Pamunkey Regional Jail Authority

Hanover County, Virginia

Comprehensive Annual Financial Report

For the years ended June 30, 2019 and 2018

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

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

November 6, 2019

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, 2019. 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.

FOUNDED 1870

Correctional Accreditation Managers' Association

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 .9%, with a total population of 111,325 estimated for 2019. These figures include the Town of Ashland. Caroline County's population growth rate is expected to be .4%, with a total population of 30,292 estimated for 2019.

The local inmate population for the past year was 398. Projections for the upcoming 2020 fiscal year are 390 and by the 2021 fiscal year, we anticipate an inmate population of approximately 375.

MAJOR ACCOMPLISHMENTS AND INITIATIVES

Over the past year, many accomplishments were realized within the 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 $142,440 representing an increase of $64,043 from fiscal year 2018.

INDEPENDENT AUDIT

The certified public accounting firm of Cherry Bekaert LLP audited the Jail Authority's June 30, 2019 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, 2018. This was the seventeenth 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.

The GFOA also awarded a *Distinguished Budget Presentation Award* to the Jail Authority for its annual budget for the fiscal year ended June 30, 2019. This was the second consecutive year that the Jail has achieved this prestigious award. In order to receive this budget award, the Jail Authority had to satisfy nationally recognized guidelines for effective budget presentation.

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 2019

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

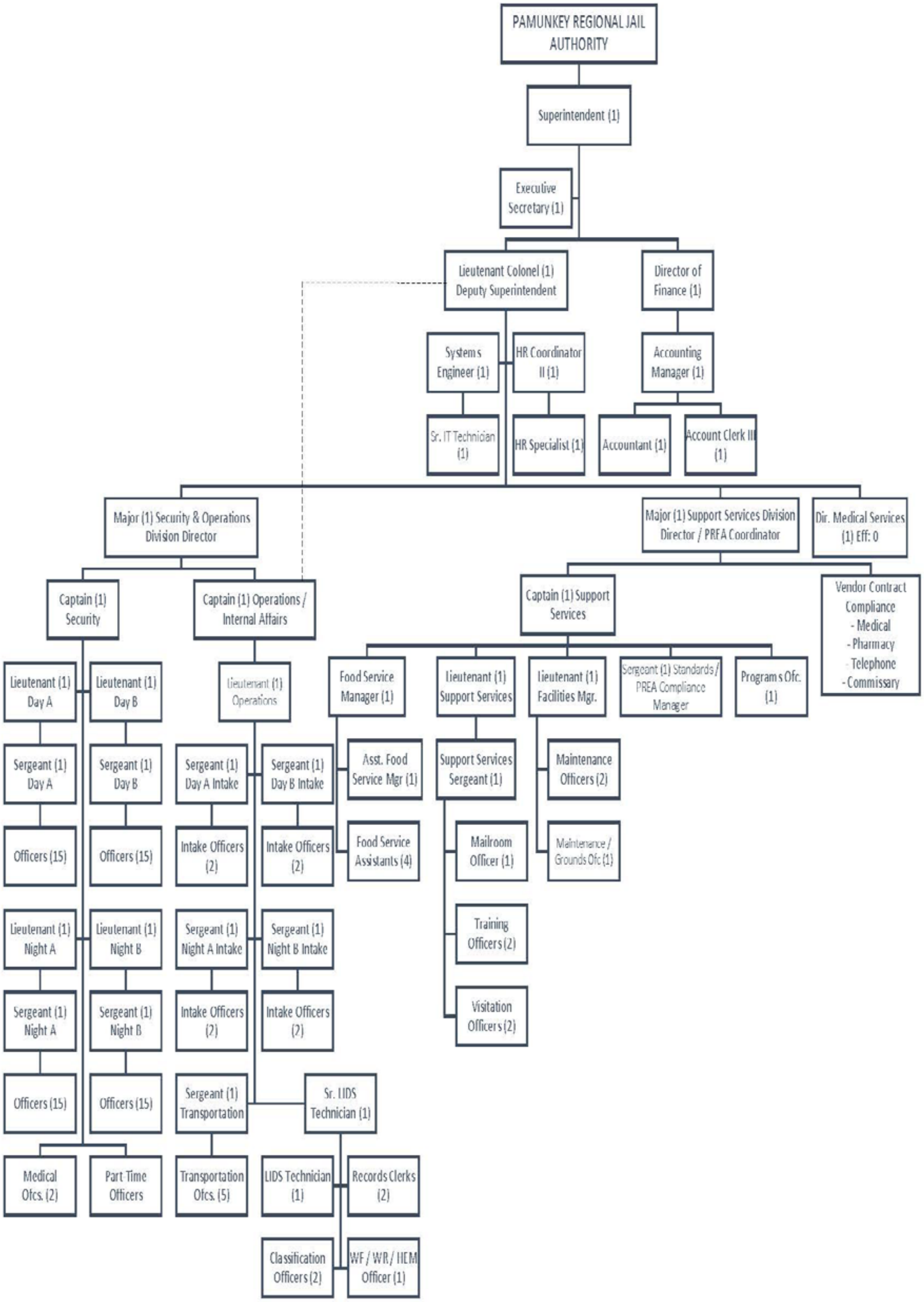
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

Pamunkey Regional Jail
Organizational Structure 1/16/2019 (A)



FINANCIAL SECTION

Independent Auditor's Report

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, 2019, 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, 2019, and the changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2019, 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Jail Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Jail Authority's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Richmond, Virginia
November 6, 2019

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, 2019, 2018 and 2017. It should be read in conjunction with the letter of transmittal in the Introductory Section, the Jail Authority's financial statements and financial performance in the Statistical Section.

FINANCIAL HIGHLIGHTS

Fiscal Year 2019:

- The Jail Authority's net position increased $83,801 in fiscal year 2019. This is primarily due to the increase in federal bed rental revenues and decrease in personnel expenses.
- The total revenues of the Jail Authority decreased $841,624, or 6.1%, from fiscal year 2018. This is primarily due to the decrease in member jurisdiction revenues.
- Total expenses in fiscal year 2019 decreased by $302,446, or 2.3%, primarily from personal services and fringe benefits.

Fiscal Year 2018:

- The Jail Authority's net position increased $622,983 in fiscal year 2018. This is primarily due to the increase in operating revenues.
- The total revenues of the Jail Authority increased $653,453, or 5.0%, from fiscal year 2017. This is primarily due to the increase in member jurisdiction revenues and Compensation Board revenues.
- Total expenses in fiscal year 2018 increased by $294,164, or 2.3%, primarily from medical services and supplies.

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.

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 Statement of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, and the Statement 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

In fiscal year 2018, the Jail Authority implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting for postemployment benefits other than pensions and to improve information provided by state and local governmental employers about financial support for other postemployment benefits (OPEB) that is provided by other entities. This Statement replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and GASB No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements and defined benefit OPEB also are addressed. For further information regarding the Jail Authority's OPEB plans, refer to Notes 1.M and Notes 9 and 10 of the accompanying notes to the financial statements.

In fiscal year 2018, the Jail Authority implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred before the end of a Construction Period*. The objective of this Statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of GASB Statement *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of the construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. There was no impact to the FY2018 Financial Statements.

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 2019 with $83,801 increase in total net position. Net position increased $622,983 in fiscal year 2018. The increase in fiscal year 2019 is primarily due to the increase in federal bed rental revenues and decrease in personnel salaries and fringe benefits. As of June 30, 2019, the Jail Authority's cash position was $1,877,923 in unrestricted funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

The following table summarizes the net position of the Jail Authority at June 30, 2019, 2018, 2017:

	2019	2018	2017
Assets			
Cash and cash equivalents with fiscal agent	$ 1,877,923	$ 1,833,927	$ 2,945,855
Receivables	848,765	797,439	712,396
Total Current Assets	2,726,688	2,631,366	3,658,251
Noncurrent Assets			
Cash and cash equivalents with fiscal agent	3,275,616	4,839,774	4,661,649
Net pension and OPEB asset(liability)	509,508	194,773	(893,088)
Capital assets, net	14,236,054	15,024,768	15,577,382
Total Noncurrent Assets	18,021,178	20,059,315	19,345,943
Total Assets	20,747,866	22,690,681	23,004,194
Deferred Outflows of Resources			
Deferred loss on debt refunding	-	44,351	88,709
Differences between expected and actual experience - pension	79,014	243,630	408,246
Difference between projected and actual earnings on pension plan investments	-	-	400,532
Pension contributions after measurement date	563,566	577,132	563,871
OPEB contributions after measurement date	29,550	30,000	-
Differences between expected and actual experience - OPEB	23,000	-	-
Changes of proportionate share - OPEB	31,321		
Total Deferred Outflows of Resources	726,451	895,113	1,461,358
Total Assets and Deferred Outflows of Resources	21,474,317	23,585,794	24,465,552
Liabilities			
Current Liabilities			
Accounts payable	256,586	280,487	257,765
Accrued liabilities	303,142	275,919	286,862
Arbitrage liability	-	32,824	16,054
Current portion of compensated absences	64,440	114,172	134,511
Current portion of unearned revenues	214,286	214,286	214,286
Current portion of revenue bonds	138,469	1,827,068	1,755,681
Accrued bond interest	-	34,983	68,517
Total Current Liabilities	976,923	2,779,739	2,733,676
Long-Term Liabilities			
Revenue bonds	1,776,283	1,914,752	3,741,820
Unearned revenues	428,571	642,856	857,142
Net OPEB liability	461,000	459,000	-
Compensated absences	818,476	750,901	616,390
Total Long-Term Liabilities	3,484,330	3,767,509	5,215,352
Total Liabilities	4,461,253	6,547,248	7,949,028
Deferred Inflows of Resources			
Differences between expected and actual experience - pension	142,861	79,584	177,556
Changes of assumptions - pension	60,850	129,998	-
Difference between projected and actual earnings on pension plan investments	175,727	262,530	-
Differences between expected and actual experience - OPEB	9,353	10,000	-
Difference between projected and actual earnings on pension plan investments	16,949	22,208	-
Changes of assumptions - OPEB	19,000	24,000	-
Changes of proportionate share - OPEB	16,000	20,000	-
OPEB contributions after measurement date	-	1,705	
Total Deferred Inflows of Resources	440,740	550,025	177,556
Total Liabilities and Deferred Inflows of Resources	4,901,993	7,097,273	8,126,584
Net Position			
Net investment in capital assets	12,321,302	11,327,299	10,168,590
Restricted	3,785,124	5,034,547	4,661,649
Unrestricted	465,899	126,678	1,508,729
Total Net Position	$ 16,572,325	$ 16,488,524	$ 16,338,968

