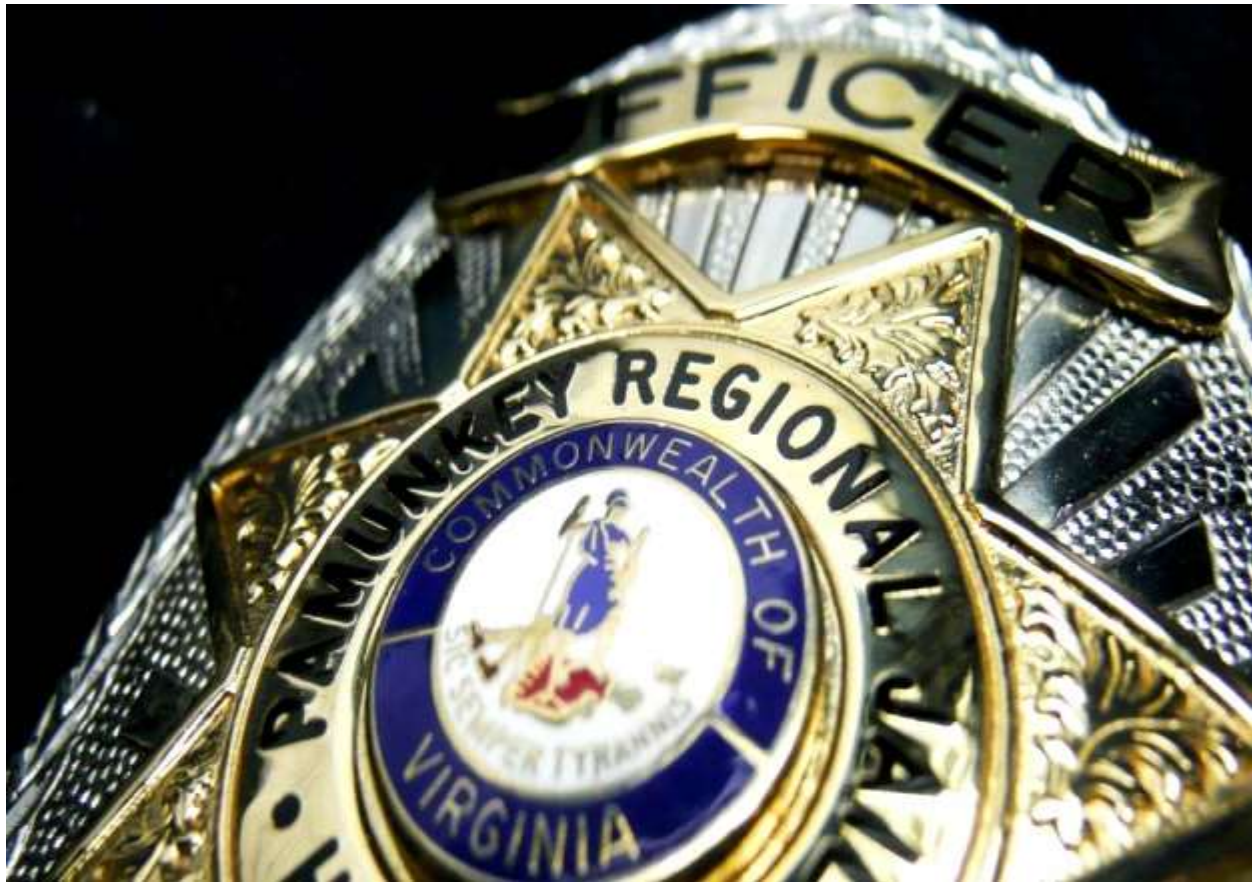


# PAMUNKEY REGIONAL JAIL AUTHORITY

HANOVER COUNTY, VIRGINIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

COLONEL JAMES C. WILLETT, CJM  
SUPERINTENDENT

LT. COLONEL NATHAN J. WEBEL, CJM  
DEPUTY SUPERINTENDENT

MR. F. KEITH SPICER, CPA, CGMA  
DIRECTOR OF FINANCE

# **PAMUNKEY REGIONAL JAIL AUTHORITY COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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**INTRODUCTORY SECTION**  
**(unaudited)**





# PAMUNKEY REGIONAL JAIL

October 18, 2017

The Honorable Members of the  
Pamunkey Regional Jail Authority Board  
Hanover, VA 23069

Dear Jail Authority Board Members:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Pamunkey Regional Jail Authority (Jail Authority) for the fiscal year ended June 30, 2017. The report was prepared by the Superintendent and the Director of Finance, who assume full responsibility for the accuracy of information, and the completeness and fairness of preparation. We believe the financial information, as presented, is accurate in all material respects and that it is presented in a manner designed to fairly set forth the financial position and results of operations as measured by the financial activity of the Jail Authority. This letter should be read in conjunction with the *Management's Discussion and Analysis*, which can be found in the Financial Section of the CAFR.

## FINANCIAL REPORTING ENTITY

The Jail Authority is required to undergo an annual audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

The Jail Authority, a political subdivision of the Commonwealth of Virginia, was authorized by Chapter 726 of the 1990 Acts of the General Assembly of Virginia and formed on December 30, 1992. The participating jurisdictions of the Jail Authority are the Counties of Caroline and Hanover and the Town of Ashland. The Jail Authority is governed by a five-member board comprised of two members each from the Counties of Caroline and Hanover and one from the Town of Ashland. In an agreement between the County of Hanover, Virginia (the "County") and the Jail Authority, the County serves as fiscal agent for the Jail Authority for which the Jail Authority reimburses the County for services provided in the areas of purchasing, finance, personnel, and data processing; however, the Jail Authority formulates and approves its own budget.

Serving the following  
Localities:  
Hanover County  
Caroline County  
Town of Ashland

James C. Willett, CJM  
Superintendent

7240 Courtland Farm Rd.  
Hanover, VA 23069  
(804) 537-6400  
(804) 537-6418 Fax



The general purpose of the Jail Authority is to maintain and operate a regional jail facility to meet the needs of the participating jurisdictions. The facility has 519-beds, consisting of 451 general-purpose beds, a 24-bed work release center, a 6-bed medical housing unit, and 38 special management cells. The Pamunkey Regional Jail's core services such as the infirmary, kitchen, and laundry services are designed for future expansion to accommodate a total inmate population of 665.

The legislation that created the Jail Authority requires there be a service agreement between the Jail Authority and its participating jurisdictions. The service agreement is a long-term contract regulating usage of the Jail Authority and establishing payment terms applicable to participating jurisdictions. It guarantees that the facility will be used and provides a basis for the issuance of revenue bonds to fund the final design and construction of the Jail. The board members of the Jail Authority signed the Service Agreement on April 7, 1995.

The payments by the participating jurisdictions are subject to the appropriation of funds for such purpose by the governing bodies of the participating jurisdictions.

### ECONOMIC CONDITIONS

Serving the member jurisdictions as the Jail Authority does, the overall inmate population is indirectly related to the populations of these localities. Caroline County, Hanover County, and the Town of Ashland are all areas that are continually experiencing growth and increased development. This, in turn, serves as an indicator for the number of persons likely to be incarcerated from those jurisdictions.

Hanover County's population growth rate is expected to be approximately 1.5%, with a total population of 108,706 estimated for 2017. These figures include the Town of Ashland. Caroline County's population growth rate is expected to be .3%, with a total population of 29,881 estimated for 2017.

The local inmate population for the past year was 412. Projections for the upcoming 2018 fiscal year are 415 and by the 2019 fiscal year, we anticipate an inmate population of approximately 420.

### MAJOR ACCOMPLISHMENTS AND INITIATIVES

Over the past year, many accomplishments were realized within Pamunkey Regional Jail Authority. The Jail received 100% compliance for the eighteenth consecutive year by the Board of Corrections.

Once again, the staff of the Jail Authority continues to give back to the community. Over the course of the past year, the charitable and community-based outreach activities have continued to make the facility shine amongst the citizens of our user jurisdictions. Several members of our Emergency Response Team participated in the Law Enforcement Torch Run. These dedicated staff members toughed out the heat and extreme humidity to represent our facility in this worthy cause. We also continued our support of the Special Olympics of Virginia by having several staff members volunteer at their annual fundraising event at the North Richmond Harley Davidson dealership located just outside of Ashland, with all proceeds donated to the Special Olympics.

The facility also continues to give back to the community through a partnership with the Hanover County and Caroline County Departments of Social Services. During the holiday season, the staff of the Jail Authority participates in the “Adopt-a-Family” program that benefits local families in need of assistance. We have found this program to be a great success which allows us to give back to the citizens of our user jurisdictions and shed a positive light on our organization. We strive to maintain a high level of professionalism with the Law Enforcement Community. Senior Public Safety Staff Meetings and User Group Meetings with our localities have broadened the presence of our facility in the Law Enforcement Community and increased cooperation with the Sheriff’s Offices, Courts, and Magistrates of the jurisdictions in which we serve.

## FINANCIAL INFORMATION AND CONTROLS

The Jail Authority’s management is responsible for establishing and maintaining internal controls sufficient to ensure safeguarding of assets. In developing and evaluating the Jail Authority’s accounting system, consideration is given to the adequacy of internal controls. Internal controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and the benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the Jail Authority’s internal controls adequately safeguard assets and provide reasonable assurance for proper recording of financial transactions in all material respects.

In addition to the internal controls described above, budgetary controls are also established to ensure compliance with annual operating budgets approved by the Jail Authority Board. Monthly reports containing comparisons between actual and budget and current and prior year amounts are prepared and presented to the Jail Authority management and the Board.

The Jail Authority usually initiates its annual operating budget preparations in September of each fiscal year (July 1 through June 30). The Director of Finance, with input from other departments, prepares a draft budget for the Jail Authority to review. After the initial review, a final budget is submitted to the Jail Authority by January 1 of each year.

## INVESTMENT MANAGEMENT

The County Treasurer is responsible for investing the Jail Authority’s funds. Investments and deposits during the year consisted of a variety of securities, durations, and increments as allowable by the *Code of Virginia* and further restricted by the County’s investment policy. The allowable investments include savings accounts, certificates of deposit, U.S. government agency securities, corporate notes, banker’s acceptances, commercial paper, money market accounts, mutual funds, state bonds, local bonds, mortgage-backed securities, and repurchase agreements. The County Treasurer and Board of Supervisors have a jointly adopted investment policy that seeks to safeguard principal, meet liquidity objectives, and seek fair value rates of returns. The Jail Authority’s funds are managed in accordance with this policy.

Investment income earned for the fiscal year for the Jail Authority’s operating funds was \$69,805 representing a decrease of \$46,769 from fiscal year 2016.



## INDEPENDENT AUDIT

The certified public accounting firm of Cherry Bekaert LLP audited the Jail Authority's June 30, 2017 financial statements. Their opinion on the financial statements is presented in the financial section of this report.

## AWARDS

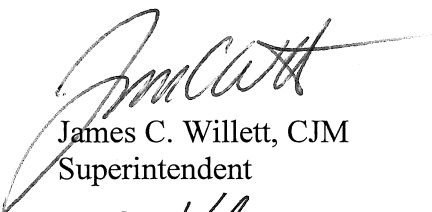
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the Jail Authority for its comprehensive annual financial report for the fiscal year ended June 30, 2016. This was the fifteenth consecutive year that the Jail has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the Jail Authority published an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

## ACKNOWLEDGMENTS


The preparation of this report could not be accomplished without the efficient and dedicated efforts of the employees of the Jail Authority.

Further appreciation is extended to each member of the Jail Authority for their continued interest, dedication, and support.

Respectfully submitted,



James C. Willett, CJM  
Superintendent



F. Keith Spicer, CPA, CGMA  
Director of Finance

**Pamunkey Regional Jail Authority Members  
Fiscal Year 2017**

Chairman

Tony Lippa

Caroline County Sheriff

Vice Chairman

Dave Hines

Colonel, Hanover County Sheriff

Other Members

Alan Partin

Caroline County Assistant Administrator

Jim Taylor

Hanover County Assistant Administrator

Josh Farrar

Ashland Town Manager

Legal Counsel

William H. Hefty, Esq.



Government Finance Officers Association

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

Presented to

**Pamunkey Regional Jail  
Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

A handwritten signature in black ink, reading "Jeffrey R. Egan".

Executive Director/CEO

Pamunkey Regional Jail  
Organizational Structure 7/1/2017



## **FINANCIAL SECTION**

## **Report of Independent Auditor**

The Honorable Members of the  
Pamunkey Regional Jail Authority Board

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Pamunkey Regional Jail Authority (the "Jail Authority"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, as listed in the Table of Contents.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Pamunkey Regional Jail Authority, as of June 30, 2017, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

#### ***Prior Period Financial Statements***

The financial statements of the Pamunkey Regional Jail Authority, as of and for the year ended June 30, 2016, were audited by other auditors whose report dated October 18, 2016, expressed an unmodified opinion on those statements.

