	175	12	163
Meals and Lodging - Admin	2,000	2,000	-	2,000
Meals and Lodging - IT	1,000	1,000	-	1,000
Meals, Lodging, Meals Academy - Training	28,140	28,140	19,611	8,529
Meals - Transportation	1,440	1,440	-	1,440
Meals and Lodging - Medical	2,500	2,500	-	2,500
Meals and Lodging - Food Services	1,000	1,000	-	1,000
Meals and Lodging - Work Releasing	2,000	2,000	-	2,000
Conventions and Education - Admin	3,000	3,000	-	(16,611)
Conventions and Education - IT	1,500	1,500	-	1,500
Conventions, Seminars, Education, Recertifications	15,000	15,000	12,545	2,455
Conventions and Education - Medical	4,000	4,000	-	4,000
Conventions and Education - Food Services	1,400	1,400	-	1,400
Conventions and Education - Work Release	2,000	2,000	-	2,000
Contributions	1,500	1,500	200	1,300
Dues and memberships	2,000	2,000	1,863	137
Permits, Fees and Licenses - Medical	800	800	-	800
Permits, Fees and Licenses - Food Services	50	50	1,372	(1,322)
Contingencies	64,000	64,000	-	64,000

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Schedule of Revenues, Expenses and Changes in Net Position
 Budget and Actual
 For the Year Ended June 30, 2018 (Continued)

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Operating Expenses: (Continued)				
Public Safety: (Continued)				
Office supplies	25,000	25,000	16,965	8,035
EDP Supplies	20,000	20,000	14,969	5,031
Disposable Products - Food Services	10,950	10,950	6,803	4,147
Medical Supplies and Pharmaceuticals	400,000	400,000	226,428	173,572
Food and Beverages	702,625	702,625	633,576	69,049
Janitorial and Laundry Supplies - Security	71,600	71,600	62,049	9,551
Janitorial and Kitchen Cleaning Supplies	19,950	19,950	-	19,950
Linen supplies	38,000	38,000	27,942	10,058
Kitchen Linens	2,000	2,000	-	2,000
Maintenance and supplies - building	50,925	50,925	46,312	4,613
Fuel - Vehicles	33,500	33,500	25,170	8,330
Fuel - Generators / Power Equipment	16,000	16,000	-	16,000
Supplies - Vehicles	5,000	5,000	4,382	618
Supplies - Power Equipment	3,000	3,000	-	3,000
Security Supplies - Training	163,300	163,300	94,120	69,180
Security Supplies	48,860	48,860	-	48,860
Supplies for Booking	500	500	-	500
Uniforms - Training	63,750	63,750	26,183	37,567
Uniforms - Nurses	3,000	3,000	-	3,000
Uniforms - Staff	3,500	3,500	-	3,500
Uniforms - Inmates	39,836	39,836	41,164	(1,328)
Uniforms and Protective Wear - Inmates - Foods Serv.	2,500	2,500	-	2,500
Books and Subscriptions - Admin	5,000	5,000	2,416	2,584
Books and Subscriptions - IT	500	500	-	500
Education Supplies - Classroom	4,000	4,000	1,619	2,381
Food Services Prep Supplies	4,000	4,000	3,569	431
Machinery, Equipment, Power Tools - Bldgs / Ground	7,000	7,000	9,650	(2,650)
Furniture and Fixtures - Admin	4,000	22,585	24,682	(2,097)
Furniture and Fixtures - Security	800	800	-	800
Furniture and Fixtures - Medical	2,000	2,000	-	2,000
Furniture and Fixtures - Work Release	500	500	-	500
EDP Equipment - Replace	35,170	35,170	11,016	24,154
Food Services Equipment / Dinnerware - Replace	5,000	5,000	133	4,867
EDP Equipment - Additional	36,840	36,840	32,260	4,580
Food Services Equipment / Dinnerware - New	5,000	5,000	5,455	(455)
Machinery and Equipment New	42,000	42,000	4,260	37,740
EDP Equipment new	40,000	40,000	-	40,000
Roof repairs	-	425,000	-	425,000
Machinery and equipment - replacement	50,000	50,000	-	50,000
Communication equipment - replacement	53,000	53,000	-	53,000
Motor vehicles - replacement	70,000	70,000	10,470	59,530
Buildings and grounds capital improvements	51,000	51,000	1,170	49,830
Depreciation	-	-	810,946	(810,946)
Total operating expenses	\$ 14,561,594	\$ 14,561,594	\$ 12,986,308	\$ 1,555,675
Operating income (loss)	\$ (501,000)	\$ (501,000)	\$ 2,499,609	\$ 2,980,998
Nonoperating Revenues (Expenses):				
Interest income	\$ 1,000	\$ 1,000	\$ 16,127	\$ 15,127
Interest expense	-	-	(12,366)	(12,366)
Total nonoperating revenues (expenses)	\$ 1,000	\$ 1,000	\$ 3,761	\$ 2,761
Income (loss)	\$ (500,000)	\$ (500,000)	\$ 2,503,370	\$ 2,983,759
Change in net position	\$ (500,000)	\$ (500,000)	\$ 2,503,370	\$ 2,983,759
Net position, beginning of year, as restated	500,000	500,000	28,482,400	27,982,400
Net position, end of year	\$ -	\$ -	\$ 30,985,770	\$ 30,966,159

- Compliance -

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors
Central Virginia Regional Jail Authority
Orange, 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 and the aggregate remaining fund information of Central 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 Central Virginia Regional Jail Authority's basic financial statements and have issued our report thereon dated November 20, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Central 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 Central Virginia Regional Jail Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Central 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 Central 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

Charlottesville, Virginia

November 20, 2018