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

REVENUES

Operating and non-operating revenues for the Jail Authority totaled $12,998,597 for the year ended June 30, 2019, which equates to a $841,624 decrease over fiscal year 2018. Of this total, per diem billings to member jurisdictions totaled $6,888,421 or 53.0% of total revenues. Per diem billings to non-member jurisdictions totaled $1,211,604 and accounted for 9.3% of total revenues. Non-inmate revenues totaled $4,898,572, or 37.7% of total revenues.

Operating and non-operating revenues for the Jail Authority totaled $13,840,221 for the year ended June 30, 2018, which equates to a $653,453 increase over fiscal year 2017. Of this total, per diem billings to member jurisdictions totaled $7,955,015 or 57.5% of total revenues. Per diem billings to non-member jurisdictions totaled $1,058,402 and accounted for 7.6% of total revenues. Non-inmate revenues totaled $4,826,801, or 34.9% of total revenues.

A summary of revenues for the years ended June 30, 2019, 2018 and 2017 is provided in the following tabulation:

Revenue Classification	2019	2018	2017
Operating Revenues			
Hanover County	$ 4,824,917	$ 5,662,664	$ 5,096,174
Town of Ashland	499,168	384,435	433,466
Caroline County	1,564,336	1,907,916	1,764,222
Subtotal	6,888,421	7,955,015	7,293,862
United States Marshals' Service	640,103	266,256	205,392
Immigration/Naturalization Service	—	—	672
Other Local and Regional Jails	7,581	66,836	39,828
Subtotal	647,684	333,092	245,892
Work Release	21,669	19,253	10,110
Miscellaneous Income	631,004	612,096	504,941
Subtotal	652,673	631,349	515,051
Total Operating Revenues	8,188,778	8,919,456	8,054,805
Nonoperating Revenues			
Compensation Board	4,098,139	4,115,127	3,976,674
Commonwealth of Virginia	563,920	725,310	792,876
VA Department of Corrections	—	—	290,586
Federal Grant Revenues	5,320	1,931	2,022
Interest income	142,440	78,397	69,805
Total Nonoperating Revenues	4,809,819	4,920,765	5,131,963
Total Revenues	$ 12,998,597	$ 13,840,221	$ 13,186,768

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

EXPENSES

Operating and nonoperating expenses totaled $12,914,796 for the year ended June 30, 2019, which represents a $302,442 decrease over fiscal year 2018. Of this amount, salaries and employee benefits totaled $7,914,995, medical services and supplies totaled $2,065,713, food service and supplies totaled $381,032, and interest expense on debt totaled $19,896.

Operating and nonoperating expenses totaled $13,217,238 for the year ended June 30, 2018, which represents a $294,164 increase over fiscal year 2017. Of this amount, salaries and employee benefits totaled $8,190,881, medical services and supplies totaled $2,030,683, food service and supplies totaled $433,526, and interest expense on debt totaled $91,181.

Summary expense data for the years ended June 30, 2019, 2018 and 2017 is presented in the following tabulation:

Expense Classification	2019	2018	2017
Operating Expenses			
Personnel services	$ 6,114,823	$ 6,224,437	$ 6,145,268
Fringe benefits	1,800,172	1,966,444	2,077,577
Contractual services	641,182	589,918	543,369
Materials and supplies	409,202	438,038	578,806
Medical services and supplies	2,065,713	2,030,683	1,610,755
Food services and supplies	381,032	433,526	424,826
Utilities	381,395	369,647	438,430
Depreciation	1,101,381	1,073,364	955,532
Total Operating Expenses	12,894,900	13,126,057	12,774,563
Nonoperating Expenses			
Interest expense	19,896	91,181	148,510
Total Expenses	12,914,796	13,217,238	12,923,073
Total excess of revenues over expenses	83,801	622,983	263,695
Total net position, beginning of year	16,488,524	16,338,968	16,075,273
Cumulative effect of change in accounting principle (1)	-	(473,427)	
Total net position, end of year	$ 16,572,325	$ 16,488,524	$ 16,338,968

(1) Cumulative effect of change in accounting principle for fiscal year 2018 relates to the implementation of GASB Statement No. 75.

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

DEBT ADMINISTRATION

The Jail Authority had total bonded debt outstanding $1,914,752, $3,741,820 and $5,497,501 at June 30, 2019, 2018 and 2017, 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 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 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. 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, 2019, capital assets, accumulated depreciation, and depreciation expense totaled $32,608,372, $18,372,318, and $1,101,381, respectively. As of June 30, 2018, capital assets, accumulated depreciation, and depreciation expense totaled $32,319,204, $17,294,437, and $1,073,364, respectively. As of June 30, 2017, capital assets, accumulated depreciation, and depreciation expense totaled $31,844,479, $16,267,097, and $955,532, respectively.

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

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 set at $46.47 from July 1, 2018 to December 31, and then increased to $55.50 on January 1, 2019 due to lower inmate populations. The rates were $42.39 and $38.04 for 2018 and 2017, 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 $0, $11.16 and $11.34 for 2019, 2018 and 2017, respectively. The per diem rate that has been set for all federal inmates increased from $48.00 to $75.00 on January 1, 2019.

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, 2019 and 2018

	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents with fiscal agent	$ 1,877,923	$ 1,833,927
Receivables:		
Due from Federal Government	130,070	42,418
Due from Commonwealth of Virginia	453,680	503,433
Accounts receivable - member jurisdictions	265,015	251,588
Total current assets	2,726,688	2,631,366
Noncurrent assets:		
Restricted cash and cash equivalents with fiscal agent	3,275,616	4,839,774
Net pension asset	488,083	135,084
Net OPEB asset	21,425	59,689
Capital assets:		
Nondepreciable assets	70,825	70,825
Depreciable assets, net of accumulated depreciation of $18,372,318 as of June 30, 2019 and of $17,294,437 as of June 30, 2018	14,165,229	14,953,943
Total noncurrent assets	18,021,178	20,059,315
Total assets	20,747,866	22,690,681
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on debt refunding	-	44,351
Differences between expected and actual experience - pension	79,014	243,630
Pension contributions after measurement date	563,566	577,132
OPEB contributions after measurement date	29,550	30,000
Differences between expected and actual experience - OPEB	23,000	-
Changes of proportionate share - OPEB	31,321	-
Total deferred outflows of resources	726,451	895,113
Total assets and deferred outflows of resources	$ 21,474,317	$ 23,585,794

See accompanying notes to financial statements. (continued)

PAMUNKEY REGIONAL JAIL AUTHORITY
Statements of Net Position
June 30, 2019 and 2018

LIABILITIES	2019	2018
Current liabilities:		
Accounts payable	$ 256,586	$ 280,487
Accrued liabilities	303,142	275,919
Accrued arbitrage liability	-	32,824
Current portion of compensated absences	64,440	114,172
Current portion of unearned revenues	214,286	214,286
Current portion of revenue bonds/note	138,469	1,827,068
Accrued bond interest	-	34,983
Total current liabilities	976,923	2,779,739
Long-term liabilities:		
Revenue bonds, net of bond discount	1,776,283	1,914,752
Unearned revenues	428,571	642,856
Net OPEB liability	461,000	459,000
Compensated absences	818,476	750,901
Total long-term liabilities	3,484,330	3,767,509
Total liabilities	4,461,253	6,547,248
DEFERRED INFLOWS OF RESOURCES		
Differences between expected and actual experience - pension	142,861	79,584
Changes of assumptions - pension	60,850	129,998
Net difference between projected and actual earnings on pension plan investments - pension	175,727	262,530
Differences between expected and actual experience - OPEB	9,353	10,000
Net difference between projected and actual earnings on OPEB plan investments	16,949	22,208
Changes of assumptions - OPEB	19,000	24,000
Changes of proportionate share - OPEB	16,000	20,000
OPEB contributions after measurement date	-	1,705
Total deferred inflows of resources	440,740	550,025
Total liabilities and deferred inflows of resources	4,901,993	7,097,273
NET POSITION		
Net investment in capital assets	12,321,302	11,327,299
Restricted:		
Debt service and repair reserve - per debt covenant	-	1,730,501
Operating reserve - per jail service agreement	3,275,616	3,109,273
Pension and OPEB	509,508	194,773
Unrestricted	465,899	126,678
Total net position	$ 16,572,325	$ 16,488,524

See accompanying notes to financial statements.