## **Other Matters**

### ***Required Supplementary Information***

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

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Jail Authority's basic financial statements. The Introductory and Statistical Sections, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2017, on our consideration of the Jail Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Cheryl Behrman CP". The signature is written in a cursive, flowing style.

Richmond, Virginia  
October 18, 2017

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)**

The financial statements of the Pamunkey Regional Jail Authority (Jail Authority) include all business activities and include notes to the financial statements that explain and provide detail data on information in the financial statements.

The following is management's discussion and analysis of the Jail Authority's financial performance for the years ended June 30, 2017, 2016, and 2015. It should be read in conjunction with the letter of transmittal in the Introductory Section, the Jail Authority's financial statements and supplemental information included in the Financial Section, and financial performance in the Statistical Section.

### **FINANCIAL HIGHLIGHTS**

#### **Fiscal Year 2017:**

- The Jail Authority's net position increased \$263,695 in fiscal year 2017. This is primarily due to the increase in Operating revenues and non-Operating revenues.
- The total revenues of the Jail Authority increased \$555,689, or 4.4% from fiscal year 2016. This is primarily due to the increase in Member Jurisdiction revenues, Compensation Board revenues, and Virginia Department of Correction revenues.
- Total expenses in fiscal year 2017 increased by 1,226,940 or 10.5% primarily from fringe benefit expenses and other operational expenses and supplies.

#### **Fiscal Year 2016:**

- The Jail Authority's net position increased \$934,948 in fiscal year 2016. This is primarily due to the increase in non-operating revenues and decrease in fringe benefit expenses.
- The total revenues of the Jail Authority increased \$377,006, or 3.1% from fiscal year 2015. This is primarily due to the increase in Compensation Board and Commonwealth of Virginia revenues.
- Total expenses in fiscal year 2016 decreased by \$85,483 or 0.7% primarily from Personal Services expenses.

The Jail Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The financial statements are prepared on the accrual basis, recognizing revenue when earned and expenses when incurred, and include all of the business activities of the Jail Authority. Assets are designated as restricted in accordance with debt and other agreements. See notes to financial statements for a summary of significant accounting policies.



## **MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)**

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Jail Authority's financial statements. The Jail Authority's financial statements consist of the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows. The first two statements report the net position and how they have changed during the year. Net position is the difference between the total assets and deferred outflows of resources and total liabilities and deferred inflows of resources of the Jail Authority. Measuring net position is one way to gauge the Jail Authority's financial condition.

In fiscal year 2015, the Jail Authority implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date". The objective of GASB Statement No. 68 is to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense. The statement requires the liability of employers for defined benefit pensions to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. Accordingly, the Jail Authority recorded the impact of the related net pension liability (asset), deferred outflows of resources, deferred inflows of resources, and pension expense. For further information regarding the Jail Authority's pension plan, refer to Notes 1.M and 8 of the accompanying notes to the financial statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

The following table summarizes the net position of the Jail Authority at June 30, 2017, 2016, and 2015:

	2017	2016	2015 (1)
<b>Assets</b>			
Cash and cash equivalents with fiscal agent	\$ 2,945,855	\$ 3,714,728	\$ 4,531,815
Receivables	712,396	725,520	795,763
<b>Total Current Assets</b>	<b>3,658,251</b>	<b>4,440,248</b>	<b>5,327,578</b>
<b>Noncurrent Assets</b>			
Cash and cash equivalents with fiscal agent	4,661,649	4,661,649	4,528,474
Net pension asset (liability)	(893,088)	279,717	29,132
Capital assets, net	15,577,382	14,105,460	14,316,591
<b>Total Noncurrent Assets</b>	<b>19,345,943</b>	<b>19,046,826</b>	<b>18,874,197</b>
<b>Total Assets</b>	<b>23,004,194</b>	<b>23,487,074</b>	<b>24,201,775</b>
<b>Deferred Outflows of Resources</b>			
Deferred loss on debt refunding	88,709	133,067	177,425
Differences between expected and actual experience	408,246	-	-
Difference between projected and actual earnings on pension plan investments	400,532	-	-
Pension contributions after measurement date	563,871	649,554	643,459
<b>Total Deferred Outflows of Resources</b>	<b>1,461,358</b>	<b>782,621</b>	<b>820,884</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>24,465,552</b>	<b>24,269,695</b>	<b>25,022,659</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	257,765	309,832	120,298
Accrued liabilities	286,862	291,677	282,382
Arbitrage liability	16,054	88,039	69,075
Current portion of compensated absences	134,511	24,656	25,598
Current portion of unearned revenues	214,286	214,286	214,286
Current portion of revenue bonds	1,755,681	1,560,000	1,500,000
Accrued bond interest	68,517	100,809	131,859
<b>Total Current Liabilities</b>	<b>2,733,676</b>	<b>2,589,299</b>	<b>2,343,498</b>
<b>Long-Term Liabilities</b>			
Revenue bonds	3,741,820	3,310,000	4,870,000
Unearned revenues	857,142	1,071,429	1,285,714
Compensated absences	616,390	591,735	610,187
<b>Total Long-Term Liabilities</b>	<b>5,215,352</b>	<b>4,973,164</b>	<b>6,765,901</b>
<b>Total Liabilities</b>	<b>7,949,028</b>	<b>7,562,463</b>	<b>9,109,399</b>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	177,556	306,220	-
Difference between projected and actual earnings on pension plan investments	-	325,742	772,934
<b>Total Deferred Inflows of Resources</b>	<b>177,556</b>	<b>631,962</b>	<b>772,934</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>8,126,584</b>	<b>8,194,425</b>	<b>9,882,333</b>
<b>Net Position</b>			
Net investment in capital assets	10,168,590	9,368,527	8,124,017
Restricted	4,661,649	4,661,649	4,528,474
Unrestricted	1,508,729	2,045,096	2,487,835
<b>Total Net Position</b>	<b>\$ 16,338,968</b>	<b>\$ 16,075,273</b>	<b>\$ 15,140,326</b>

(1)The Jail Authority implemented GASB Statement Nos. 68 and 71 in fiscal year 2015.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

### REVENUES

Operating and nonoperating revenues for the Jail Authority totaled \$13,186,768 for the year ended June 30, 2017, which equates to a \$555,689 increase over fiscal year 2016. Of this total, per diem billings to member jurisdictions totaled \$7,293,862 or 55.3% of total revenues. Per diem billings to non-member jurisdictions totaled \$1,038,768 and accounted for 7.9% of total revenues. Non-inmate revenues totaled \$4,854,137, or 36.8% of total revenues.

Operating and nonoperating revenues for the Jail Authority totaled \$12,631,079 for the year ended June 30, 2016, which equates to a \$377,006 increase over fiscal year 2015. Of this total, per diem billings to member jurisdictions totaled \$6,938,462 or 54.9% of total revenues. Per diem billings to non-member jurisdictions totaled \$1,162,693 and accounted for 9.2% of total revenues. Non-inmate revenues totaled \$4,529,924, or 35.9% of total revenues.

A summary of revenues for the years ended June 30, 2017, 2016, and 2015 is provided in the following tabulation:

<u>Revenue Classification</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Operating Revenues</b>			
Hanover County	\$ 5,096,174	\$ 4,996,639	\$ 4,928,094
Town of Ashland	433,466	436,980	418,052
Caroline County	1,764,222	1,504,844	1,636,364
<b>Subtotal</b>	<u>7,293,862</u>	<u>6,938,462</u>	<u>6,982,510</u>
United States Marshals' Service	205,392	255,984	266,112
Immigration/Naturalization Service	672	1,056	1,632
Other Local and Regional Jails	39,828	53,404	79,782
<b>Subtotal</b>	<u>245,892</u>	<u>310,444</u>	<u>347,526</u>
Work Release	10,110	10,800	9,431
Miscellaneous Income	504,941	545,464	549,947
<b>Subtotal</b>	<u>515,051</u>	<u>556,264</u>	<u>559,378</u>
<b>Total Operating Revenues</b>	<u>8,054,805</u>	<u>7,805,170</u>	<u>7,889,414</u>
<b>Nonoperating Revenues</b>			
Compensation Board	3,976,674	3,852,463	3,534,604
Commonwealth of Virginia	792,876	852,249	709,798
VA Department of Corrections	290,586	-	-
Federal Grant Revenues	2,022	4,623	31,500
Interest income	69,805	116,574	88,757
<b>Total Nonoperating Revenues</b>	<u>5,131,963</u>	<u>4,825,909</u>	<u>4,364,659</u>
<b>Total Revenues</b>	<u>\$ 13,186,768</u>	<u>\$ 12,631,079</u>	<u>\$ 12,254,073</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

### EXPENSES

Operating and nonoperating expenses totaled \$12,923,073 for the year ended June 30, 2017, which represents a \$1,226,940 increase over fiscal year 2016. Of this amount, salaries and employee benefits totaled \$8,222,845, medical services and supplies totaled \$1,610,755, food service and supplies totaled \$424,826, and interest expense on debt totaled \$148,510.

Operating and nonoperating expenses totaled \$11,696,133 for the year ended June 30, 2016, which represents an \$85,483 decrease over fiscal year 2015. Of this amount, salaries and employee benefits totaled \$7,788,927, medical services and supplies totaled \$952,708, food service and supplies totaled \$459,897, and interest expense on debt totaled \$201,618.

Summary expense data for the years ended June 30, 2017, 2016, and 2015 is presented in the following tabulation:

Expense Classification	2017	2016	2015
<b>Operating Expenses</b>			
Personnel services	\$ 6,145,268	\$ 6,047,294	\$ 5,858,260
Fringe benefits	2,077,577	1,741,633	1,865,017
Contractual services	543,369	586,745	649,897
Materials and supplies	578,806	435,877	437,662
Medical services and supplies	1,610,755	952,708	1,032,539
Food services and supplies	424,826	459,897	419,004
Utilities	438,430	366,646	359,269
Depreciation	955,532	903,715	896,249
<b>Total Operating Expenses</b>	<u>12,774,563</u>	<u>11,494,515</u>	<u>11,517,897</u>
Nonoperating Expenses			
Interest expense	<u>148,510</u>	<u>201,618</u>	<u>263,718</u>
<b>Total Expenses</b>	<u>12,923,073</u>	<u>11,696,133</u>	<u>11,781,615</u>
<b>Total excess of revenues over expenses</b>	263,695	934,948	472,458
<b>Total net position, beginning of year (1)</b>	<u>16,075,273</u>	<u>15,140,326</u>	<u>14,667,868</u>
<b>Total net position, end of year</b>	<u>\$ 16,338,968</u>	<u>\$ 16,075,273</u>	<u>\$ 15,140,326</u>

(1)The Jail Authority implemented GASB Statement Nos. 68 and 71 in fiscal year 2015. See Note 1.M of the notes to the financial statements for more information.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)**

### **FINANCIAL ANALYSIS OF JAIL FUNDS**

The financial statements are prepared on the accrual basis, recognizing revenues when earned and expenses when incurred, and include all of the business activities of the Jail Authority. Assets are designated as restricted in accordance with debt and other agreements.

Jail Authority operations ended fiscal year 2017 with a \$263,695 increase in total net position. Net position increased \$934,948 in fiscal year 2016. The increase in fiscal year 2017 is primarily due to the increase in Member jurisdiction revenues, Compensation Board revenues, and Virginia Department of Corrections revenue.

The Jail Authority's cash position was \$2,945,855 in unrestricted funds.

### **DEBT ADMINISTRATION**

The Jail Authority had total bonded debt outstanding of \$5,497,501, \$4,870,000 and \$6,370,000 at June 30, 2017, 2016 and 2015, respectively. Those amounts are comprised of Jail Facility Revenue Bonds Series 2001 and 2016 Energy Conservation Note.

The 2001 bonds were issued to defease the Series 1996 Jail Facility Revenue Bonds that were issued to fund the acquisition, construction, and equipping of the Jail. The proceeds of the bonds were invested in U.S. government securities and deposited in an escrow account. The advance refundings met the requirements for an in-substance defeasance and the term bonds were removed from the Jail Authority's financial statements.

The 2016 Energy Conservation Note was issued to fund an energy conservation project to upgrade energy equipment and systems throughout the Jail. The intent is to make the overall facility more energy efficient. The Note is funded through the VA Saves program in which the Jail receives an IRS tax subsidy and the debt is paid for entirely through energy cost savings over the 15 year period of the note. The energy cost savings are guaranteed by the project vendor, Siemens, of the energy conservation project. For more detailed information on long-term debt activity, refer to Note 5 of the notes to the financial statements.

### **CAPITAL ASSETS**

Operating Fund capital assets with a cost of \$5,000 or more and an economic useful life greater than one year are capitalized and depreciated over their useful lives using the straight-line method. As of June 30, 2017, capital assets, accumulated depreciation, and depreciation expense totaled \$31,844,479, \$16,267,097, and \$955,532, respectively. As of June 30, 2016, capital assets, accumulated depreciation, and depreciation expense totaled \$29,454,091, \$15,348,630, and \$903,715, respectively. As of June 30, 2015, capital assets, accumulated depreciation, and depreciation expense totaled \$28,811,837, \$14,495,246, and \$896,249, respectively.