PAMUNKEY REGIONAL JAIL AUTHORITY
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2019 and 2018

	2019	2018
OPERATING REVENUES		
Charges for services:		
County of Hanover	$ 4,824,917	$ 5,662,664
Town of Ashland	499,168	384,435
County of Caroline	1,564,336	1,907,916
Charges to other governments	647,684	333,092
Other	652,673	631,349
Total operating revenues	8,188,778	8,919,456
OPERATING EXPENSES		
Personal services	6,114,823	6,224,437
Fringe benefits	1,800,172	1,966,444
Contractual services	641,182	589,918
Other operating expenses and supplies	3,237,342	3,271,894
Depreciation	1,101,381	1,073,364
Total operating expenses	12,894,900	13,126,057
Operating loss	(4,706,122)	(4,206,601)
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental:		
Revenue from the Commonwealth of Virginia:		
Categorical aid: shared expenses and fees	4,662,059	4,840,437
Federal grant revenues	5,320	1,931
Interest income	142,440	78,394
Interest expense	(19,896)	(91,181)
Net nonoperating revenues	4,789,923	4,829,581
Change in net position	83,801	622,983
Total net position, beginning of year-as restated (1)	16,488,524	15,865,541
Total net position, end of year	$ 16,572,325	$ 16,488,524

(1) Cumulative effect of change in accounting principle for fiscal year 2018 relates to the implementation of GASB Statement No. 75.

See accompanying notes to financial statements.

PAMUNKEY REGIONAL JAIL AUTHORITY
Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Charges to governments for inmates	$ 7,435,026	$ 8,181,417
Other revenues	438,387	417,063
Payments to suppliers	(3,858,070)	(3,794,732)
Payments to employees	(8,200,463)	(8,278,814)
Net cash used in operating activities	(4,185,120)	(3,475,066)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Intergovernmental revenue received	4,717,132	4,864,015
Net cash provided by noncapital financing activities	4,717,132	4,864,015
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for capital asset additions	(312,668)	(520,750)
Principal payments on long-term debt	(1,827,068)	(1,755,681)
Interest paid on long-term debt	(54,879)	(124,715)
Net cash used in capital and related financing activities	(2,194,615)	(2,401,146)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on cash and cash equivalents	142,440	78,394
Net cash provided by investing activities	142,440	78,394
Net decrease in cash and cash equivalents with fiscal agent	(1,520,163)	(933,803)
Total cash and cash equivalents with fiscal agent at beg. of year	6,673,701	7,607,504
Total cash and cash equivalents with fiscal agent at end of year	$ 5,153,539	$ 6,673,701

See accompanying notes to financial statements.

(continued)

PAMUNKEY REGIONAL JAIL AUTHORITY
Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	2019	2018
Operating loss	$ (4,706,122)	$ (4,206,601)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	1,101,381	1,073,364
Amortization	44,351	44,358
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts and accrued interest receivable - member jurisdictions	(13,427)	(77,388)
Due from Federal Government	(87,652)	(29,302)
OPEB contributions after measurement date	(1,255)	(28,295)
OPEB liability	40,265	(112,246)
Pension contributions after measurement date	13,566	(13,260)
Pension asset	(352,999)	(1,028,172)
Increase (decrease) in:		
Accounts payable	(23,901)	22,721
Accrued liabilities	(5,601)	5,827
Unearned revenues	(214,286)	(214,286)
Compensated absences	17,843	114,172
Net OPEB deferred flow of resources	(29,372)	38,129
Net difference between projected and actual earnings on OPEB plan investments	(39,855)	76,208
Net pension deferred flows of resources	71,944	859,705
Net cash used in operating activities	$ (4,185,120)	$ (3,475,066)
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS WITH FISCAL AGENT:		
Cash and cash equivalents with fiscal agent-current	$ 1,877,923	$ 1,833,927
Restricted cash and cash equivalents with fiscal agent-noncurrent	3,275,616	4,839,774
Total cash and cash equivalents with fiscal agent	$ 5,153,539	$ 6,673,701

See accompanying notes to financial statements.

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, 2019 and 2018 were as follows:

	2019	2018
Debt service and repair reserve	$ -	$1,730,501
Operating reserve	$3,275,616	$3,109,273
	$3,275,616	$4,839,774

It is the Jail Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

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 are expensed when incurred.

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 $3,275,616 for June 30, 2019 and $3,109,273 for June 30, 2018.

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 workers' compensation insurance is provided through the Virginia Association of Counties (VACo).

Note 1 – Summary of significant account policies (continued)

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. **Deferred Outflows/Inflows of Resources** – The Statement of Net Position reports a separate section for deferred outflows of resources, in addition to assets, for deferred charges on refunding and amounts related to pensions and other post-employment benefits. Deferred outflows for pension result from changes in actual economic experience that is different than estimated and pension contributions made subsequent to the measurement date. Changes in actuarial assumptions are deferred and amortized over the remaining service life of all participants and investment experience amounts are deferred and amortized over a closed five-year period. Contributions made subsequent to the measurement date are recognized the following year.

The Statement of Net Position reports a separate section for deferred inflows of resources, in addition to liabilities, related to pensions and other post-employment benefit plans. Actuarial losses resulting from a difference in expected and actual experience, changes in actuarial assumptions and changes in proportionate share are deferred and amortized over the remaining service life of all participants. Deferred inflows resulting from pension and other post employment benefit returns lower than projected earnings are also deferred and amortized over a closed five-year period. Contributions made subsequent to the measurement date are recognized the following year.

N. **Pension Plan –** The Jail Authority is consistent with Virginia Retirement System (VRS) guidance in respect to its pension reporting, including their measurement of retirement plan net pension liabilities, deferred outflows of resources and deferred inflows of resources, pension expense, information about the fiduciary net position of the VRS multiple-employer (VRS Local Plans).

GAAP requires the liability of employers for defined benefit pensions to be measured as the portion of the present value of projected benefits payments to be provided through pension plan to current active and inactive employees that is attributed to those employees' past period of service, less the amount of the pension plan's fiduciary net position. The Jail Authority recorded the impact of the related net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense. Refer to Note 8 for further information on the defined benefit pension plan.

O. **Retiree Medical Benefits Plan and Trust –** The Jail Authority's fiscal agent, Hanover County, has established the Hanover County Retiree Medical Benefits Plan a multiple-employer defined benefit plan and related Trust to provide health insurance benefits to the employees and retired employees of the County and other participating employers including the Jail Authority. The Hanover County Finance Board was established pursuant to Virginia Code § 15.2-1547 is responsible for the oversight of the Hanover Retiree Medical Benefits Trust, established pursuant to Virginia § Code 15.2-1544, which provides its authority under which benefit terms are established or may be amended. The related Medical Trust OPEB asset, deferred outflows or resources and deferred inflows of resources related to the Medical Trust OPEB Plan, and Medical Trust OPEB expense have been measured and reported in accordance with GAAP as prepared by the County's external actuary. Additionally, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1 – Summary of significant account policies (continued)

P. **Group Life Insurance** – The Jail Authority participates in the VRS Group Life Insurance (GLI) program.

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

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, 2019 and 2018 the Jail Authority's carrying value of deposits and investments as part of the County pooled cash and investments was $5,153,539 and $6,673,701, 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.

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

The following tables present pooled cash and cash equivalents and investments with fiscal agent at fair value at June 30, 2019 and 2018:

Assets:	Balance June 30, 2019	Quoted prices in active market (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments by fair value level:				
Cash and cash equivalents in pooled funds	$ 1,223,719	$ 1,223,719	$ -	$ -
Investments in pooled funds	2,101,528	1,340,757	760,771	-
Total	$ 3,325,247	$ 2,564,476	$ 760,771	$ -
Cash equivalents and short-term investments measured at the amortized costs:				
Money Market Fund	142,538			
Certificates of Deposit	257,763			
LGIP	1,065,863			
LGIP EM	362,128			
Total of CD and Investments	$ 5,153,539			

Assets:	Balance June 30, 2018	Quoted prices in active market (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments by fair value level:				
Cash and cash equivalents in pooled funds	$ 1,506,192	$ 1,506,192	$ -	$ -
Investments in pooled funds	3,556,027	886,251	2,669,776	-
Total	$ 5,062,219	$ 2,392,443	$ 2,669,776	$ -
Cash equivalents and short-term investments measured at the amortized costs:				
Money Market Fund	28,834			
Commercial Paper	384,336			
Certificates of Deposit	742,840			
LGIP	21,866			
LGIP EM	433,606			
Total of CD and Investments	$ 6,673,701			

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

Interest Rate Risk: As a means of limiting exposure to fair value losses arising from interest rates, both the reporting entity's pooled investment portfolio and the Trust manage maturity of fixed-income accounts to precede or coincide with the expected need of funds, which resulted in the creation of three pooled investment portfolios of differing maturities and the classification of Trust investments into liquidity and investment assets. The Fiscal agent's policy also limits the investment of operating funds to investments with a stated maturity of no more than five years from the date of purchase, except proceeds from the sale of bonds, which must be invested in compliance with the specific requirement of bond covenants, and may be invested in securities with longer maturities. The Trust policy has established a fixed-income investment objective based on a five-year rolling market cycle investment horizon, to minimize principle fluctuations and limit the potential for and duration of fixed-income investment losses over that investment horizon due to interest rate fluctuations. The Trust policy also encourages active fixed-income investment management and requires quarterly reporting of fixed-income investment performance to the Trust's Finance Board.

Credit Risk: As required by the State statute, the Fiscal Agent's Policy requires that commercial paper have a short-term debt rating of no less than A-1 (or its equivalent) from at least two of the following: Moody's Investors Service, Standard & Poor's and Fitch Ratings, and that its maturity may not exceed 270 days and the issuing corporation, or its guarantor must have a net worth of at least $50 million and the issuer's net income must average $3 million for the five previous years.

Corporate notes must have a rating of at least "AA" by Standard & Poor's and "Aa" by Moody's Investor Service. The final maturity shall not exceed a period of 5 years from the time of purchase. Notes having a maturity of greater than one year must be rated "AA" by Standard & Poor's and "Aa" by Moody's Investor Service. Negotiable Certificates of Deposit and Bank Deposit Notes maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investor Service. Notes having a maturity of greater than one year must be rated "AA" by Standard & Poor's and "Aa" by Moody's Investor Service.

Custodial Credit Risk - Deposits: For deposits, custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. The Fiscal Agent's deposits at June 30, 2019 were fully insured under the Virginia Security for Public Deposits Act and are therefore not considered to be subject to custodial credit risk.

Custodial Credit Risk – Investments: For investments, custodial risk is the risk that, in the event of the failure of the counterparty, the reporting entity will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Fiscal Agent's policy requires that all investment securities purchased for the County be held by the County or by the County's designated custodian. If held by a custodian, the securities must be in the County's or the custodian's nominee name and identifiable on the custodian's books as belonging to the County and the custodian must be a third-party, not a counterparty to the investment transaction. As of June 30, 2019, all of the County's pooled investments were held by the trust department of the County's custodial bank in the County's name. Additionally, all Trust investments were held by the trust department of the Trust's custodial bank in the Trust's name as of June 30, 2019.

Note 3 – Capital Assets

The following schedule denote the changes in capital assets for the year ended June 30, 2019 and 2018:

	Balance June 30, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
Capital assets not being depreciated:					
Land	$ 70,825	$ -	$ -	$ -	$ 70,825
Total non depreciable assets	70,825	-	-	-	70,825
Capital assets being depreciated:					
Buildings	27,833,635	-	-	-	27,833,635
Improvements other than buildings	3,270,050	79,390	-	-	3,349,440
Vehicles and equipment	1,144,695	233,278	23,500	-	1,354,473
Total capital assets being depreciated	32,248,380	312,668	23,500	-	32,537,548
Accumulated depreciation:					
Buildings	15,904,099	812,676	-	-	16,716,775
Improvements other than buildings	485,974	204,257	-	-	690,231
Vehicles and equipment	904,364	84,448	23,500	-	965,312
Total accumulated deprecation	17,294,437	1,101,381	23,500	-	18,372,318
Total capital assets being depreciated (net)	14,953,944	(788,713)	-	-	14,165,230
Total capital assets, net	$ 15,024,769	$ (788,713)	$ -	$ -	$ 14,236,055

	Balance June 30, 2017	Additions	Deletions	Transfers	Balance June 30, 2018
Capital assets not being depreciated:					
Land	$ 70,825	$ -	$ -	$ -	$ 70,825
Total non depreciable assets	70,825	-	-	-	70,825
Capital assets being depreciated:					
Buildings	27,833,635	-	-	-	27,833,635
Improvements other than buildings	2,761,380	508,670	-	-	3,270,050
Vehicles and equipment	1,178,639	12,080	46,024	-	1,144,695
Total capital assets being depreciated	31,773,654	520,750	46,024	-	32,248,380
Accumulated depreciation:					
Buildings	15,054,144	812,676	-	37,279	15,904,099
Improvements other than buildings	373,708	149,545	-	(37,279)	485,974
Vehicles and equipment	839,245	111,143	46,024	-	904,364
Total accumulated deprecation	16,267,097	1,073,364	46,024	-	17,294,437
Total capital assets being depreciated (net)	15,506,557	(552,614)	-	-	14,953,943
Total capital assets, net	$ 15,577,382	$ (552,614)	$ -	$ -	$ 15,024,768

In FY18, Accumulated Depreciation of $37,279 was reclassified from the Asset Class group "Improvements other than Buildings" to "Buildings"

Note 4 – Interest Payable

Accrued bond interest payable totaled $0 and $34,983 at June 30, 2019 and 2018, 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.

Note 5 – Revenue Bonds Payable (continued)

The following schedule reflects changes in long-term liabilities for the years ended June 30, 2019 and 2018:

	Balance June 30, 2018	Increase	Decrease	Balance June 30, 2019
Series 2001				
Advance refunding revenue bonds	$ 1,690,000	$ -	$ 1,690,000	$ -
Series 2016				
Energy Conservation revenue note	2,051,820	-	137,068	1,914,752
Total revenue bonds/note	3,741,820	-	1,827,068	1,914,752
Compensated absences	865,073	80,981	63,138	882,916
Unearned revenues	857,142	-	214,286	642,857
Less amounts due within one year:				
Compensated absences	(114,172)	49,732	-	(64,440)
Unearned revenues	(214,286)	-	-	(214,286)
Revenue bonds/note	(1,827,068)	1,688,599	-	(138,469)
Total current portion long-term liabilities	(2,155,526)	1,738,331	-	(417,195)
Total long-term liabilities	$ 3,308,510	$ 1,819,312	$ 2,104,492	$ 3,023,329

	Balance June 30, 2017	Increase	Decrease	Balance June 30, 2018
Series 2001				
Advance refunding revenue bonds	$ 3,310,000	$ -	$ 1,620,000	$ 1,690,000
Series 2016				
Energy Conservation revenue note	2,187,501	-	135,681	2,051,820
Total revenue bonds/note	5,497,501	-	1,755,681	3,741,820
Compensated absences	750,901	164,712	50,540	865,073
Unearned revenues	1,071,428	-	214,286	857,142
Less amounts due within one year:				
Compensated absences	(134,511)	20,339	-	(114,172)
Unearned revenues	(214,286)	-	-	(214,286)
Revenue bonds/note	(1,755,681)	(71,387)	-	(1,827,068)
Total current portion long-term liabilities	(2,104,478)	(51,048)	-	(2,155,526)
Total long-term liabilities	$ 5,215,352	$ 113,664	$ 2,020,507	$ 3,308,510

Note 5 – Revenue Bonds Payable (continued)

Debt Service Requirements on outstanding long-term liabilities were composed of the following at June 30, 2019:

Year ending June 30,	Revenue Debt Principal	Revenue Debt Interest	Total Payment
2020	$ 138,469	$ 18,770	$ 157,239
2021	139,885	17,354	157,239
2022	141,315	15,924	157,239
2023	142,759	14,480	157,239
2024	144,218	13,020	157,238
2025-2029	743,510	42,684	786,194
2030-2032	464,596	7,120	471,716
Total	$ 1,914,752	$ 129,352	$ 2,044,104

Details of the revenue bonds of the Jail Authority at June 30, 2019 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	$ -
Series 2016 Energy Conservation revenue notes	3.40%	9/29/2016	2031	$ 2,187,501	$ 138,469

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 $882,916 and $865,073 at June 30, 2019 and 2018, 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, 2019 and 2018 was $64,440 and $114,172, 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.

Note 8 – Defined Benefit Pension Plan

Plan Description – The Jail Authority participates in an agent multiple-employer defined benefit pension plan administered by the "VRS", which 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, 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:

VRS PLAN 1	VRS PLAN 2	VRS HYBRID RETIREMENT PLAN
About VRS Plan 1 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.	**About VRS Plan 2** 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.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members")

Note 8 – Defined Benefit Pension Plan (continued)

		• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013. **Hybrid Opt-In Election** VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the	**Eligible Members** 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. **Hybrid Opt-In Election** 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. The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • State employees* • School division employees • Political subdivision employees* • Judges appointed or elected to an original term on or after January 1, 2014 • 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 *Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan.

Note 8 – Defined Benefit Pension Plan (continued)

election window, they were also eligible to opt into the Hybrid Retirement Plan. 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.	election window, they were also eligible to opt into the Hybrid Retirement Plan. 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.	They include: • Members of the State Police Officers' Retirement System (SPORS) • Members of the Virginia Law Officers' Retirement System (VaLORS) • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees 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.
Retirement Contributions 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.	**Retirement Contributions** Same as VRS Plan 1.	**Retirement Contributions** A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

Note 8 – Defined Benefit Pension Plan (continued)

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

Note 8 – Defined Benefit Pension Plan (continued)

their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.		(60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. **Defined Contributions Component:** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.

Note 8 – Defined Benefit Pension Plan (continued)

Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	**Calculating the Benefit** See definition under VRS Plan 1.	**Calculating the Benefit** **<u>Defined Benefit Component:</u>** See definition under VRS Plan 1 **<u>Defined Contribution Component:</u>** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as VRS Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. 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.	**Service Retirement Multiplier** 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.	**Service Retirement Multiplier** The retirement multiplier is 1.0%. 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.