For more detailed information on capital assets activity, refer to Note 3 of the notes to the financial statements.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)**

### **JAIL AUTHORITY'S PER DIEM RATES**

Operational per diem and debt service per diem rates are set for the localities through the annual budget process. The operational per diem rate is calculated by the total operational per diem due from the localities divided by the total number of inmates projected for the year divided by 365 days. The operational per diem rates were \$38.04, \$37.32, and \$37.18 for 2017, 2016, and 2015, respectively. The debt service per diem rate is calculated by the total debt service divided by the total number of projected inmates for the year divided by 365 days. The debt service per diem rates were \$11.34, \$11.95, and \$11.87 for 2017, 2016, and 2015, respectively. The per diem rate that has been set for all federal inmates is \$48.00.

### **REQUEST FOR INFORMATION**

This financial report is designed to provide interested parties with a general overview of the Jail Authority's finances. Should you have any questions about this report or need additional information, please contact the Director of Finance, 7240 Courtland Farm Road, Hanover, VA 23069.

**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**Statements of Net Position**  
**June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents with fiscal agent	\$ 2,945,855	\$ 3,714,728
Receivables:		
Due from Federal Government	13,116	20,688
Due from Commonwealth of Virginia	525,080	518,968
Accounts receivable - member jurisdictions	174,200	185,864
Total current assets	<u>3,658,251</u>	<u>4,440,248</u>
Noncurrent assets:		
Restricted cash and cash equivalents with fiscal agent	4,661,649	4,661,649
Net pension asset (liability)	(893,088)	279,717
Capital Assets:		
Nondepreciable assets	70,825	717,916
Depreciable assets, net of accumulated depreciation of \$16,267,097 as of June 30, 2017 and \$15,348,630 as of June 30, 2016	<u>15,506,557</u>	<u>13,387,545</u>
Total noncurrent assets	<u>19,345,943</u>	<u>19,046,827</u>
Total assets	<u>23,004,194</u>	<u>23,487,075</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred loss on debt refunding	88,709	133,067
Differences between expected and actual experience	408,246	-
Net difference between projected and actual earnings on pension plan investments	400,532	-
Pension contributions after measurement date	563,871	649,554
Total deferred outflows of resources	<u>1,461,358</u>	<u>782,621</u>
Total assets and deferred outflows of resources	<u>\$ 24,465,552</u>	<u>\$ 24,269,696</u>

See accompanying notes to financial statements.

(continued)

**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**Statements of Net Position**  
**June 30, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 257,765	\$ 309,832
Accrued liabilities	286,862	291,677
Accrued arbitrage liability	16,054	88,039
Current portion of compensated absences	134,511	24,656
Current portion of unearned revenues	214,286	214,286
Current portion of revenue bonds/notes	1,755,681	1,560,000
Accrued bond interest	68,517	100,809
Total current liabilities	2,733,676	2,589,299
Long-term liabilities:		
Revenue bonds, net of bond discount	3,741,820	3,310,000
Unearned revenues	857,142	1,071,429
Compensated absences	616,390	591,735
Total long-term liabilities	5,215,352	4,973,164
Total liabilities	7,949,028	7,562,463
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Differences between expected and actual experience	177,556	306,220
Net difference between projected and actual earnings on pension plan investments	-	325,742
Total deferred inflows of resources	177,556	631,962
Total liabilities and deferred inflows of resources	8,126,584	8,194,425
<b>NET POSITION</b>		
Net investment in capital assets	10,168,590	9,368,527
Restricted:		
Debt service and repair reserve - per debt covenant	1,730,501	1,730,501
Operating reserve - per jail service agreement	2,931,148	2,931,148
Unrestricted	1,508,729	2,045,097
Total net position	\$ 16,338,968	\$ 16,075,273

See accompanying notes to financial statements.



**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>OPERATING REVENUES</b>		
Charges for services:		
County of Hanover	\$ 5,096,174	\$ 4,996,639
Town of Ashland	433,466	436,980
County of Caroline	1,764,222	1,504,844
Charges to other governments	245,892	310,444
Other	515,051	556,264
Total operating revenues	<u>8,054,805</u>	<u>7,805,171</u>
<b>OPERATING EXPENSES</b>		
Personal services	6,145,268	6,047,294
Fringe benefits	2,077,577	1,741,633
Contractual services	543,369	586,745
Other operating expenses and supplies	3,052,817	2,215,128
Depreciation	955,532	903,715
Total operating expenses	<u>12,774,563</u>	<u>11,494,515</u>
Operating loss	(4,719,758)	(3,689,344)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Intergovernmental:		
Revenue from the Commonwealth of Virginia:		
Categorical aid: shared expenses and fees	5,060,136	4,704,712
Federal grant revenues	2,022	4,623
Interest income	69,805	116,574
Interest expense	(148,510)	(201,618)
Net nonoperating revenues	<u>4,983,453</u>	<u>4,624,291</u>
Change in net position	263,695	934,948
Total net position, beginning of year	<u>16,075,273</u>	<u>15,140,326</u>
Total net position, end of year	<u><u>\$ 16,338,968</u></u>	<u><u>\$ 16,075,273</u></u>

See accompanying notes to financial statements.

**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**Statements of Cash Flows**  
**Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Charges to governments for inmates	\$ 7,558,990	\$ 7,336,641
Other revenues	300,765	341,978
Payments to suppliers	(3,571,460)	(2,567,981)
Payments to employees	(8,169,830)	(8,177,715)
Net cash used in operating activities	<u>(3,881,535)</u>	<u>(3,067,077)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Intergovernmental revenue received	<u>5,056,046</u>	<u>4,691,843</u>
Net cash provided by noncapital financing activities	<u>5,056,046</u>	<u>4,691,843</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Payments for capital asset additions	(359,888)	(692,585)
Principal payments on long-term debt	(1,560,000)	(1,500,000)
Issuance of Energy Conservation revenue note	87,501	-
Interest paid on long-term debt	(180,802)	(232,668)
Net cash used in capital and related financing activities	<u>(2,013,189)</u>	<u>(2,425,253)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received on cash and cash equivalents	<u>69,805</u>	<u>116,574</u>
Net cash provided by investing activities	<u>69,805</u>	<u>116,574</u>
Net decrease in cash and cash equivalents with fiscal agent	(768,873)	(683,913)
Total cash and cash equivalents with fiscal agent at beginning of year	<u>8,376,377</u>	<u>9,060,289</u>
Total cash and cash equivalents with fiscal agent at end of year	<u><u>\$ 7,607,504</u></u>	<u><u>\$ 8,376,377</u></u>

See accompanying notes to financial statements.

(continued)

**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**Statements of Cash Flows**  
**Years Ended June 30, 2017 and 2016**

	<u><b>2017</b></u>	<u><b>2016</b></u>
Operating loss	\$ (4,719,758)	\$ (3,689,344)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	955,532	903,715
Amortization	44,358	44,358
Loss on disposal of assets	32,435	-
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts and accrued interest receivable - member jurisdictions	11,664	61,383
Due from Federal Government	7,572	26,352
Pension contributions after measurement date	85,683	(6,095)
Pension asset/liability	1,172,805	(250,585)
Increase (decrease) in:		
Accounts payable	(52,067)	189,534
Accrued liabilities	(76,800)	28,259
Unearned revenues	(214,286)	(214,286)
Compensated absences	134,511	(19,394)
Net difference between projected and actual earnings on pension plan investments	(1,263,184)	(140,972)
Net cash used for operating activities	<u><u>\$ (3,881,535)</u></u>	<u><u>\$ (3,067,076)</u></u>
<b>RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS WITH FISCAL AGENT:</b>		
Cash and cash equivalents with fiscal agent-current	\$ 2,945,855	\$ 3,714,728
Restricted cash and cash equivalents with fiscal agent-noncurrent	4,661,649	4,661,649
Total cash and cash equivalents with fiscal agent	<u><u>\$ 7,607,504</u></u>	<u><u>\$ 8,376,377</u></u>
<b>Noncash transactions related to financing, capital and investing activities:</b>		
Capitalization of noncash fixed asset	(2,111,476)	-
Noncash debt proceeds for 2016 Energy note	2,187,501	-
Noncash debt issuance costs of 2016 Energy note	(87,501)	-
Interest capitalized during Energy construction project	11,476	-

See accompanying notes to financial statements.

# PAMUNKEY REGIONAL JAIL AUTHORITY

## Notes to Financial Statements

June 30, 2017 and 2016

### Note 1 – Summary of significant account policies

- A. **Reporting Entity** – The Pamunkey Regional Jail Authority (“the Jail Authority”), a political subdivision of the Commonwealth of Virginia, was authorized by Chapter 726 of the 1990 Acts of the General Assembly of Virginia and formed on December 30, 1992. The participating jurisdictions of the Jail Authority are the Counties of Caroline and Hanover and the Town of Ashland. The Jail Authority is governed by a five-member board comprised of two members each from the Counties of Caroline and Hanover and one from the Town of Ashland. In an agreement between the County of Hanover, Virginia, (“the County”) and the Jail Authority, the County serves as fiscal agent for the Jail Authority for which the Jail Authority reimburses the County for services provided in the areas of purchasing, finance, personnel, and data processing. The Jail Authority is not a component unit of the County and is therefore not reported in the County’s Comprehensive Annual Financial Report as a component unit.
- B. **Financial Statement Presentation** – The financial statements of the Jail Authority are prepared in accordance with accounting principles generally accepted in the United States of America, (“the GAAP”) for an enterprise fund, which account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Jail Authority is that the cost of providing services to the participating jurisdictions be financed or recovered through user charges to participating jurisdictions.
- C. **Basis of Accounting** – The financial statements are presented on the accrual basis of accounting, wherein revenues are recognized when earned and expenses are recognized when incurred.
- D. **Cash and Cash Equivalents** – Cash and cash equivalents include cash on hand, deposits in bank, and short-term investments with maturities of three months or less when purchased. Cash and cash equivalents also include amounts held in restricted accounts in accordance with the Series 1996 Jail Facility Revenue Bonds, 2001 Jail Facility Revenue Bonds, and 2003 Jail Facility Revenue Bonds.
- E. **Restricted Assets** – The Jail Authority’s restricted assets consists of debt service and operating reserves, which, at June 30, 2017 and 2016, were as follows:

	<u>2017</u>	<u>2016</u>
Debt service and repair reserve	\$ 1,730,501	\$ 1,730,501
Operating reserve	\$ 2,931,148	\$ 2,931,148

- F. **Allowances for Uncollectibles** – In accordance with prior history and given the Jail Authority’s relationship with member jurisdictions, no allowance has been established for uncollectible accounts.
- G. **Capital Assets** – All property, plant, and equipment is recorded at cost. The capitalization threshold is \$5,000 with a useful life of greater than one year. Depreciation for operating facilities and equipment is computed over useful lives of 5 to 35 years using the straight-line method and half-year convention. Interest expense that relates to the cost of acquiring or constructing capital assets is capitalized, reduced by interest earned on the investment of funds borrowed for construction. Interest costs of \$11,476 were capitalized during the fiscal year of 2017 but none for 2016.

# **PAMUNKEY REGIONAL JAIL AUTHORITY**

## **Notes to Financial Statements**

**June 30, 2017 and 2016**

### **Note 1 – Summary of significant account policies (continued)**

The estimated useful lives of the Jail Authority's depreciable capital assets are as follows:

Buildings	35 years
Improvements other than buildings	10-20 years
Vehicles and Equipment	5-15 years

- H. **Vacation, Sick, and Holiday Leave** – Jail Authority employees earn vacation and sick leave in varying amounts on a semi-monthly basis, based upon length of service. Annual carry over limitations apply to vacation hours but not to sick leave. Employees are compensated for unused vacation and sick leave upon separation, retirement, or death based upon years of service and limited to a maximum dollar amount. Holidays earned by an employee, classified as essential personnel, will be those days specified by the Jail Authority to be taken. All non-essential personnel, as designated by the Jail Superintendent, will take the twelve scheduled holidays granted per year unless ordered otherwise.
- I. **Operating and non-operating revenues and expenses** – The Jail Authority reports as operating revenues charges for bed rentals for inmates from the participating jurisdictions, as well as bed rentals of federal prisoners from the U.S. Department of Homeland Security and the United States Marshals. The Jail Authority reports categorical aid from the Commonwealth of Virginia as non-operating revenues. The Jail Authority reports as operating expenses those costs such as salaries for personnel to operate the Jail, contractual services for outside contractors and depreciation expense. The Jail Authority reports as non-operating revenue and expense amounts arising from interest earned on cash held and interest incurred on the outstanding debt.
- J. **Estimates** – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- K. **Budget** – The Jail Superintendent must annually submit a balanced budget to the Jail Authority Board in October. The budget denotes per diem rates charged to member jurisdictions and line item revenues and expenses. The Jail Authority must adopt a final annual budget on or before January 1.