Note 8 – Defined Benefit Pension Plan (continued)

Normal Retirement Age Age 65.	**Normal Retirement Age** Normal Social Security retirement age.	**Normal Retirement Age** **<u>Defined Benefit Component:</u>** Same as VRS Plan 2. **<u>Defined Contribution Component:</u>** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility 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. 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.	**Earliest Unreduced Retirement Eligibility** 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. 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.	**Earliest Unreduced Retirement Eligibility** **<u>Defined Benefit Component:</u>** 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. **<u>Defined Contribution Component:</u>** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility 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.	**Earliest Reduced Retirement Eligibility** Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.	**Earliest Unreduced Retirement Eligibility** **<u>Defined Benefit Component:</u>** Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. **<u>Defined Contribution Component:</u>** Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Note 8 – Defined Benefit Pension Plan (continued)

Cost-of-Living Adjustment (the "COLA") in Retirement 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%. **Eligibility:** 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. 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.	**Cost-of-Living Adjustment in Retirement** 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%. **Eligibility:** Same as VRS Plan 1.	**Cost-of-Living Adjustment in Retirement** **Defined Benefit Component:** Same as VRS Plan 2. **Defined Contribution Component:** Not applicable. **Eligibility:** Same as VRS Plan 1 and VRS Plan 2.

Note 8 – Defined Benefit Pension Plan (continued)

Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (the "VSDP"). • The member Is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	**Exceptions to COLA Effective Dates:** Same as VRS Plan 1.	**Exceptions to COLA Effective Dates:** Same as VRS Plan 1 and VRS Plan 2.

Note 8 – Defined Benefit Pension Plan (continued)

Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the VSDP, and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	**Disability Coverage** Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the VSDP, and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	**Disability Coverage** 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. 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. 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.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan.	**Purchase of Prior Service** Same as VRS Plan 1.	**Purchase of Prior Service** **<u>Defined Benefit Component:</u>** Same as VRS Plan 1. **<u>Defined Contribution Component:</u>** Not applicable.

Note 8 – Defined Benefit Pension Plan (continued)

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.		

VRS issues a publicly available Comprehensive Annual Financial Report (CAFR) 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 https://www.varetire.org/pdf/publications/2018-annual-report.pdf , or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Employees Covered by Benefit Terms - As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

Inactive members or their beneficiaries currently receiving benefits	49
Inactive members:	
Vested	33
Non-vested	96
LTD	-
Active elsewhere in VRS	98
Total inactive members	227
Active members	116
Total covered employees	392

Funding Policy – Plan members are required by Title 51.1-145 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 rate for the year ended June 30, 2019 was 10.06% of annual covered employee payroll. These rates were based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 $563,566, $577,132 and $563,871 for the year ended June 30, 2019, 2018 and 2017, respectively.

Note 8 – Defined Benefit Pension Plan (continued)

Net Pension Asset – At June 30, 2019 and 2018, the Jail Authority reported a net pension asset of $488,083 and $135,084, respectively. The net pension asset as of June 30, 2019 and 2018 were measured as of June 30, 2018 and 2017, respectively. The total pension liability used to calculate the net pension asset was determined by actuarial valuations performed as of June 30, 2017 and 2016, respectively, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement dates of June 30, 2018 and 2017, respectively.

Actuarial Assumptions – The total pension asset was based on an actuarial valuation as of June 30, 2017 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, 2018:

• 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	15% of deaths are assumed to be service
• Pre-Retirement	RP-2014 Employee Mortality Table Projected with Annuitant Rates at ages 80 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.
• Post-Retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.
• Post-Disablement	RP-2014 Disabled Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; Females 125% of rates.

* 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 GAAP 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.

Note 8 – Defined Benefit Pension Plan (continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Updated mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement

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:

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

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

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions: political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY2012 or 90% of the actuarially determined employer contribution rate from June 30, 2015, actuarial valuations, whichever was greater. From July 1, 2018 on, participating employers 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 active and inactive members.

Note 8 – Defined Benefit Pension Plan (continued)

Therefore, the Long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at June 30, 2018	$ 17,116,706	$ 17,251,790	$(135,084)
Service cost	810,882	-	810,882
Interest	1,180,501	-	1,180,501
Difference between expected and actual experience	(204,078)	-	(204,078)
Contributions-employer	-	577,132	(577,132)
Contributions-employee	-	286,770	(286,770)
Net investment income	-	1,288,187	(1,288,187)
Benefit payments, including refunds of employee contributions	(504,807)	(504,807)	-
Administrative expenses	-	(10,613)	10,613
Other changes	-	(1,172)	1,172
Net changes	1,282,498	1,635,497	(352,999)
Balances at June 30, 2019	$18,399,204	$18,887,287	($488,083)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at June 30, 2017	$ 15,870,635	$ 14,977,547	$893,088
Service cost	822,851	-	822,851
Interest	1,096,012	-	1,096,012
Changes in assumptions	(199,146)	-	(199,146)
Difference between expected and actual experience	(47,017)	-	(47,017)
Contributions-employer	-	563,871	(563,871)
Contributions-employee	-	281,610	(281,610)
Net investment income	-	1,867,264	(1,867,264)
Benefit payments, including refunds of employee contributions	(426,629)	(426,629)	-
Administrative expenses	-	(10,187)	10,187
Other changes	-	(1,686)	1,686
Net changes	1,246,071	2,274,243	(1,028,172)
Balances at June 30, 2018	$17,116,706	$17,251,790	($135,084)

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, 2019 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:

	1% Decrease (6%)	7% Discount Rate	1% Increase (8%)
Net Pension Liability (Asset)	$ 2,328,444	($488,083)	($2,793,392)

The following presents the net pension liability (asset) of the Jail Authority at June 30, 2018.

	1% Decrease (6%)	7% Discount Rate	1% Increase (8%)
Net Pension Liability (Asset)	$ 2,521,405	($135,084)	($2,305,869)

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions For the year ended June 30, 2019, the Jail Authority recognized pension expense of $296,075. At June 30, 2019, the Jail Authority reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 79,014	$ 142,861
Changes of assumptions	-	60,850
Difference between projected and actual earnings on pension plan investments	-	175,727
Employer contributions subsequent to the measurement date	563,566	-
Total	$ 642,580	$ 379,438

Deferred outflows of resources related to pensions resulting from the Jail Authority's contributions subsequent to the measurement date in the amount of $563,566 will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

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

Year ending June 30,	Amount
2020	$ (33,766)
2021	(78,375)
2022	(174,601)
2023	(13,682)
2024	-
	$ (300,424)

Note 8 – Defined Benefit Pension Plan (continued)

For the year ended June 30, 2018, the Jail Authority recognized pension expense of $395,403. At June 30, 2018, the Jail Authority reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 243,630	$ 79,584
Changes of assumptions	-	129,998
Difference between projected and actual earnings on pension plan investments	-	262,530
Employer contributions subsequent to the measurement date	577,132	-
Total	$ 820,762	$ 472,112

Deferred outflows of resources related to pensions resulting from the Jail Authority's contributions subsequent to the measurement date in the amount of $577,132 was recognized as a reduction of the net pension liability in the year ending June 30, 2019.

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

Year ending June 30,	Amount
2019	$ (111,277)
2020	55,499
2021	(11,784)
2022	(160,920)
2023	-
	$ (228,482)

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 Jail Authority accounts for and reports its participation in the Plan by applying the requirements for a cost-sharing multiple-employer plan. 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.

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

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. A copy of Hanover County's FY2019 CAFR may be downloaded from the following website, https://www.hanovercounty.gov/283/Comprehensive-Annual-Financial-Report.

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.

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.

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.

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

The January 1, 2019 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% discount rate of return based on advice from the Trust's investment advisors and an annual payroll increase assumption of 2.5%. The initial unfunded actuarial liability is being amortized as a level percentage of projected payroll on a closed basis over thirty years. Mortality rates were based on the RP-2000 Fully Generational Combined table.

The geometric method is used for the long-term expected rate of return of OPEB plan investments is 7.7% on Equities (Including US and International), 5.0% on Core Bonds, 6.0% on Intermediate Investment Grade Investments, 7.3% on Emerging Market Debt, 6.0% on High Yield Investments, and 5.2% on Bank Loans.

The discount rate used to measure the total OPEB liability was 7.0%, unchanged from Plan Inception. This is the expected rate of return on trust assets. The OPEB Trust Board established 7.0% as the long-term target rate for the Plan over a rolling five year period. This is included in the most recent Investment Policy adopted on May 31, 2016. The OPEB Trust Board reviews annual feasibility studies performed by the Plan's investment consultant to consider the ongoing appropriateness of the target rate and whether a change should be considered. The Plan is not affected by changes in the Long Term Medical Trend.

Contributions
The Plan is funded through member and employer contributions on a pay-as-you-go basis. Retirees receiving benefits contribute a minimum of 74.6% of the health insurance premium rate for retiree only, retiree + one minor child, retiree & spouse, retiree + children, and family coverage, respectively. The actual contribution within each range depends on the health plan selected by the retiree. During the current year, retired Authority members contributed $0, of the total premiums through their required contributions.

Retiree medical activity is processed through the self-insurance fund on a pay-go basis. The Trust Board determines whether there should be any withdrawals or contributions made to the Trust. There were no cash contributions or withdrawals during the year ended June 30, 2019, and therefore, no subsequent activity to disclose.

Net Postemployment Healthcare Plan and Other Postemployment Benefits (OPEB) Asset – At June 30, 2019 and 2018, the Jail Authority reported a net OPEB asset of $21,425 and $59,689, respectively. The net OPEB asset was measured as of June 30, 2018 and 2017. The total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation performed as of January 1, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled back to the measurement date of June 30, 2018.

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate – The following presents the net OPEB asset of the Jail Authority at June 30, 2019, using the discount rate of 7%, as well as what the net OPEB 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:

	1% Decrease (6%)	7% Discount Rate	1% Increase (8%)
Net OPEB Asset	($ 18,253)	($ 21,425)	($ 24,389)

The following presents the net OPEB asset of the Jail Authority at June 30, 2018.

	1% Decrease (6%)	7% Discount Rate	1% Increase (8%)
Net OPEB Asset	($ 51,408)	($ 59,689)	($ 67,419)

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

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2019, the Jail Authority recognized OPEB expense of $4,574. At June 30, 2019, the Jail Authority reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 353
Difference between projected and actual earnings on OPEB plan investments	-	1,949
Change in Proportion	31,321	-
Total	$ 31,321	$ 2,302

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

Year ending June 30,	Amount
2020	$ 3,825
2021	3,825
2022	3,827
2023	4,270
2024	4,424
Thereafter	8,848
	$ 29,019

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2018, the Jail Authority recognized OPEB expense of $1,091. At June 30, 2018, the Jail Authority reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on OPEB plan investments	$ -	$ 5,208
Employer activity subsequent to the measurement date	-	1,705
Total	$ -	$ 6,913

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

*The $1,705 reported as deferred inflows of resources represents the excess amount of funds withdrawn from the Trust in excess of related retiree subsidy payments for the year ended June 30, 2018. This amount was used to reduce retiree subsidies during fiscal year ending June 30, 2019. This amount was recognized as a reduction of the Net OPEB asset in the fiscal year ending June 30, 2019.

Deferred outflows of resources related to OPEB resulting from the Jail Authority's contributions subsequent to the measurement date in the amount of $1,705 was recognized as a reduction of the net OPEB liability in the year ending June 30, 2019.

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

Year ending June 30,	Amount
2019	$ (1,302)
2020	(1,302)
2021	(1,302)
2022	(1,302)
2023	-
Thereafter	-
	$ (5,208)

Note 10 - Postemployment Group Life Insurance Plan and Other Postemployment Benefits (OPEB) Trust

Group Life Insurance

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

General Information about the GLI Program

Plan Description

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

Note 10 - Postemployment Group Life Insurance Plan and Other Postemployment Benefits (OPEB) Trust (continued)

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

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS

Eligible Employees

The GLI Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.

Basic group life insurance coverage is automatic upon employment. Coverage end for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

Benefit Amounts

The benefits payable under the GLI Program have several components.

- **Natural Death Benefit** – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- **Accidental Death Benefit** – The accidental death benefit is double the natural death benefit.
- **Other Benefit Provisions** – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
    - Accidental dismemberment benefit
    - Safety belt benefit
    - Repatriation benefit
    - Felonious assault benefit
    - Accelerated death benefit option

Reduction in benefit Amounts

The benefit amounts provided to members covered under the GLI Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

Note 10 - Postemployment Group Life Insurance Plan and Other Postemployment Benefits (OPEB) Trust (continued)

Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution, which the Jail does, however the employer must pay all of the employer contribution.

Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program from the Jail Authority were $29,550, $30,000, and $29,288 for the years ended June 30, 2019, 2018 and 2017, respectively.

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

At June 30, 2019 and 2018, the Jail Authority reported a liability of $461,000 and $459,000, respectively for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and 2017 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2018 and 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was 0.03039% as compared to 0.03053% at June 30, 2017.

For the year ended June 30, 2019 and 2018, the Jail Authority recognized GLI OPEB expense of ($3,000) and $1,000 respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Note 10 - Postemployment Group Life Insurance Plan and Other Postemployment Benefits (OPEB) Trust (continued)

At June 30, 2019, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 23,000	$ 9,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	15,000
Change in assumptions	-	19,000
Changes in proportion	-	16,000
Employer contributions subsequent to the measurement date	29,550	-
Total	$ 52,550	$ 59,000

$29,550 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods.

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

Year ended June 30,	Amount
FY 2020	$ (11,000)
FY 2021	(11,000)
FY 2022	(11,000)
FY 2023	(7,000)
FY 2024	1,000
Thereafter	3,000
	$ (36,000)

Note 10 - Postemployment Group Life Insurance Plan and Other Postemployment Benefits (OPEB) Trust (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 10,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	17,000
Change in assumptions	-	24,000
Changes in proportion	-	20,000
Employer contributions subsequent to the measurement date	30,000	-
Total	$ 30,000	$ 71,000

$30,000 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date was recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2019.

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

Year ended June 30,	Amount
FY 2019	$ (15,000)
FY 2020	(15,000)
FY 2021	(15,000)
FY 2022	(15,000)
FY 2023	(10,000)
Thereafter	(1,000)
	$ (71,000)

Note 10 - Postemployment Group Life Insurance Plan and Other Postemployment Benefits (OPEB) Trust (continued)

Actuarial Assumptions

The June 30, 2018 total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP 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 the OPEB liabilities.

Mortality rates – Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Note 10 - Postemployment Group Life Insurance Plan and Other Postemployment Benefits (OPEB) Trust (continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Note 10 - Postemployment Group Life Insurance Plan and Other Postemployment Benefits (OPEB) Trust (continued)

Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the system's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the GLI Program are as follows:

GLI OPEB Program

	2019	**2018**
Total GLI OPEB Liability	$3,113,508	$2,942,426
Plan Fiduciary Net Position	(1,594,773)	(1,437,586)
Employer's Net GLI OPEB Liability (Asset)	$1,518,735	$1,504,840
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%	48.86%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GAAP in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

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

Note 10 - Postemployment Group Life Insurance Plan and Other Postemployment Benefits (OPEB) Trust (continued)

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

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of actuarially determined contribution rate. From July 1, 2018 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability. The Plan is not affected by changes in the long-term medical trend.

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

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

Note 10 - Postemployment Group Life Insurance Plan and Other Postemployment Benefits (OPEB) Trust (continued)

		(6.00%)		Rate (7.00%)		(8.00%)
Employer's proportionate share of the Group Life Insurance Program Net OPEB Liability 2019	$	603,000	$	461,000	$	346,000
2018	$	594,000	$	459,000	$	350,000

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2018 CAFR. A copy of the VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers – Hazardous Duty Employees

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

Note 11 – 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 $420,000 related to such services for the year ended June 30, 2019.

Note 12 – 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, 2019 was $214,286 and the remaining balance of unearned revenue related to the signing bonus was $642,857.

PAMUNKEY REGIONAL JAIL AUTHORITY
Required Supplementary Information
June 30, 2019 and 2018

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

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	$ 810,882	$ 822,851	$ 854,913	$ 821,307	$ 825,135
Interest on total pension liability	1,180,501	1,096,012	958,226	897,941	807,387
Changes in assumptions	-	(199,146)	-	-	-
Difference between expected and actual experience	(204,078)	(47,017)	572,862	(434,884)	-
Benefit payments	(504,807)	(426,629)	(408,610)	(437,691)	(240,113)
Net change in total pension liability	1,282,498	1,246,071	1,977,391	846,673	1,392,409
Total pension liability-beginning	17,116,706	15,870,635	13,893,244	13,046,571	11,654,162
Total pension liability-ending (a)	18,399,204	17,116,706	15,870,635	13,893,244	13,046,571
Total fiduciary net position					
Contributions-employer	577,132	563,871	649,554	643,459	675,696
Contributions-employee	286,770	281,610	306,806	284,674	265,409
Net investment income	1,288,187	1,867,264	265,319	614,739	1,735,732
Benefit payments	(504,807)	(426,629)	(408,610)	(437,691)	(240,113)
Administrative expense	(10,613)	(10,187)	(8,374)	(7,790)	(8,681)
Other	(1,172)	(1,686)	(109)	(133)	92
Net change in plan fiduciary net position	1,635,497	2,274,243	804,586	1,097,258	2,428,135
Plan fiduciary net position-beginning	17,251,790	14,977,547	14,172,961	13,075,703	10,647,568
Plan fiduciary net position-ending (b)	18,887,287	17,251,790	14,977,547	14,172,961	13,075,703
Net pension liability (asset) ending (a)-(b	$ (488,083)	$ (135,084)	$ 893,088	$ (279,717)	$ (29,132)
Plan fiduciary net position as a % of total pension liability (asset)	3.870%	12.771%	1.677%	5.067%	44.884%
Covered payroll	$5,768,450	$5,631,567	$5,702,794	$5,640,264	$5,263,254
Net pension liability (asset) as a % covered payroll	8.46%	2.40%	15.66%	4.96%	0.55%

* 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, 2019 and 2018

Schedule of Employer Contributions - Pension (unaudited):

Date	Contractually Required Contribution of Employer (1)	Contributions Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2019	$563,566	$563,566	$ -	$5,667,031	9.94%
2018	$577,132	$577,132	$ -	$5,768,450	10.00%
2017	$563,871	$563,871	$ -	$5,631,567	10.02%
2016	$649,554	$649,554	$ -	$5,702,794	11.39%
2015	$643,459	$643,459	$ -	$5,640,264	11.41%

* 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.