The Jail Authority designates, in accordance with its bond covenants, an operating reserve fund in each of its annual budgets in an amount equal to not less than 90 days of its projected annual budget for each year less debt service. This operating reserve amounted to \$2,931,148 for both June 30, 2017 and June 30, 2016.

# **PAMUNKEY REGIONAL JAIL AUTHORITY**

## **Notes to Financial Statements**

**June 30, 2017 and 2016**

### **Note 1 – Summary of significant account policies (continued)**

- L. **Risk Management** – The Jail Authority’s risk management program involves maintaining comprehensive insurance coverage and identifying and monitoring loss exposure. The Jail Authority’s comprehensive property, boiler and machinery, automobile, business interruption, inland marine, and worker’s compensation insurance is provided through the Virginia Association of Counties (VACo).

General liability and faithful performance of duty bond coverages provided by the Commonwealth of Virginia, Department of General Services, and Division of Risk Management. There was no reductions in insurance coverage for the last three fiscal years.

- M. **Pension Plan** – In fiscal year 2015, the Jail Authority implemented GASB Statement No. 68, “Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27,” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date”. The objective of GASB Statement No. 68 is to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense. The statement requires the liability of employers for defined benefit pensions to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees’ past periods of service, less the amount of the pension plan’s fiduciary net position. Accordingly, the Jail Authority recorded the impact of the related net pension asset, deferred outflow of resources, deferred inflow of resources, and pension expense. For further information regarding the Jail Authority’s adoption of GASB Statement Nos. 68 and 71, refer to Note 8 of the accompanying notes to the financial statements.

- N. **New Accounting Pronouncement** – In fiscal year 2016, the Jail Authority implemented GASB Statement No. 72, “Fair Value Measurement and Application”. This statement addresses accounting and financial reporting issues related to fair value measurements. It requires a government to use valuation techniques that are appropriate under circumstances and for which sufficient data are available to measure fair value. The techniques should be consistent with one or more of the following approaches: market approach, cost approach, or the income approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or group of assets and liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts (such as cash flows or income and expenses) to a single current (discounted) amount.

The statement establishes a hierarchy of inputs to valuation techniques used to measure fair value, which has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs – other than quoted prices – included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, such as management’s assumption of the default rate among underlying mortgages of a mortgage-backed security.

# PAMUNKEY REGIONAL JAIL AUTHORITY

## Notes to Financial Statements

June 30, 2017 and 2016

### Note 2 – Pooled Cash and Cash Equivalents with Fiscal Agent

The County acts as a fiscal agent for the Jail Authority. Accordingly, the Jail Authority follows the deposit and investment guidelines of the County. As of June 30, 2017 and 2016, the Jail Authority's carrying value of deposits and investments as part of the County pooled cash and investments was \$7,607,504 and \$8,376,377, respectively.

All cash of the Jail Authority is maintained by the fiscal agent in accounts 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 Federal Deposit Insurance Corporation must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon the choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

In accordance with Section 2.2-4500 of the *Code of Virginia* and other applicable law and regulations, the County's investment policy (the "Policy") permits investments in obligations of the United States or agencies thereof; held directly, by collateralized repurchase agreement, or in mutual funds registered under the Investment Company Act of 1940, whose portfolios are restricted to U.S. and U.S. agency obligations, 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, certain corporate notes, bankers' acceptances, and repurchase agreements, savings accounts or time deposits in approved banks or savings institutions within the Commonwealth, and the State Treasurer's Local Government Investment Pool, a 2a-7 like pool.

The following tables present pooled cash and cash equivalents and investments with fiscal agent at fair value on a recurring basis in accordance with GAAP at June 30, 2017 and 2016

	Balance June 30, 2017	Quoted prices in active market (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets:</b>				
Investments by fair value level:				
Cash and cash equivalents in pooled funds	\$ 3,241,785	\$ 3,241,785	\$ -	\$ -
Investments in pooled funds	4,342,178	945,380	3,396,798	-
Total	<u>\$ 7,583,963</u>	<u>\$ 4,187,165</u>	<u>\$ 3,396,798</u>	<u>\$ -</u>
Cash equivalents and short term investments measured at the amortized costs:				
Negotiable CD	<u>23,541</u>			
Total of CD and Investments	<u>\$ 7,607,504</u>			

# PAMUNKEY REGIONAL JAIL AUTHORITY

## Notes to Financial Statements

June 30, 2017 and 2016

### Note 2 – Pooled Cash and Cash Equivalents with Fiscal Agent (continued)

	Balance June 30, 2016	Quoted prices in active market (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets:</b>				
Investments by fair value level:				
Cash and cash equivalents in pooled funds	\$ 3,244,984	\$ 3,244,984	\$ -	\$ -
Investments in pooled funds	5,107,852	2,144,930	2,962,922	-
Total	<u>\$ 8,352,836</u>	<u>\$ 5,389,914</u>	<u>\$ 2,962,922</u>	<u>\$ -</u>
Cash equivalents and short term investments measured at the amortized costs:				
Negotiable CD	<u>23,541</u>			
Total of CD and Investments	<u><u>\$ 8,376,377</u></u>			

### Note 3 – Capital Assets

The following schedule denote the changes in capital assets for the year ended June 30, 2017 and 2016:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets not being depreciated:				
Land	\$ 70,825	\$ -	\$ -	\$ 70,825
Construction in progress	647,091	-	647,091	-
Total non depreciable assets	<u>717,916</u>	<u>-</u>	<u>647,091</u>	<u>70,825</u>
Capital assets being depreciated:				
Buildings	27,020,273	813,362	-	27,833,635
Improvements other than buildings	719,404	2,111,476	69,500	2,761,380
Vehicles and equipment	996,498	182,141	-	1,178,639
Total capital assets being depreciated	<u>28,736,175</u>	<u>3,106,979</u>	<u>69,500</u>	<u>31,773,654</u>
Accumulated depreciation:				
Buildings	14,282,136	772,008	-	15,054,144
Improvements other than buildings	320,725	90,048	37,065	373,708
Vehicles and equipment	745,769	93,476	-	839,245
Total accumulated depreciation	<u>15,348,630</u>	<u>955,532</u>	<u>37,065</u>	<u>16,267,097</u>
Total capital assets being depreciated (net)	<u>13,387,545</u>	<u>2,151,447</u>	<u>32,435</u>	<u>15,506,557</u>
Total capital assets, net	<u><u>\$ 14,105,461</u></u>	<u><u>\$ 2,151,447</u></u>	<u><u>\$ 679,526</u></u>	<u><u>\$ 15,577,382</u></u>



# PAMUNKEY REGIONAL JAIL AUTHORITY

## Notes to Financial Statements

June 30, 2017 and 2016

### Note 3 – Capital Assets (continued)

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets not being depreciated:				
Land	\$ 70,825	\$ -	\$ -	\$ 70,825
Construction in progress	-	647,091	-	647,091
Total non depreciable assets	70,825	647,091	-	717,916
Capital assets being depreciated:				
Buildings	27,020,273	-	-	27,020,273
Improvements other than buildings	719,404	-	-	719,404
Vehicles and equipment	1,001,335	45,494	50,331	996,498
Total capital assets being depreciated	28,741,012	45,494	50,331	28,736,175
Accumulated depreciation:				
Buildings	13,510,128	772,008	-	14,282,136
Improvements other than buildings	274,437	46,288	-	320,725
Vehicles and equipment	710,681	85,419	50,331	745,769
Total accumulated depreciation	14,495,246	903,715	50,331	15,348,630
Total capital assets being depreciated (net)	14,245,766	(858,221)	-	13,387,545
Total capital assets, net	\$ 14,316,591	\$ (211,130)	\$ -	\$ 14,105,461

### Note 4 – Interest Payable

Accrued bond interest payable totaled \$68,517 and \$100,809 at June 30, 2017 and 2016, respectively. This amount is related to the Jail Authority's share of the Series 2001 Jail Facility Revenue Bonds.

### Note 5 – Revenue Bonds Payable

**Series 2001 Jail Facility Revenue Bonds.** On November 11, 2001, the Jail Authority issued \$10,000,000 of Series 2001 jail facility revenue bonds with an interest rate of 4.14% to advance refund a portion of the Series 1996 revenue bonds with an interest rate of 5.75%. The Series 2001 jail facility revenue bonds were issued at par and after paying issuance costs of \$43,416, the net proceeds were \$9,956,584. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities, and those securities were deposited in an escrow account with the Jail Authority Trustee, SunTrust Bank, to provide debt service payments. The advance refunding met the requirements of an in-substance debt defeasance, and the term bonds were removed from the Jail Authority's financial statements.

**Series 2016 Jail Energy Conservation Note.** On September 29, 2016, the Jail Authority issued \$2,187,501 of Series 2016 jail energy conservation note with an interest rate of 3.40% to fund an Energy Conservation project to help make the Jail facility more energy efficient and to save on energy related costs. The issuance costs were \$136,751. The 15 year note has semi-annual debt payments on April and October of each year and will mature on October 1, 2031. The note is funded through the VA Saves program in which the Jail Authority receives an IRS tax subsidy and the debt is paid for entirely through energy cost savings over the 15 year period of the note. The energy cost savings are guaranteed by the project vendor, Siemens, of the energy conservation project, which was completed in June 2017.

# PAMUNKEY REGIONAL JAIL AUTHORITY

## Notes to Financial Statements

June 30, 2017 and 2016

### Note 5 – Revenue Bonds Payable (continued)

The following schedule reflects changes in long-term liabilities for the years ended June 30, 2017 and 2016:

	Balance June 30, 2016	Increase	Decrease	Balance June 30, 2017
Series 2001				
Advance refunding revenue bonds	\$ 4,870,000	\$ -	\$ 1,560,000	\$ 3,310,000
Series 2016				
Energy Conservation revenue note	-	2,187,501	-	2,187,501
Total revenue bonds/notes	4,870,000	2,187,501	1,560,000	5,497,501
Compensated absences	616,391	213,088	78,578	750,901
Unearned revenues	1,285,714	-	214,286	1,071,428
Less amounts due within one year:				
Compensated absences	(24,656)	(109,855)	-	(134,511)
Unearned revenues	(214,286)	-	-	(214,286)
Revenue bonds/notes	(1,560,000)	(195,681)	-	(1,755,681)
Total current portion long-term liabilities	(1,798,942)	(305,536)	-	(2,104,478)
Total long-term liabilities	\$ 4,973,163	\$ 2,095,053	\$ 1,852,864	\$ 5,215,352

	Balance June 30, 2015	Increase	Decrease	Balance June 30, 2016
Series 2001				
Advance refunding revenue bonds	\$ 6,370,000	\$ -	\$ 1,500,000	\$ 4,870,000
Compensated absences	635,785	65,362	84,757	616,391
Unearned revenues	1,500,000	-	214,286	1,285,714
Less amounts due within one year:				
Compensated absences	(25,598)	942	-	(24,656)
Unearned revenues	(214,286)	-	-	(214,286)
Revenue bonds	(1,500,000)	(60,000)	-	(1,560,000)
Total current portion long-term liabilities	(1,739,884)	(59,058)	-	(1,798,942)
Total long-term liabilities	\$ 6,765,901	\$ 6,304	\$ 1,799,043	\$ 4,973,163

# PAMUNKEY REGIONAL JAIL AUTHORITY

## Notes to Financial Statements

June 30, 2017 and 2016

### Note 5 – Revenue Bonds Payable (continued)

Debt Service Requirements on outstanding long-term liabilities were composed of the following at June 30, 2017:

Year ending June 30,	Revenue Debt Principal	Revenue Debt Interest	Total Payment
2018	\$ 1,755,681	\$ 125,058	\$ 1,880,739
2019	1,827,068	55,154	1,882,222
2020	138,469	18,770	157,239
2021	139,885	17,354	157,239
2022	141,315	15,924	157,239
2023-2027	728,539	57,655	786,194
2028-2032	766,544	19,649	786,193
<b>Total</b>	<b>\$ 5,497,501</b>	<b>\$ 309,564</b>	<b>\$ 5,807,065</b>

Details of the revenue bonds of the Jail Authority at June 30, 2017 are as follows:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Amount Due Within One Year
Series 2001 Advance refunding revenue bonds	4.14%	11/1/2001	2018	\$ 10,000,000	\$ 1,620,000
Series 2016 Energy Conservation revenue notes	3.40%	9/29/2016	2031	\$ 2,187,501	\$ 135,681

### Note 6 – Compensated Absences

Jail Authority employees are granted vacation and sick leave in varying amounts. In addition, certain employees accrue compensation time for overtime hours worked. In the event of termination, employees are reimbursed for their unused accumulated vacation, compensation time, and a percentage of accumulated sick leave, depending on their length of service. The Jail Authority has accrued \$750,901 and \$616,391 at June 30, 2017 and 2016, respectively, as the liability arising from compensated absences. The compensated absences liability for the Jail Authority is accounted for using the last in-first out (LIFO) basis, which is under the assumption that the employees are taking time as it is earned; therefore, the current portion to report as of June 30, 2017 and 2016, was approximately \$134,511 and \$24,656, respectively.