Schedule of Employer's Share of Net OPEB Asset
Healthcare Program
For the Year Ended June 30 *

	2019	2018
Employer's Proportion of the Net Healthcare OPEB Asset	1.28%	3.72%
Employer's Proportionate Share of the Net Healthcare OPEB Asset	$ (21,425)	$ (59,689)
Employer's Covered Payroll	$ 5,768,450	$5,631,567
Employer's Proportionate Share of the Net Healthcare OPEB Asset as a Percentage of its Covered Payroll	(0.37%)	(1.06%)
Plan Fiduciary Net Position as a Percentage of the Total Healthcare OPEB Asset	145.48%	144.81%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only two years of data are available. However, additional years will be included as they become 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, 2019 and 2018

Schedule of Employer OPEB Contributions – Healthcare Plan (unaudited):

Date	Contractually Required Contribution of Employer (1)	Contributions Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2019	$ -	$ -		$5,667,031	0.04%
2018	$ -	$ 536	$ -	$5,768,450	0.12%

* Note: Schedule is intended to show information for 10 years. Since 2018 is the first fiscal year for presentation, no earlier data are available.

See accompanying report of independent auditor

Schedule of Employer's Share of Net OPEB Liability
GLI Program
For the Year Ended June 30 *

	2019	2018
Employer's Proportion of the Net GLI OPEB Liability	0.03039%	0.03053%
Employer's Proportionate Share of the Net GLI OPEB Liability	$ 461,000	$ 459,000
Employer's Covered Payroll	$ 5,768,450	$5,631,567
Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	7.99%	8.15%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%	48.86%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only two years of data are available. However, additional years will be included as they become 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, 2019 and 2018

Schedule of Employer OPEB Contributions – Group Life Insurance Plan (unaudited):

Date	Contractually Required Contribution of Employer (1)	Contributions Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2019	$29,550	$29,550	$ -	$5,667,031	0.52%
2018	$30,000	$30,000	$ -	$5,768,450	0.52%

*Note: Schedule is intended to show information for 10 years. Since 2018 is the first fiscal year for presentation, no earlier data are available.

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 position by components, changes in net position, 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									
	2019	2018 (2)	2017	2016	2015 (1)	2014	2013	2012	2011	2010
Net investment in capital assets	$ 12,321,302	$ 11,327,299	$ 10,168,590	$ 9,368,527	$ 8,124,017	$ 7,556,326	$ 6,803,713	$ 6,369,529	$ 5,775,343	$ 5,520,923
Restricted	3,785,124	5,034,548	4,661,649	4,661,649	4,528,474	4,416,426	4,416,426	4,416,426	4,416,426	4,404,544
Unrestricted	465,899	126,677	1,508,729	2,045,096	2,487,835	2,695,117	3,276,789	2,902,885	3,007,279	3,062,304
Total Net Position	$ 16,572,325	$ 16,488,524	$ 16,338,968	$ 16,075,273	$ 15,140,326	$ 14,667,868	$ 14,496,928	$ 13,688,840	$ 13,199,048	$ 12,987,771

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 Statements on Net Position.

Notes: (2) The Jail Authority adopted GASB Statement 75 in fiscal year 2018. Prior years have not been adjusted for the effect of this Statement on Net Position.

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

Fiscal Year	Operating Revenues	Operating Expenses	Operating Loss	Nonoperating Revenues/ (Expenses)	Change In Net Position
2019	$ 8,188,778	$ 12,894,900	(4,706,122)	$ 4,789,923	$ 83,801
2018 (2)	8,919,456	13,126,057	(4,206,601)	4,829,584	622,983
2017	8,054,805	12,774,564	(4,719,759)	4,983,453	263,694
2016	7,805,171	11,494,515	(3,689,344)	4,624,291	934,947
2015 (1)	7,889,414	11,517,897	(3,628,483)	4,100,941	472,458
2014	8,285,222	11,616,482	(3,331,260)	3,833,097	501,837
2013	8,470,423	11,202,688	(2,732,265)	3,540,353	808,088
2012	8,506,851	11,260,414	(2,753,563)	3,243,355	489,792
2011	8,558,142	11,280,302	(2,722,160)	2,933,437	211,278
2010	7,981,133	10,949,124	(2,967,991)	2,967,991	-

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.

Notes: (2) The Jail Authority adopted GASB Statement 75 in fiscal year 2018. Prior years have not been adjusted for the effect of this Statement on Net Position.

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

Fiscal Year	County of Hanover	Town of Ashland	County of Caroline	Other Governments	Other	Total
2019	$ 4,824,917	$ 499,168	$ 1,564,336	$ 647,684	$ 652,673	$ 8,188,778
2018	5,662,664	384,435	1,907,916	333,092	631,349	8,919,456
2017	5,096,174	433,466	1,764,222	245,892	515,051	8,054,805
2016	4,996,639	436,980	1,504,844	310,444	556,264	7,805,171
2015	4,928,094	418,052	1,636,364	347,526	559,378	7,889,414
2014	4,433,152	281,436	1,915,529	1,035,679	619,426	8,285,222
2013	4,419,103	225,856	2,045,711	1,119,647	660,106	8,470,423
2012	4,552,497	255,231	1,703,726	1,467,338	528,059	8,506,851
2011	4,325,187	290,355	1,621,603	1,932,438	388,559	8,558,142
2010	3,758,980	224,142	1,422,988	2,189,102	385,921	7,981,133

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

Fiscal Year	Personal Services	Fringe Benefits	Contractual Services	Other Operating Expenses and Supplies	Depreciation	Total Operating Expenses
2019	$ 6,114,823	$ 1,800,172	$ 641,182	$ 3,237,342	$ 1,101,381	$ 12,894,900
2018 (2)	6,224,437	1,966,444	589,918	3,271,894	1,073,364	13,126,057
2017	6,145,268	2,077,577	543,369	3,052,817	955,532	12,774,563
2016	6,047,294	1,741,633	586,745	2,215,128	903,715	11,494,515
2015 (1)	5,858,260	1,865,017	649,897	2,248,474	896,249	11,517,897
2014	5,499,924	2,155,713	643,699	2,461,825	855,321	11,616,482
2013	5,482,688	2,110,543	640,253	2,124,296	844,908	11,202,688
2012	5,311,451	2,232,219	619,295	2,249,051	848,398	11,260,414
2011	5,369,555	2,104,612	572,186	2,377,385	856,564	11,280,302
2010	5,371,673	2,041,661	918,065	1,734,426	883,299	10,949,124

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.

Notes: (2) The Jail Authority adopted GASB Statement 75 in fiscal year 2018. Prior years have not been adjusted for the effect of this Statement on Net Position.

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

Fiscal Year	Interest Income	Interest Expense	Intergovernmental Revenues	Net Nonoperating Revenues
2019	$ 142,440	$ (19,896)	$ 4,667,379	$ 4,789,923
2018	78,397	(91,181)	4,842,368	4,829,584
2017	69,805	(148,510)	5,062,158	4,983,453
2016	116,574	(201,618)	4,709,335	4,624,291
2015	88,757	(263,718)	4,275,902	4,100,941
2014	94,035	(323,334)	4,062,396	3,833,097
2013	78,129	(384,129)	3,846,353	3,540,353
2012	125,822	(417,209)	3,534,742	3,243,355
2011	132,562	(447,395)	3,248,271	2,933,438
2010	156,574	(476,690)	3,288,107	2,967,991

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

	FY19	FY18 (2)	FY17	FY16	FY15 (1)	FY14	FY13	FY12	FY11	FY10
Revenues:										
Charges for services -										
inmate housing	$ 7,536,105	$ 8,288,107	$ 7,539,754	$ 7,248,906	$ 7,330,036	$ 7,665,796	$ 7,810,317	$ 7,978,792	$ 8,169,584	$ 7,595,212
State Compensation Board	4,662,059	4,840,437	4,769,550	4,704,712	4,244,402	4,062,396	3,846,353	3,534,742	3,248,271	3,288,107
Interest income	142,440	78,397	69,805	116,574	88,757	94,035	78,129	125,822	132,561	156,574
Work release	21,669	19,253	10,110	10,800	9,431	5,328	6,526	3,089	14,530	18,931
Telephone commission	394,286	394,286	295,161	296,840	326,105	387,193	387,000	282,025	178,007	205,153
Miscellaneous	242,038	219,741	502,388	253,247	255,342	226,905	266,581	242,945	196,021	161,837
Total revenues	12,998,597	13,840,221	13,186,768	12,631,079	12,254,073	12,441,653	12,394,906	12,167,415	11,938,974	11,425,814
Expenses:										
Salaries and benefits	7,914,995	8,190,881	8,222,845	7,788,927	7,723,277	7,655,637	7,593,231	7,543,670	7,474,167	7,413,334
Contractual services	641,182	589,918	543,369	586,745	649,897	643,699	640,253	619,294	572,186	560,277
Materials and supplies	409,202	438,038	578,806	435,877	437,662	412,848	403,458	504,617	535,012	450,678
Medical services and supplies	2,065,713	2,030,683	1,610,755	952,708	1,032,539	1,164,813	889,904	914,671	980,195	825,743
Food service and supplies	381,032	433,526	424,826	459,897	419,004	444,301	435,373	403,344	422,196	417,857
Utilities	381,395	369,647	438,430	366,646	359,269	439,862	395,561	426,420	439,982	397,936
Depreciation	1,101,381	1,073,364	955,532	903,715	896,249	855,321	844,908	848,398	856,564	883,299
Interest expense/bond discount										
Debt refunding	19,896	91,181	148,510	201,618	263,718	323,334	384,129	417,209	447,395	476,690
Total expenses	12,914,796	13,217,238	12,923,073	11,696,133	11,781,615	11,939,816	11,586,818	11,677,623	11,727,697	11,425,814
Increase in net position	$ 83,801	$ 622,983	$ 263,695	$ 934,947	$ 472,458	$ 501,837	$ 808,088	$ 489,792	$ 211,277	$ -

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.

Notes: (2) The Jail Authority adopted GASB Statement 75 in fiscal year 2018. Prior years have not been adjusted for the effect of this Statement on Net Position.

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

	Hanover County			Town of Ashland			Caroline County			Federal Inmates		
Fiscal Year	Revenue	Per Diem	Inmate Days Billed	Revenue	Per Diem	Inmate Days Billed	Revenue	Per Diem	Inmate Days Billed	Revenue	Per Diem	Inmate Days Billed
2019 (1)	$4,824,917	$50.99	94,625	$499,168	$50.99	9,790	$1,564,336	$50.99	30,679	$640,103	$61.50	10,408
2018	$4,762,725	$42.39	112,355	$384,435	$42.39	9,069	$1,502,324	$42.39	35,441	266,256	48.00	5,547
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

Notes: (1) In fiscal year 2019 the Jail Authority adopted a new Per Diem rate for Hanover, Ashland and Caroline County on January 1, 2019. It went from $46.47 per day to $55.50 per day. The $50.99 rate represents the two rates blended for fiscal year 2019. Also in fiscal year 2019, the Federal Inmates rate increased from $48.00 to $75.00 per day on January, 1, 2019. The $61.50 rate represents the two rates blended for fiscal year 2019.

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

	Fiscal Year 2019	
	Amount	%
County of Hanover/Town of Ashland	$ 5,324,085	40.96%
Intergovernmental Shared Expenses	4,662,059	35.86%
Subtotal	9,986,144	76.82%
Balance from other revenue sources	3,012,453	23.18%
Grand Totals	$ 12,998,597	100.00%

	Fiscal Year 2010	
	Amount	%
County of Hanover/Town of Ashland	$ 3,758,980	32.90%
Intergovernmental Shared Expenses	3,288,107	28.78%
Subtotal	7,047,087	61.68%
Balance from other revenue sources	4,378,727	38.32%
Grand Totals	$ 11,425,814	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

		Caroline		Hanover	
Fiscal Year	Revenue Bonds/Notes	Annual Total Personal Income	Annual Per Capita Personal Income	Annual Total Personal Income	Annual Per Capita Personal Income
2019	$ 1,914,752	NA	NA	$ 6,314,726	$ 56,723
2018	3,741,820	NA	NA	6,253,749	56,723
2017	5,497,501	NA	NA	6,166,168	56,723
2016	4,870,000	NA	NA	5,894,200	55,008
2015	6,370,000	1,140,455	38,035	5,698,817	54,040
2014	7,810,000	1,119,643	37,978	5,279,770	50,707
2013 (1)	9,185,000	1,110,966	37,920	4,944,675	48,183
2012 (1)	10,485,000	1,086,741	37,510	4,873,271	47,972
2011	11,303,184	989,854	34,574	4,678,071	46,399
2010	12,400,735	940,026	33,729	4,426,942	44,090

(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.

Caroline figures are taken from the FY2018 Caroline County CAFR which lists info as NA.

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

Fiscal Year	Operating Revenues (1)	Operating and Capital Expenses (2)	Available Unrestricted Net Position (4)	Net Revenue Available for Debt Service	Principal (5)	Interest (3)	Payments to Reserves	Total	Bond Coverage
2019*	$ 12,850,837	$ 11,793,517	$ 465,899	$ 1,523,219	$ -	$ (122,544)	$ -	$ (122,544)	-1243%
2018	13,759,893	12,052,692	186,367	1,893,568	1,690,000	12,787	-	1,702,787	111%
2017	12,824,354	11,819,032	1,508,729	2,514,051	1,620,000	78,705	-	1,698,705	148%
2016	12,509,882	10,590,799	2,045,097	3,964,180	1,560,000	85,044	-	1,645,044	241%
2015	12,133,816	10,621,648	2,487,835	4,000,003	1,500,000	174,961	-	1,674,961	239%
2014	12,347,619	10,761,162	2,695,117	4,281,574	1,440,000	229,299	-	1,669,299	256%
2013	12,316,776	10,357,780	3,276,789	5,235,785	1,375,000	306,000	-	1,681,000	311%
2012	12,041,593	10,412,016	2,902,885	4,532,462	1,300,000	278,630	-	1,578,630	287%
2011	11,806,412	10,423,737	3,007,279	4,389,954	1,275,000	308,816	-	1,583,816	277%
2010	11,269,240	10,065,825	3,062,304	4,265,719	1,240,000	338,111	-	1,578,111	270%

(1) Nonoperating Revenues from the Commonwealth of Virginia has been reclassified to Operating Revenues 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.
(5) 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.

* The Revenue Bonds were paid off in Fiscal Year 2019, therefore, the bond coverage covenants are no longer applicable as of 6/30/19.

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

	Full-time Equivalent Employees as of June 30,									
	2019	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
Civilian	19	19	18	28	27	27	27	25	23	23
Sworn	113	113	114	114	112	112	112	112	114	114
Total Employees	132	132	132	142	139	139	139	137	137	137

* 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

Jurisdiction	Fiscal Year	Average Daily Population	Average Length of Stay (Days)	Average Monthly Bookings
Hanover	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
	2018	285	25	324
	2019	262	23	308

Jurisdiction	Fiscal Year	Average Daily Population	Average Length of Stay (Days)	Average Monthly Bookings
Ashland	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
	2018	25	35	20
	2019	27	36	19

Jurisdiction	Fiscal Year	Average Daily Population	Average Length of Stay (Days)	Average Monthly Bookings
Caroline	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
	2018	98	30	89
	2019	85	25	87

Jurisdiction	Fiscal Year	Average Daily Population	Average Length of Stay (Days)	Average Monthly Bookings
Other	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
	2018	15	34	13
	2019	24	31	20

*Information obtained by Jail Tracker -Jail Management System reports.

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

		2018			2009		
Employer	Type of Business	Employees	Rank	Percentage of Total County Employment (2)	Employees	Rank	Percentage of Total County Employment (2)
Hanover County Schools	Education	2,491	1	4.3%	2,973	1	5.4%
Bon Secours Memorial Regional Medical	Hospital/Medical Center	1,000 and over	2	3.4%	1,000 and over	2	3.7%
Kings Dominion	Entertainment	1,000 and over	3	3.4%	500-999	7	1.4%
County of Hanover	Government	1,165	4	2.0%	1,183	3	2.2%
RMC Events	Administrative and Support Services	500-999	5	1.3%		n/a	
Wal-Mart Stores	Retail	500-999	6	1.3%	500-999	8	1.4%
Owens & Minor Medical Inc	Physicians Equip & Supls-Mfrs	500-999	7	1.3%		n/a	
Tyson Farms	Food Manufacturing	500-999	8	1.3%	500-999	4	1.4%
Supervalu Distribution Center (2018)/Richfood(2009)	Food Distributor	500-999	9	1.3%	500-999	5	1.4%
Sales Mark	Professional, Scientific, and Technical Services	500-999	10	1.3%		n/a	
Randolph-Macon College	Education		n/a		500-999	6	1.4%
Food Lion	Retail		n/a		250-499	9	0.7%
Bass Pro Shops Outdoor World	Retail		n/a		250-499	10	0.7%
Totals				**20.9%**			**19.7%**
Total County Employment (3)		**58,367**			**54,576**		

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 2018.

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

	Hanover County		Caroline County	
Fiscal Year	**Population**	**Unemployment Rate**	**Population**	**Unemployment Rate**
2010	100,408	6.6%	28,245	8.6%
2011	100,822	6.0%	28,545	7.7%
2012	101,586	5.5%	28,890	6.7%
2013	102,623	5.1%	29,115	6.9%
2014	104,124	4.6%	29,481	5.9%
2015	105,456	3.9%	29,727	5.5%
2016	107,152	3.5%	29,792	4.2%
2017	108,706	3.3%	30,178	4.3%
2018	110,250	2.6%	30,292	3.6%
2019	111,325	2.6%	30,292	3.6%

*Information obtained from Hanover County and Caroline County Comprehensive Annual Financial Reports.

TABLE 15
PAMUNKEY REGIONAL JAIL AUTHORITY
Schedule of Insurance in Force
As of June 30, 2019

Insurance Coverage	Insurance Company	Expiration Date	Coverage Limit	Deductible
Building and Personal Property	VACo	7/1/2019	As scheduled	$ 1,000
Electronic Data Processing Equipment	VACo	7/1/2019	As scheduled	$ 1,000
Earthquake/Flood	VACo	7/1/2019	$ 5,000,000	$ 25,000
Business Auto	VACo	7/1/2019	$ 5,000,000	N/A
Schedule Equipment	VACo	7/1/2019	As scheduled	$ 1,000
Boiler and Machinery	VACo	7/1/2019	As scheduled	$ 1,000
Business Interruption and Extra Expense	VACo		Included in blanket	
Workers' Compensation	VACGSIA	7/1/2019	$ 1,000,000	N/A
Faithful Performance of Duty	Commonwealth of Virginia -	7/1/2019	$ 1,000,000	N/A
Bond *1	Division of Risk Management			
Constitutional Officer *1	Commonwealth of Virginia -	7/1/2019	$ 1,000,000	$ 1,000
	Division of Risk Management			
General Liability		7/1/2019	$ 2,000,000	N/A
Excess General Liability (Auto Also)		7/1/2019	$ 3,000,000	N/A

NA – Not Applicable

*1 – Provided by the Commonwealth of Virginia