### Note 7 – Commitments and Contingent Liabilities

**Contingent Liabilities** – Various claims and lawsuits are pending against the Jail Authority. In the opinion of Jail management, resolution of these cases would not involve a substantial liability for the Jail Authority.

# **PAMUNKEY REGIONAL JAIL AUTHORITY**

## **Notes to Financial Statements**

**June 30, 2017 and 2016**

### **Note 8 – Defined Benefit Pension Plan**

**Plan Description** – The Jail Authority participates in an agent multiple-employer defined benefit pension plan administered by the Virginia Retirement System (the “VRS”). The VRS requires periodic employer contributions at actuarially determined rates, which will remain relatively level over time as a percentage of payroll and will accumulate sufficient assets to meet the cost of all basic benefits when due. The required employer contributions

for Jail Authority employees are established annually by the VRS. All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Members earn one month of service for each month they are employed and their employer is paying in VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

For purposes of measuring the net pension (asset) liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense information about the fiduciary net position of the VRS agent multiple-employer and the additions to/deductions from the VRS agent multiple-employer plan’s net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

VRS administers three different benefits plans for local government employees – Plan 1, Plan 2 and Hybrid:

<b>VRS PLAN 1</b>	<b>VRS PLAN 2</b>	<b>VRS HYBRID RETIREMENT PLAN</b>
<b>About VRS Plan 1</b> VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	<b>About VRS Plan 2</b> VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS 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.	<b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See “Eligible Members”)

# PAMUNKEY REGIONAL JAIL AUTHORITY

## Notes to Financial Statements

June 30, 2017 and 2016

### Note 8 – Defined Benefit Pension Plan (continued)

		<ul style="list-style-type: none"> <li>• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</li> <li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li> <li>• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</li> </ul>
<p><b>Eligible Members</b> Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b> VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the</p>	<p><b>Eligible Members</b> Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b> VRS 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 VRS Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the</p>	<p><b>Eligible Members</b> Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• State employees*</li> <li>• School division employees</li> <li>• Political subdivision employees*</li> <li>• Judges appointed or elected to an original term on or after January 1, 2014</li> <li>• Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014</li> </ul> <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan.</p>

# PAMUNKEY REGIONAL JAIL AUTHORITY

## Notes to Financial Statements

June 30, 2017 and 2016

### Note 8 – Defined Benefit Pension Plan (continued)

<p>election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (the “ORP”) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.</p>	<p>election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an ORP and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.</p>	<p>They include:</p> <ul style="list-style-type: none"> <li>• Members of the State Police Officers’ Retirement System (SPORS)</li> <li>• Members of the Virginia Law Officers’ Retirement System (VaLORS)</li> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees</li> </ul> <p>Those employees eligible for an ORP must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.</p>
<p><b>Retirement Contributions</b></p> <p>Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p><b>Retirement Contributions</b></p> <p>Same as VRS Plan 1.</p>	<p><b>Retirement Contributions</b></p> <p>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>

# PAMUNKEY REGIONAL JAIL AUTHORITY

## Notes to Financial Statements

June 30, 2017 and 2016

### Note 8 – Defined Benefit Pension Plan (continued)

<p><b>Creditable Service</b> Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p><b>Creditable Service</b> Same as VRS Plan 1.</p>	<p><b>Creditable Service</b> <b><u>Defined Benefit Component:</u></b> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><b><u>Defined Contributions Component:</u></b> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>
<p><b>Vesting</b> Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of</p>	<p><b>Vesting</b> Same as VRS Plan 1.</p>	<p><b>Vesting</b> <b><u>Defined Benefit Component:</u></b> 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. VRS Plan 1 or VRS Plan 2 members with at least five years</p>

**PAMUNKEY REGIONAL JAIL AUTHORITY**

**Notes to Financial Statements**

**June 30, 2017 and 2016**

**Note 8 – Defined Benefit Pension Plan (continued)**

<p>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>(60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><b><u>Defined Contributions Component:</u></b></p> <p>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> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"><li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li><li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li><li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li></ul> <p>Distribution is not required by law until age 70½.</p>
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# PAMUNKEY REGIONAL JAIL AUTHORITY

## Notes to Financial Statements

June 30, 2017 and 2016

### Note 8 – Defined Benefit Pension Plan (continued)

<p><b>Calculating the Benefit</b> The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>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><b>Calculating the Benefit</b> See definition under VRS Plan 1.</p>	<p><b>Calculating the Benefit</b> <b><u>Defined Benefit Component:</u></b> See definition under VRS Plan 1</p> <p><b><u>Defined Contribution Component:</u></b> 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><b>Average Final Compensation</b> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> Same as VRS Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p><b>Service Retirement Multiplier</b> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.</p>	<p><b>Service Retirement Multiplier</b> Same as Plan1 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><b>Service Retirement Multiplier</b> The retirement multiplier is 1.0%.</p> <p>For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p>

# PAMUNKEY REGIONAL JAIL AUTHORITY

## Notes to Financial Statements

June 30, 2017 and 2016

### Note 8 – Defined Benefit Pension Plan (continued)

<p><b>Normal Retirement Age</b> Age 65.</p>	<p><b>Normal Retirement Age</b> Normal Social Security retirement age.</p>	<p><b>Normal Retirement Age <u>Defined Benefit Component:</u></b> Same as VRS Plan 2.</p> <p><b><u>Defined Contribution Component:</u></b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Unreduced Retirement Eligibility</b> Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at 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>Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b> Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach 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>Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b> <b><u>Defined Benefit Component:</u></b> Members are eligible for an unreduced retirement benefit when they reach 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><b><u>Defined Contribution Component:</u></b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Reduced Retirement Eligibility</b> Members may retire with a reduced benefit as early as 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><b>Earliest Reduced Retirement Eligibility</b> Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b> <b><u>Defined Benefit Component:</u></b> Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p> <p><b><u>Defined Contribution Component:</u></b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

# PAMUNKEY REGIONAL JAIL AUTHORITY

## Notes to Financial Statements

June 30, 2017 and 2016

### Note 8 – Defined Benefit Pension Plan (continued)

<p><b>Cost-of-Living Adjustment (the “COLA”) in Retirement</b>  The COLA matches the first 3% increase in the Consumer Price Index for all Urban Consumers (the “CPI-U”) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><b><u>Eligibility:</u></b>  For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p><b>Cost-of-Living Adjustment in Retirement</b>  The COLA Adjustment 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><b><u>Eligibility:</u></b>  Same as VRS Plan 1.</p>	<p><b>Cost-of-Living Adjustment in Retirement</b>  <b><u>Defined Benefit Component:</u></b>  Same as VRS Plan 2.</p> <p><b><u>Defined Contribution Component:</u></b>  Not applicable.</p> <p><b><u>Eligibility:</u></b>  Same as VRS Plan 1 and VRS Plan 2.</p>
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**PAMUNKEY REGIONAL JAIL AUTHORITY**

**Notes to Financial Statements**

**June 30, 2017 and 2016**

**Note 8 – Defined Benefit Pension Plan (continued)**

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

# PAMUNKEY REGIONAL JAIL AUTHORITY

## Notes to Financial Statements

June 30, 2017 and 2016

### Note 8 – Defined Benefit Pension Plan (continued)

<p><b>Disability Coverage</b> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the VSDP, and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p><b>Disability Coverage</b> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the VSDP, and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p><b>Disability Coverage</b> Eligible political subdivision and school division (including VRS Plan 1 and VRS Plan 2 opt-ins) participate in the Virginia Local Disability Program (the “VLDP”) unless their local governing body provides and employer-paid comparable program for its members.</p> <p>State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the VSDP, and are not eligible for disability retirement.</p> <p>Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>
<p><b>Purchase of Prior Service</b> Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan.</p>	<p><b>Purchase of Prior Service</b> Same as VRS Plan 1.</p>	<p><b>Purchase of Prior Service</b> <b><u>Defined Benefit Component:</u></b> Same as VRS Plan 1.</p> <p><b><u>Defined Contribution Component:</u></b> Not applicable.</p>

# PAMUNKEY REGIONAL JAIL AUTHORITY

## Notes to Financial Statements

June 30, 2017 and 2016

### Note 8 – Defined Benefit Pension Plan (continued)

<p>Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>		
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VRS issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/employers/financial-reporting/index.asp>, 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, 2015 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

Inactive members or their beneficiaries	
currently receiving benefits	<u>39</u>
Inactive members:	
Vested	21
Non-vested	87
Active elsewhere in VRS	<u>85</u>
Total inactive members	<u>193</u>
Active members	<u>127</u>
Total covered employees	<u><u>359</u></u>

**Funding Policy** – Plan members are required by Title 51.1 of the *Code of Virginia*, as amended, to contribute 5% of their annual salary to the VRS. All or part of the 5% member contribution may be assumed by the employer. Beginning in July 1, 2012, this 5% member contribution has been assumed by the employee. The employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the Jail Authority is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. The Jail Authority’s contribution rates for the years ended June 30, 2017 were 10.07% and 2016 were 11.44% of annual covered employee payroll. These rates were based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. These rates, when combined with employee contributions, were 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 Jail Authority were \$563,871 and \$649,554 for the years ended June 30, 2017 and 2016, respectively.

# **PAMUNKEY REGIONAL JAIL AUTHORITY**

## **Notes to Financial Statements**

**June 30, 2017 and 2016**

### **Note 8 – Defined Benefit Pension Plan (continued)**

**Net Pension Liability (Asset)** – At June 30, 2017 and 2016, the Jail Authority reported a net pension liability(asset) of \$893,088 and (\$279,717), respectively. The net pension liability(asset) as of June 30, 2017 and 2016 were measured as of June 30, 2016 and 2015. The total pension liability used to calculate the net pension asset were determined by actuarial valuations performed as of June 30, 2015 and 2014, respectively, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement dates of June 30, 2016 and 2015.

**Actuarial Assumptions** – The total pension liability(asset) was based on an actuarial valuation as of June 30, 2015 and 2014, using the entry age normal actuarial cost method, the level percent closed amortization method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016 and 2015:

- |   |  |
|---|--|
| • Inflation   | 2.50%  |
| • Salary increases  | 3.50% - 5.35%  |
| • Payroll growth  | 3.00%  |
| • Cost-of-living adjustment   | 2.25% - 2.50%  |
| • Discount rate   | 7.00%  |
| • Investment rate of return (net of pension plan investment expense, including inflation) | 7.00% *  |
| • Mortality Rates   | 14% of deaths are assumed to be service  |
| • Pre-Retirement  | RP-2000 Employee Mortality Table Projected with Scale AA to 2020, with males set forward 4 years and females set back 2 years.           |
| • Post-Retirement   | RP-2000 Combined Mortality Table Projected with Scale AA to 2020,with males set forward 1 year.  |
| • Post-Disablement  | RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement. |

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Updated mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

\*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.

# PAMUNKEY REGIONAL JAIL AUTHORITY

## Notes to Financial Statements

June 30, 2017 and 2016

### Note 8 – Defined Benefit Pension Plan (continued)

**Long-term Expected Rate of Return** – The long-term expected rate of return on the pension plan 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 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 estimates of arithmetic real rates of return for each major asset class as 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>
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
	<u>100.00%</u>		<u>5.83%</u>
		Inflation	<u>2.50%</u>
	* Expected arithmetic normal return		<u>8.33%</u>

\*Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33%, but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, 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 plan member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the agent multiple-employer plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. Beginning July 1, 2018, participating employers and employees are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



# PAMUNKEY REGIONAL JAIL AUTHORITY

## Notes to Financial Statements

June 30, 2017 and 2016

### Note 8 – Defined Benefit Pension Plan (continued)

#### Changes in Net Pension Liability (Asset)

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a)-(b)</b>
Balances at June 30, 2016	<u>\$ 13,893,244</u>	<u>\$ 14,172,961</u>	<u>(\$279,717)</u>
Service cost	854,913	-	854,913
Interest	958,226	-	958,226
Difference between expected and actual experience	572,862	-	572,862
Contributions-employer	-	649,554	(649,554)
Contributions-employee	-	306,806	(306,806)
Net investment income	-	265,319	(265,319)
Benefit payments, including refunds of employee contributions	(408,610)	(408,610)	-
Administrative expenses	-	(8,374)	8,374
Other changes	-	(109)	109
Net changes	<u>1,977,391</u>	<u>804,586</u>	<u>1,172,805</u>
Balances at June 30, 2017	<u><u>\$15,870,635</u></u>	<u><u>\$14,977,547</u></u>	<u><u>\$893,088</u></u>

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a)-(b)</b>
Balances at June 30, 2015	<u>\$ 13,046,571</u>	<u>\$ 13,075,703</u>	<u>(\$29,132)</u>
Service cost	821,307	-	821,307
Interest	897,941	-	897,941
Difference between expected and actual experience	(434,884)	-	(434,884)
Contributions-employer	-	643,459	(643,459)
Contributions-employee	-	284,674	(284,674)
Net investment income	-	614,739	(614,739)
Benefit payments, including refunds of employee contributions	(437,691)	(437,691)	-
Administrative expenses	-	(7,790)	7,790
Other changes	-	(133)	(133)
Net changes	<u>846,673</u>	<u>1,097,258</u>	<u>(250,585)</u>
Balances at June 30, 2016	<u><u>\$13,893,244</u></u>	<u><u>\$14,172,961</u></u>	<u><u>(\$279,717)</u></u>

# PAMUNKEY REGIONAL JAIL AUTHORITY

## Notes to Financial Statements

June 30, 2017 and 2016

### Note 8 – Defined Benefit Pension Plan (continued)

**Sensitivity of the Net Pension Asset to Changes in the Discount Rate** – The following presents the net pension liability(asset) of the Jail Authority at June 30, 2017, using the discount rate of 7%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1% point lower (6%) or 1% point higher (8%) than the current rate:

	<u>1% Decrease</u>	<u>7% Discount Rate</u>	<u>1% Increase</u>
Net Pension Liability (Asset)	\$ 3,404,932	\$893,088	(\$1,160,634)

The following presents the net pension liability(asset) of the Jail Authority at June 30, 2016.

	<u>1% Increase</u>	<u>7% Discount Rate</u>	<u>1% Increase</u>
Net Pension Liability (Asset)	\$ 2,005,419	(\$279,717)	(\$2,142,918)

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

– For the year ended June 30, 2017, the Jail Authority recognized pension expense of \$559,175. At June 30, 2017, the Jail Authority reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 408,246	\$ 177,556
Difference between projected and actual earnings on pension plan investments	400,532	-
Employer contributions subsequent to the measurement date	<u>563,871</u>	<u>-</u>
Total	<u>\$ 1,372,649</u>	<u>\$ 177,556</u>

Deferred outflows of resources related to pensions resulting from the Jail Authority's contributions subsequent to the measurement date in the amount of \$563,871 will be recognized as a reduction of the net pension liability in the year ending June 30, 2018.

For the year ended June 30, 2016, the Jail Authority recognized pension expense of \$412,904. At June 30, 2016, the Jail Authority reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 306,220
Difference between projected and actual earnings on pension plan investments	-	325,742
Employer contributions subsequent to the measurement date	<u>649,554</u>	<u>-</u>
Total	<u>\$ 649,554</u>	<u>\$ 631,962</u>

**PAMUNKEY REGIONAL JAIL AUTHORITY**

**Notes to Financial Statements**

**June 30, 2017 and 2016**

**Note 8 – Defined Benefit Pension Plan (continued)**

Deferred outflows of resources related to pensions resulting from the Jail Authority's contributions subsequent to the measurement date in the amount of \$649,554 were recognized as a reduction of the net pension liability in the year ending June 30, 2017.

The differences between expected and actual experience and net difference between projected and actual earnings on pension plan investments will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2018	\$ 55,340
2019	135,114
2020	291,634
2021	149,134
2022	-
	<u>\$ 631,222</u>

**Note 9 – Postemployment Healthcare Plan and Other Postemployment Benefits (OPEB) Trust**

The Jail Authority provides for optional participation by eligible retirees and their eligible spouses and dependents in the medical and prescription drug healthcare benefit program available to employees. The County has established the County, Retiree Medical Benefits Plan (Plan), an agent multiple-employer defined benefit healthcare plan, and the Retiree Medical Benefits Trust Agreement (Trust), which are administered as one plan for the County and its affiliates (collectively, Employers). The Plan covers eligible retirees of the Jail. The Trust provides the funding mechanism for the postemployment healthcare benefits established by the Plan. The *Code of Virginia* assigns the authority to administer the Plan, and to establish and amend the benefit provisions of the Plan, to the Hanover County Board of Supervisors (Board). The Plan provides for biennial reviews of benefit provisions based on actuarial analysis, but does not require any automatic or ad hoc benefit increases, although the Board may amend or terminate the Plan at any time. The Trust's accumulated assets may legally be used to pay all plan benefits provided to any of the plan's members or beneficiaries.

The Trust is considered part of the County's financial reporting entity and is included in County's financial statements as an Other Postemployment Benefits Trust Fund. The Jail Authority is required to make periodic contributions to fund its share of the plan based on periodic actuarial analysis of its future obligations.

# **PAMUNKEY REGIONAL JAIL AUTHORITY**

## **Notes to Financial Statements**

**June 30, 2017 and 2016**

### **Note 9- Postemployment Healthcare Plan and Other Postemployment Benefits (OPEB) Trust (continued)**

The Plan provides that the Employers will provide certain subsidies toward the cost of the health benefit coverage of eligible retirees, spouses and dependents. In order to participate in the Plan, retirees must be enrolled in the health insurance program available to County employees at date of separation. In addition, participants must meet the VRS retirement age and service retirement requirements and, if hired after September 30, 2007, must have five years of service with an Employer, or retire pursuant to the disability requirements of Social Security or the VRS. The amount of monthly subsidy provided by the Plan is based on years of service and, as of June 30, 2015, ranged from \$100 per month for employees with 10 but less than 15 years of service to \$200 per month for 20 or more years of service. The subsidy for a retiree's spouse and dependents is equal to that of the retiree, with a limit of three subsidies per retiree. Effective for those who retire July 1, 2015 or later, there shall not be a subsidy for their spouses or dependents. Retirees hired prior to October 1, 2007 have no years of service requirement, but must meet all other requirements for participation. In addition, retirees hired prior to October 1, 2007 who have at least 10 years of service with an Employer, and whose age and years of service equal at least 60 (grandfathered employees), will receive an initial subsidy of \$251 per month. For employees retiring after September 30, 2008, subsidies will end with Medicare eligibility. Any plan participants currently in the Plan over age 65 must be enrolled in Medicare as primary insurer effective July 1, 2015. Additionally, any grandfathered retirees who are not yet age 65 must enroll in Medicare as primary insurer once they have met the Medicare eligibility requirements.

Retirees under the Plan may select from the health care plans offered to active employees and pay the health insurance premium rate established annually based on biennial actuarial analysis of the claims cost of the retiree group, net of the applicable subsidy established by the Plan. Depending upon the health care plan selected, the net retiree premium amounts range from \$333 to \$957 per month and, for those electing retiree and family coverage, from \$943 to \$2,869 per month. Costs of administering the Plan will be borne by the Trust or by the Employers.

The Jail Authority's OPEB cost (expense) under the Plan is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with GAAP. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Jail Authority's annual OPEB cost, the amount of contributions to the Plan, changes in the Jail Authority's net OPEB obligation, the Jail Authority's annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2017 and 2016. The net OPEB obligation is included in accrued liabilities in the accompanying statement of net position.

**PAMUNKEY REGIONAL JAIL AUTHORITY**

**Notes to Financial Statements**

**June 30, 2017 and 2016**

**Note 9- Postemployment Healthcare Plan and Other Postemployment Benefits (OPEB) Trust (continued)**

<b>Fiscal Year Ended June 30:</b>	<b>2017</b>	<b>2016</b>
ARC, for the fiscal year	\$ 1,000	\$ 1,000
Interest on net OPEB asset from prior year	-	-
Amortization of net OPEB Obligation	-	-
Annual OPEB cost	1,000	1,000
Employer contributions:		
Cash contribution to OPEB trust	-	-
Subsidies paid under Plan on behalf of retirees	(1,000)	(1,000)
Total Employer contributions	(1,000)	(1,000)
Change in the net OPEB asset, for the fiscal year	-	-
Net OPEB obligation, beginning of year	-	-
Net OPEB obligation, end of year	\$ -	\$ -

<b>Fiscal Year Ended June 30:</b>	<b>2017</b>	<b>2016</b>
Annual OPEB cost	\$ 1,000	\$ 1,000
Percentage of annual OPEB cost contributed by Employer:		
Cash contributions to OPEB Trust	0.00%	0.00%
Subsidies paid under Plan on behalf of retirees	100.00%	100.00%
Total percentage contributed	100.00%	100.00%
Net OPEB obligation at end of fiscal year	\$ -	\$ -

**PAMUNKEY REGIONAL JAIL AUTHORITY**

**Notes to Financial Statements**

**June 30, 2017 and 2016**

**Note 9- Postemployment Healthcare Plan and Other Postemployment Benefits (OPEB) Trust (continued)**

The funded status of the Plan as of July 1, 2016, the date of the most recent actuarial valuation, was as follows:

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (Funding Excess) (b-a)</b>	<b>Funded Ratio (a/b)</b>
7/1/2016	\$ 94,000	\$ 65,000	\$ (29,000)	144.6%
7/1/2015	\$ 87,000	\$ 59,000	\$ (28,000)	147.5%
7/1/2014	\$ 106,000	\$ 115,000	\$ 9,000	92.2%

Actuarial valuations 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, (e.g. 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 revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 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 short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The July 1, 2016 actuarial valuation used the Entry Age Normal actuarial funding method calculated on a closed basis with an amortization period of 22 years as of July 1, 2015. The actuarial assumptions include a 7.0% discount rate of return based on advice from the Trust's investment advisors and an annual payroll increase assumption of 2.50%.

**Note 10 – Related Party Transactions**

The County provides certain general government administrative and accounting services such as payroll, finance, information technology, and purchasing for the Jail Authority. The Jail Authority paid the County \$263,000 related to such services for the year ended June 30, 2017.

# **PAMUNKEY REGIONAL JAIL AUTHORITY**

## **Notes to Financial Statements**

**June 30, 2017 and 2016**

### **Note 11 – Vendor Agreement**

In May 2015, the Jail Authority entered into a contractual agreement with a new telecommunications vendor whereby the new vendor will provide inmate telephones and telephone service to the Jail Authority's inmates for a period of seven years, commencing on July 1, 2015. In consideration, the agreement required the vendor to pay the Jail Authority an upfront signing bonus of \$1,500,000 within 5 days after the date that the contract was executed. The \$1,500,000 signing bonus was received during the fiscal year ended June 30, 2015 and has been reported as unearned revenue in the accompanying Statement of Net Position as of June 30, 2015. The \$1,500,000 signing bonus amount will be recognized as operating revenue on a straight-line basis in the annual amount of \$214,286 for each of the seven years ending June 30, 2016 through 2022. The amount of revenue recognized during the fiscal year ended June 30, 2017 was \$214,286 and the remaining balance of unearned revenue related to the signing bonus was \$1,071,429.

**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**Required Supplementary Information**  
**June 30, 2017**

Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios (unaudited):

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total pension liability</b>			
Service cost	\$854,913	821,307	825,135
Interest on total pension liability	958,226	897,941	807,387
Difference between expected and actual experience	572,862	(434,884)	-
Benefit payments	<u>(408,610)</u>	<u>(437,691)</u>	<u>(240,113)</u>
<b>Net change in total pension liability</b>	1,977,391	846,673	1,392,409
<b>Total pension liability-beginning</b>	<u>13,893,244</u>	<u>13,046,571</u>	<u>11,654,162</u>
<b>Total pension liability-ending (a)</b>	<u>15,870,635</u>	<u>13,893,244</u>	<u>13,046,571</u>
<b>Total fiduciary net position</b>			
Contributions-employer	649,554	643,459	675,696
Contributions-employee	306,806	284,674	265,409
Net investment income	265,319	614,739	1,735,732
Benefit payments	(408,610)	(437,691)	(240,113)
Administrative expense	(8,374)	(7,790)	(8,681)
Other	<u>(109)</u>	<u>(133)</u>	<u>92</u>
<b>Net change in plan fiduciary net position</b>	804,586	1,097,258	2,428,135
<b>Plan fiduciary net position-beginning</b>	<u>14,172,961</u>	<u>13,075,703</u>	<u>10,647,568</u>
<b>Plan fiduciary net position-ending (b)</b>	<u>14,977,547</u>	<u>14,172,961</u>	<u>13,075,703</u>
<b>Net pension liability (asset) ending (a)-(b)</b>	<u>\$893,088</u>	<u>(279,717)</u>	<u>(29,132)</u>
<b>Plan fiduciary net position as a % of total pension liability (asset)</b>	1,677%	5.067%	44.884%
<b>Covered-employee payroll</b>	\$6,034,475	\$5,805,622	5,471,975
<b>Net pension liability (asset) as a % covered-employee payroll</b>	14.80%	(4.82%)	(.50%)

\* Schedule is intended to show information for 10 years. Since 2015 is the first fiscal year for presentation, no earlier data are available. The amounts presented have a measurement date of the previous fiscal year end.

See accompanying report of independent auditor.



**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**Required Supplementary Information**  
**June 30, 2017**

Schedule of Employer Contributions (unaudited):

	<b>Contractually Required Contribution of Employer</b>	<b>Contributions Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Contributions as a % of Covered Employee Payroll</b>
<b>Date</b>	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>
2017	\$563,871	\$563,871	\$ -	\$6,034,475	9.35%
2016	\$649,554	\$649,554	\$ -	\$6,031,913	10.77%
2015	\$643,459	\$643,459	\$ -	\$5,805,622	11.08%

\*Note: Schedule is intended to show information for 10 years. Since 2015 is the first fiscal year for presentation, no earlier data are available.

See accompanying report of independent auditor.

**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**Required Supplementary Information**  
**June 30, 2017**

Schedule of Funding Progress-Other Postemployment Benefits (unaudited):

	(a)	(b)	(b-a)	(a/b)	(c)	{{b-a}/c}
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
June 30, 2016	\$94,000	\$65,000	(\$29,000)	144.6%	\$6,034,475	(0.5%)
June 30, 2015	\$87,000	\$59,000	(\$28,000)	147.5%	\$5,805,622	(0.5%)
June 30, 2014	\$106,000	\$115,000	\$9,000	92.2%	\$5,471,975	0.2%
June 30, 2013	\$49,000	\$103,000	\$54,000	47.6%	\$5,202,779	1.0%
June 30, 2012	\$80,262	\$215,499	\$135,237	37.2%	\$5,132,444	2.63%
June 30, 2011	NA	NA	NA	NA	\$5,244,683	NA

See accompanying report of independent auditor.



**STATISTICAL INFORMATION**  
**(unaudited)**

The statistical section is a required part of the Comprehensive Annual Financial Report (CAFR), which presents detailed information in ten-year trends, and assists users in utilizing the basic financial statements, notes to the basic financial statements, and required supplementary information to assess the economic condition of the Jail Authority.

The statistical section is broken down into five categories; financial trend data, revenue capacity data, debt capacity data, demographic and economic information, and operating information.

The financial trend data is comprised of tables that show net assets by components, changes in net assets, operating expenses, operating/nonoperating revenues, and expenses. The revenue capacity data looks at such things as operating revenues by source, revenues and billed inmate days by customer and largest revenue source. The debt capacity data shows outstanding debt by type and revenues bond coverage ratios. The demographic and economic information is comprised of number of inmates by jurisdiction. The operating information contains tables for number of employees by activities and a listing of insurance coverage.

**TABLE 1**  
**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**Net Position by Component**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2017	2016	2015 (1)	2014	2013	2012	2011	2010	2009	2008
Net investment in										
capital assets	\$ 10,168,590	\$ 9,368,527	\$ 8,124,017	\$ 7,556,326	\$ 6,803,713	\$ 6,369,529	\$ 5,775,343	\$ 5,520,923	\$ 5,317,140	\$ 4,959,385
Restricted	4,661,649	4,661,649	4,528,474	4,416,426	4,416,426	4,416,426	4,416,426	4,404,544	4,451,520	4,451,520
Unrestricted	1,508,729	2,045,096	2,487,835	2,695,117	3,276,789	2,902,885	3,007,279	3,062,304	3,129,111	3,649,509
Total Net Position	<u>\$ 16,338,968</u>	<u>\$ 16,075,273</u>	<u>\$ 15,140,326</u>	<u>\$ 14,667,868</u>	<u>\$ 14,496,928</u>	<u>\$ 13,688,840</u>	<u>\$ 13,199,048</u>	<u>\$ 12,987,771</u>	<u>\$ 12,897,771</u>	<u>\$ 13,060,414</u>

Notes: (1) The Jail Authority adopted GASB Statements 68 and 71 in fiscal year 2015. Prior years have not been adjusted for the effect of these statements on net position.

**TABLE 2**  
**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**Changes in Net Position**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Operating Revenues</b>	<b>Operating Expenses</b>	<b>Operating Loss</b>	<b>Total Nonoperating Revenues/ (Expenses)</b>	<b>Change In Net Position</b>
<b>2017</b>	\$ 8,054,805	\$ 12,774,564	\$ (4,719,759)	\$ 4,983,453	\$ 263,694
<b>2016</b>	7,805,171	11,494,515	(3,689,344)	4,624,291	934,947
<b>2015 (1)</b>	7,889,414	11,517,897	(3,628,483)	4,100,941	472,458
<b>2014</b>	8,285,222	11,616,482	(3,331,260)	3,833,097	501,837
<b>2013</b>	8,470,423	11,202,688	(2,732,265)	3,540,353	808,088
<b>2012</b>	8,506,851	11,260,414	(2,753,563)	3,243,355	489,792
<b>2011</b>	8,558,142	11,280,302	(2,722,160)	2,933,437	211,278
<b>2010</b>	7,981,133	10,949,124	(2,967,991)	2,967,991	-
<b>2009</b>	7,915,151	10,980,348	(3,065,197)	2,992,554	(72,643)
<b>2008</b>	7,791,375	10,409,322	(2,617,947)	3,279,766	661,820

Notes: (1) The Jail Authority adopted GASB Statements 68 and 71 in fiscal year 2015. Prior years have not been adjusted for the effect of these statements on net position.

**TABLE 3**  
**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**Operating Revenues by Source**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>County of Hanover</b>	<b>Town of Ashland</b>	<b>County of Caroline</b>	<b>Other Governments</b>	<b>Other</b>	<b>Total</b>
<b>2017</b>	\$ 5,096,174	\$ 433,466	\$ 1,764,222	\$ 245,892	\$ 515,051	\$ 8,054,805
<b>2016</b>	4,996,639	436,980	1,504,844	310,444	556,264	7,805,171
<b>2015</b>	4,928,094	418,052	1,636,364	347,526	559,378	7,889,414
<b>2014</b>	4,433,152	281,436	1,915,529	1,035,679	619,426	8,285,222
<b>2013</b>	4,419,103	225,856	2,045,711	1,119,647	660,106	8,470,423
<b>2012</b>	4,552,497	255,231	1,703,726	1,467,338	528,059	8,506,851
<b>2011</b>	4,325,187	290,355	1,621,603	1,932,438	388,559	8,558,142
<b>2010</b>	3,758,980	224,142	1,422,988	2,189,102	385,921	7,981,133
<b>2009</b>	3,516,100	189,123	1,115,161	2,788,031	306,736	7,915,151
<b>2008</b>	3,437,092	172,225	886,694	2,964,415	330,950	7,791,375



**TABLE 4**  
**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**Operating Expenses**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Personal Services</b>	<b>Fringe Benefits</b>	<b>Contractual Services</b>	<b>Other Operating Expenses and Supplies</b>	<b>Depreciation</b>	<b>Total Operating Expenses</b>
<b>2017</b>	\$ 6,145,268	\$ 2,077,577	\$ 543,369	\$ 3,052,817	\$ 955,532	\$ 12,774,563
<b>2016</b>	6,047,294	1,741,633	586,745	2,215,128	903,715	11,494,515
<b>2015 (1)</b>	5,858,260	1,865,017	649,897	2,248,474	896,249	11,517,897
<b>2014</b>	5,499,924	2,155,713	643,699	2,461,825	855,321	11,616,482
<b>2013</b>	5,482,688	2,110,543	640,253	2,124,296	844,908	11,202,688
<b>2012</b>	5,311,451	2,232,219	619,295	2,249,051	848,398	11,260,414
<b>2011</b>	5,369,555	2,104,612	572,186	2,377,385	856,564	11,280,302
<b>2010</b>	5,371,673	2,041,661	918,065	1,734,426	883,299	10,949,124
<b>2009</b>	5,344,127	1,970,205	777,831	2,004,725	883,460	10,980,348
<b>2008</b>	4,963,757	1,852,977	890,280	1,847,270	855,038	10,409,322

Notes: (1) The Jail Authority adopted GASB Statements 68 and 71 in fiscal year 2015. Prior years have not been adjusted for the effect of these statements on net position.

**TABLE 5**  
**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**Nonoperating Revenues and Expenses**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Interest Income</b>	<b>Interest Expense</b>	<b>Intergovernmental Revenues</b>	<b>Net Nonoperating Revenues</b>
<b>2017</b>	\$ 69,805	\$ (148,510)	\$ 5,062,158	\$ 4,983,453
<b>2016</b>	116,574	(201,618)	4,709,335	4,624,291
<b>2015</b>	88,757	(263,718)	4,275,902	4,100,941
<b>2014</b>	94,035	(323,334)	4,062,396	3,833,097
<b>2013</b>	78,129	(384,129)	3,846,353	3,540,353
<b>2012</b>	125,822	(417,209)	3,534,742	3,243,355
<b>2011</b>	132,562	(447,395)	3,248,271	2,933,438
<b>2010</b>	156,574	(476,690)	3,288,107	2,967,991
<b>2009</b>	269,845	(505,415)	3,228,124	2,992,554
<b>2008</b>	378,086	(533,249)	3,434,929	3,279,766

**TABLE 6**  
**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**Revenues and Expenses – Operating Fund**  
**Last Ten Fiscal Years**

	<b>FY17</b>	<b>FY16</b>	<b>FY15 (1)</b>	<b>FY14</b>	<b>FY13</b>	<b>FY12</b>	<b>FY11</b>	<b>FY10</b>	<b>FY09</b>	<b>FY08</b>
<b>Revenues:</b>										
Charges for services - inmate housing	\$ 7,539,754	\$ 7,248,906	\$ 7,330,036	\$ 7,665,796	\$ 7,810,317	\$ 7,978,792	\$ 8,169,584	\$ 7,595,212	\$ 7,608,415	\$ 7,460,426
State Compensation Board	4,769,550	4,704,712	4,244,402	4,062,396	3,846,353	3,534,742	3,248,271	3,288,107	3,228,124	3,434,929
Interest income	69,805	116,574	88,757	94,035	78,129	125,822	132,561	156,574	269,845	378,086
Work release	10,110	10,800	9,431	5,328	6,526	3,089	14,530	18,931	13,088	20,426
Telephone commission	295,161	296,840	326,105	387,193	387,000	282,025	178,007	205,153	172,687	176,341
Miscellaneous	502,388	253,247	255,342	226,905	266,581	242,945	196,021	161,837	120,961	134,183
Total revenues	<u>13,186,768</u>	<u>12,631,079</u>	<u>12,254,073</u>	<u>12,441,653</u>	<u>12,394,906</u>	<u>12,167,415</u>	<u>11,938,974</u>	<u>11,425,814</u>	<u>11,413,120</u>	<u>11,604,391</u>
<b>Expenses:</b>										
Salaries and benefits	8,222,845	7,788,927	7,723,277	7,655,637	7,593,231	7,543,670	7,474,167	7,413,334	7,314,332	6,816,734
Contractual services	543,369	586,745	649,897	643,699	640,253	619,294	572,186	560,277	495,741	451,202
Materials and supplies	578,806	435,877	437,662	412,848	403,458	504,617	535,012	450,678	526,501	578,519
Medical services and supplies	1,610,755	952,708	1,032,539	1,164,813	889,904	914,671	980,195	825,743	705,068	743,006
Food service and supplies	424,826	459,897	419,004	444,301	435,373	403,344	422,196	417,857	637,835	599,672
Utilities	438,430	366,646	359,269	439,862	395,561	426,420	439,982	397,936	417,411	365,150
Depreciation	955,532	903,715	896,249	855,321	844,908	848,398	856,564	883,299	883,460	855,039
Interest expense/bond discount										
Debt refunding	148,510	201,618	263,718	323,334	384,129	417,209	447,395	476,690	505,415	533,249
Total expenses	<u>12,923,073</u>	<u>11,696,133</u>	<u>11,781,615</u>	<u>11,939,816</u>	<u>11,586,818</u>	<u>11,677,623</u>	<u>11,727,697</u>	<u>11,425,814</u>	<u>11,485,763</u>	<u>10,942,571</u>
Increase (decrease) in net position	<u>\$ 263,695</u>	<u>\$ 934,947</u>	<u>\$ 472,458</u>	<u>\$ 501,837</u>	<u>\$ 808,088</u>	<u>\$ 489,792</u>	<u>\$ 211,277</u>	<u>\$ -</u>	<u>\$ (72,643)</u>	<u>\$ 661,820</u>

Notes: (1) The Jail Authority adopted GASB Statements 68 and 71 in fiscal year 2015. Prior years have not been adjusted for the effect of these statements on net position.

**TABLE 7**  
**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**Revenues & Billed Inmate Days - by Customer**  
**Last Ten Fiscal Years**

	Hanover County			Town of Ashland			Caroline County			Federal Inmates		
			Inmate			Inmate			Inmate			Inmate
Fiscal Year	Revenue	Per Diem	Days Billed	Revenue	Per Diem	Days Billed	Revenue	Per Diem	Days Billed	Revenue	Per Diem	Days Billed
2017	\$3,806,428	\$38.04	100,064	\$433,466	\$38.04	11,395	\$1,356,934	\$38.04	35,671	\$206,064	\$48.00	4,293
2016	3,703,409	37.32	99,234	436,980	37.32	11,709	1,096,456	37.32	29,380	257,040	48.00	5,355
2015	3,714,627	37.18	99,909	418,052	37.18	11,244	1,116,306	37.18	30,024	267,744	48.00	5,578
2014	3,155,322	34.87	90,488	281,436	34.87	8,071	1,466,562	34.87	42,058	1,035,085	48.00	21,564
2013	3,438,860	35.93	95,710	225,856	35.93	6,286	1,614,012	35.93	44,921	1,086,017	54.00	20,111
2012	3,385,928	37.26	90,873	255,231	37.26	6,850	1,283,495	37.26	34,447	1,405,625	54.00	26,030
2011	3,246,509	37.95	85,547	290,355	37.95	7,651	1,247,758	37.95	32,879	1,932,444	54.00	35,786
2010	2,868,702	33.29	86,173	224,142	33.29	6,733	1,083,353	33.29	32,543	2,189,102	54.00	40,539
2009	2,154,353	33.58	64,156	189,123	33.58	5,632	774,724	33.58	23,071	2,788,031	54.00	51,630
2008	2,044,608	29.30	69,782	172,225	29.30	5,878	583,715	29.30	19,922	2,964,415	54.00	59,288

**TABLE 8**  
**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**Largest Revenue Source**  
**Current Year and Ten Years Ago**

	<b>Fiscal Year 2017</b>	
	<b>Amount</b>	<b>%</b>
<b>County of Hanover/ Town of Ashland</b>	\$ 5,529,640	41.93%
<b>Intergovernmental Shared Expenses</b>	5,060,135	38.38%
<b>Subtotal</b>	10,589,775	80.31%
 <b>Balance from other revenue sources</b>	 2,596,993	 19.69%
 <b>Grand Totals</b>	 \$ 13,186,768	 100.00%

	<b>Fiscal Year 2008</b>	
	<b>Amount</b>	<b>%</b>
<b>County of Hanover/ Town of Ashland</b>	\$ 3,437,092	29.62%
<b>Intergovernmental Shared Expenses</b>	3,434,929	29.60%
<b>Subtotal</b>	6,872,021	59.22%
 <b>Balance from other revenue sources</b>	 4,732,370	 40.78%
 <b>Grand Totals</b>	 \$ 11,604,390	 100.00%

**Note: The table includes the largest revenue sources required to reach 50% percent of the revenue base.**

**TABLE 9**  
**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**Outstanding Debt by Type**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Revenue Bonds/Notes</b>	<b>Caroline</b>		<b>Hanover</b>	
		<b>Annual Total Personal Income</b>	<b>Annual Per Capita Personal Income</b>	<b>Annual Total Personal Income</b>	<b>Annual Per Capita Personal Income</b>
<b>2017</b>	\$ 5,497,501	NA	NA	\$ 5,742,986	\$ 52,830
<b>2016</b>	4,870,000	NA	NA	5,660,887	52,830
<b>2015</b>	6,370,000	NA	NA	5,571,287	52,830
<b>2014</b>	7,810,000	\$ 1,119,643	\$ 37,978	5,244,783	50,371
<b>2013 (1)</b>	9,185,000	1,110,966	37,920	4,974,785	48,476
<b>2012 (1)</b>	10,485,000	1,086,741	37,510	4,907,381	48,308
<b>2011</b>	11,303,184	989,854	34,574	4,718,576	46,801
<b>2010</b>	12,400,735	940,026	33,729	4,458,362	44,402
<b>2009</b>	13,473,287	939,641	33,923	4,365,589	43,634
<b>2008</b>	14,510,839	895,576	32,825	4,515,310	45,283

(1) Fiscal years 2013 and 2012 were restated for the adoption of GASB statement No. 65. For statistical reporting purposes, amounts for fiscal years prior to June 30, 2012 were not restated.

**TABLE 10**  
**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**Revenues Bond Coverage - Operating Fund**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Operating Revenues (1)</b>	<b>Operating and Capital Expenses (2)</b>	<b>Available Unrestricted Net Position (4)</b>	<b>Net Revenue Available for Debt Service</b>	<b>Principal</b>	<b>Interest (3)</b>	<b>Payments to Reserves</b>	<b>Total</b>	<b>Bond Coverage</b>
<b>2017</b>	\$ 12,824,354	\$ 11,819,032	\$ 1,508,729	\$ 2,514,051	\$ 1,600,000	\$ 78,705	\$ -	\$ 1,678,705	150%
<b>2016</b>	12,509,882	10,590,799	2,045,097	3,964,180	1,560,000	85,044	-	1,645,044	241%
<b>2015</b>	12,133,816	10,621,648	2,487,835	4,000,003	1,500,000	174,961	-	1,674,961	239%
<b>2014</b>	12,347,619	10,761,162	2,695,117	4,281,574	1,440,000	229,299	-	1,669,299	256%
<b>2013</b>	12,316,776	10,357,780	3,276,789	5,235,785	1,375,000	306,000	-	1,681,000	311%
<b>2012</b>	12,041,593	10,412,016	2,902,885	4,532,462	1,300,000	278,630	-	1,578,630	287%
<b>2011</b>	11,806,412	10,423,737	3,007,279	4,389,954	1,275,000	308,816	-	1,583,816	277%
<b>2010</b>	11,269,240	10,065,825	3,062,304	4,265,719	1,240,000	338,111	-	1,578,111	270%
<b>2009</b>	11,143,275	10,096,888	3,219,111	4,265,498	1,215,000	366,836	-	1,581,836	270%
<b>2008</b>	11,226,304	9,554,284	3,649,509	5,321,529	1,180,000	394,670	-	1,574,670	338%

- (1) Nonoperating revenue from the Commonwealth of Virginia has been reclassified to Operating revenue for presentation of the statistical table.
- (2) Greater of budgeted or actual operating expenses exclusive of depreciation
- (3) Less amortization expense
- (4) During fiscal year 2004, the Jail Authority received an interpretation from its bond counsel that allows unrestricted net position from the prior year to be included as operating revenues for the purposes of the bond coverage calculation. The calculations for previous years have been revised accordingly. [The Jail Authority adopted GASB Statements Nos. 68 and 71 in fiscal year 2015. Prior years have not been adjusted for the effect of these statements on net position.]

**TABLE 11**  
**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**Number of Employees by Identifiable Activity**  
**Last Ten Fiscal Years**

	Full-time Equivalent Employees as of June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Civilian	18	28	27	27	27	25	23	23	23	17
Sworn	114	114	112	112	112	112	114	114	114	113
Total Employees	132	142	139	139	139	137	137	137	137	130

\* In FY2017, the civilian medical staff was contracted out to a third party medical contractor



**TABLE 12**  
**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**Inmate Booking Statistics**  
**Last Ten Fiscal Years**

<b>Jurisdiction</b>	<b>Fiscal Year</b>	<b>Average Daily Population</b>	<b>Average Length of Stay (Days)</b>	<b>Average Monthly Bookings</b>
Hanover	2008	209	16	326
	2009	198	14	377
	2010	237	16	361
	2011	230	20	355
	2012	247	21	349
	2013	259	23	364
	2014	270	18	370
	2015	276	20	324
	2016	282	20	322
	2017	281	21	302
<b>Jurisdiction</b>	<b>Fiscal Year</b>	<b>Average Daily Population</b>	<b>Average Length of Stay (Days)</b>	<b>Average Monthly Bookings</b>
Ashland	2008	16	26	22
	2009	15	19	30
	2010	18	16	32
	2011	21	21	37
	2012	18	19	38
	2013	17	17	39
	2014	22	17	36
	2015	31	25	35
	2016	32	25	34
	2017	31	32	24
<b>Jurisdiction</b>	<b>Fiscal Year</b>	<b>Average Daily Population</b>	<b>Average Length of Stay (Days)</b>	<b>Average Monthly Bookings</b>
Caroline	2008	55	16	99
	2009	64	16	114
	2010	89	22	96
	2011	90	26	75
	2012	94	27	96
	2013	123	34	101
	2014	115	30	87
	2015	86	25	82
	2016	95	26	87
	2017	102	26	87
<b>Jurisdiction</b>	<b>Fiscal Year</b>	<b>Average Daily Population</b>	<b>Average Length of Stay (Days)</b>	<b>Average Monthly Bookings</b>
Other	2008	177	50	92
	2009	168	46	96
	2010	115	46	64
	2011	102	47	58
	2012	82	43	50
	2013	66	42	38
	2014	55	40	37
	2015	15	25	17
	2016	15	31	14
	2017	12	25	13

**TABLE 13**  
**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**Principal Employers List**  
**Most Recent Available Year and Period Ten Years Ago**

<b>Employer</b>	<b>Type of Business</b>	<b>2016</b>			<b>2007</b>		
		<b>Employees</b>	<b>Rank</b>	<b>Total Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Total Employment</b>
Hanover County Schools	Education	2,466	1	4.5%	2,827	1	5.3%
Bon Secours Memorial Regional Medical	Hospital/Medical Center	1,000 +	2	3.6%	1000 +	2	3.7%
County of Hanover	Government	1,106	3	3.6%	1,131	3	2.1%
Wal-Mart Stores	Retail	500-999	4	1.4%	500-999	6	1.4%
Tyson Foods	Food Manufacturing	500-999	5	1.4%	500-999	5	1.4%
Kings Dominion	Entertainment	500-999	6	1.4%	500-999	8	1.4%
Supervalu Distribution Ctr	Food Distributor	500-999	7	1.4%	500-999	4	1.4%
Acosta Sales & Marketing Co	Sales & Marketing	500-999	8	1.4%		n/a	
Sales Mark	Wholesale Electronic Mkts	250-499	9	1.4%		n/a	
Randolph Macon College	Education	250-499	10	0.7%	500-999	7	1.4%
Culpeper Start Exponent	Newspaper Publisher		n/a		250-499	9	0.7%
Food Lion	Retail		n/a		250-499	10	0.7%
Totals		<u>54,896</u>		<u>20.6%</u>	<u>53,387</u>		<u>19.6%</u>

Notes: County and Schools' employment levels provided by the County of Hanover Department of Human Resources, Finance Budget Division and the School Board Administration. Other data provided by the Virginia Employment Commission and the Hanover County Economic Development Department. Employment levels represent full-time equivalents. The most recent year for which data is available is 2016.

**TABLE 14**  
**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**Demographic Statistics for Member Jurisdictions**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Hanover County</b>		<b>Caroline County</b>	
	<b>Population</b>	<b>Unemployment Rate</b>	<b>Population</b>	<b>Unemployment Rate</b>
<b>2008</b>	99,713	3.4%	27,838	4.8%
<b>2009</b>	100,051	6.5%	28,245	8.5%
<b>2010</b>	100,408	6.6%	28,245	8.6%
<b>2011</b>	100,822	6.0%	28,545	7.7%
<b>2012</b>	101,586	5.5%	28,890	6.7%
<b>2013</b>	102,623	5.1%	29,115	6.9%
<b>2014</b>	104,124	4.6%	29,481	5.9%
<b>2015</b>	105,456	3.9%	29,727	5.5%
<b>2016</b>	107,152	3.5%	29,792	4.2%
<b>2017</b>	108,706	3.5%	29,881	4.2%

**TABLE 15**  
**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**Schedule of Insurance in Force**  
**As of June 30, 2017**

<b>Insurance Coverage</b>	<b>Insurance Company</b>	<b>Expiration Date</b>	<b>Coverage Limit</b>	<b>Deductible</b>
Building and Personal Property	VACo	7/1/2017	As scheduled	\$ 1,000
Electronic Data Processing Equipment	VACo	7/1/2017	As scheduled	\$ 1,000
Earthquake/Flood	VACo	7/1/2017	\$ 5,000,000	\$ 25,000
Business Auto	VACo	7/1/2017	\$ 5,000,000	N/A
Schedule Equipment	VACo	7/1/2017	As scheduled	\$ 1,000
Boiler and Machinery	VACo	7/1/2017	As scheduled	\$ 1,000
Business Interruption and Extra Expense	VACo		Included in blanket	
Workers' Compensation	VACGSIA	7/1/2017	\$ 1,000,000	N/A
Faithful Performance of Duty	Commonwealth of Virginia -	7/1/2017	\$ 1,000,000	N/A
Bond *1	Division of Risk Management			
Constitutional Officer *1	Commonwealth of Virginia -	7/1/2017	\$ 1,000,000	\$ 1,000
	Division of Risk Management			
General Liability		7/1/2017	\$ 2,000,000	N/A
Excess General Liability (Auto Also)		7/1/2017	\$ 3,000,000	N/A

NA – Not Applicable

\*1 – Provided by the Commonwealth of Virginia