

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

AUTHORITY MEMBERS

FLUVANNA COUNTY

Eric Hess, Sheriff
Donald Weaver

GREENE COUNTY

Steve Smith, Sheriff
Marie Durrer

LOUISA COUNTY

Troy Wade, Chairman
Ashland D. Fortune, Sheriff

MADISON COUNTY

Kevin McGhee
Eric J. Weaver, Sheriff

ORANGE COUNTY

James P. Crozier, Vice Chairman
Mark Amos, Sheriff
Bryan David, At Large Member

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Central Virginia Regional Jail Authority, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of Central Virginia Regional Jail Authority, as of June 30, 2019, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Restatement of Beginning Balances

As described in Note 13 to the financial statements, in 2019, the Authority restated beginning balances to reflect the implementation of a new retiree health insurance plan. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules related to pension and OPEB funding on pages 38-46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary and Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2019, on our consideration of Central Virginia Regional Jail Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Central Virginia Regional Jail Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Central Virginia Regional Jail Authority's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 12, 2019

- Basic Financial Statements -

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Statement of Net Position

As of June 30, 2019

ASSETS	
Cash and cash equivalents	\$ 12,143,104
Due from other governmental units	926,058
Prepaid items	30,269
Capital assets (net of accumulated depreciation) (Note 5):	
Land	175,000
Buildings and improvements	20,994,293
Vehicles	141,073
Machinery and equipment	268,586
Total assets	<u>\$ 34,678,383</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Pension related items (Note 3)	\$ 913,347
OPEB related items (Notes 8 and 9)	<u>110,801</u>
Total deferred outflows of resources	<u>\$ 1,024,148</u>
 LIABILITIES	
Accounts payable	\$ 224,137
Accrued payroll	38,275
Unearned revenue	331,301
Compensated absences - current portion (Note 6)	57,721
Long-term liabilities:	
Compensated absences - long-term portion (Note 6)	519,489
Net pension liability (Note 3)	1,116,104
Net OPEB liability (Notes 8 and 9)	<u>2,579,000</u>
Total liabilities	<u>\$ 4,866,027</u>
 DEFERRED INFLOWS OF RESOURCES	
Pension related items (Note 3)	\$ 170,104
OPEB related items (Notes 8 and 9)	<u>57,000</u>
Total deferred inflows of resources	<u>\$ 227,104</u>
 NET POSITION	
Investment in capital assets	\$ 21,578,952
Unrestricted	<u>9,030,448</u>
Total net position	<u>\$ 30,609,400</u>

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

**Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2019**

Operating revenues:	
Contributions from participating localities:	
County of Greene	\$ 1,328,260
County of Fluvanna	1,242,349
County of Orange	2,253,073
County of Madison	838,059
County of Louisa	2,760,962
Other jurisdictions per diem	8,590
Charges for services	254,031
Recovered medical costs	382,405
Federal bulletproof vest grant	8,932
Miscellaneous	71,089
Commonwealth of Virginia State Compensation Board:	
State of Virginia	4,284,869
Reimbursement for jail inmate days:	
State of Virginia	803,561
Federal inmate days	1,240,668
Total operating revenues	<u>\$ 15,476,848</u>
Operating expenses:	
Public Safety:	
Personnel costs	\$ 6,532,980
Fringe benefits	3,320,577
Contractual services	1,286,167
Other charges	2,220,449
Depreciation expense	857,053
Capital outlay	139,887
Total operating expenses	<u>\$ 14,357,113</u>
Operating income (loss)	<u>\$ 1,119,735</u>
Nonoperating revenues (expenses):	
Interest income	\$ 80,645
Sale of property	25,000
Net nonoperating revenues (expenses)	<u>\$ 105,645</u>
Income (loss)	<u>\$ 1,225,380</u>
Change in net position	\$ 1,225,380
Net position, beginning of year, as restated (Note 12)	<u>29,384,020</u>
Net position, end of year	<u><u>\$ 30,609,400</u></u>

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Statement of Cash Flows
For the Year Ended June 30, 2019

Cash flows from operating activities:	
Receipts from customers	\$ 15,237,188
Payments to suppliers	(3,592,345)
Payments to and on behalf of employees	<u>(9,597,643)</u>
Net cash flows provided by (used for) operating activities	<u>\$ 2,047,200</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	\$ (366,172)
Proceeds from sale of property	<u>25,000</u>
Net cash flows provided by (used for) capital and related financing activities	<u>\$ (341,172)</u>
Cash flows from investing activities:	
Interest income	<u>\$ 80,645</u>
Net increase (decrease) in cash and cash equivalents	\$ 1,786,673
Cash and cash equivalents, beginning of year	<u>10,356,431</u>
Cash and cash equivalents, end of year	<u><u>\$ 12,143,104</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 1,087,934
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	857,053
Changes in assets, liabilities, and deferred outflows and inflows of resources:	
(Increase) / decrease in due from other governmental units	(141,986)
(Increase) / decrease in prepaid items	(30,269)
Increase / (decrease) in accounts payable	84,427
Increase / (decrease) in accrued payroll	9,662
Increase / (decrease) in unearned revenue	(97,674)
Increase / (decrease) in compensated absences	10,590
(Increase) / decrease in deferred outflows - pension related	89,869
(Increase) / decrease in deferred outflows - OPEB related	21,010
Increase / (decrease) in deferred inflows - pension related	(74,820)
Increase / (decrease) in deferred inflows - OPEB related	4,000
Increase / (decrease) in net pension liability	(119,596)
Increase / (decrease) in net OPEB liability	<u>347,000</u>
Cash flows provided by (used for) operating activities	<u><u>\$ 2,047,200</u></u>

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

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

As of June 30, 2019

	<u>Agency Funds</u>
ASSETS	
Cash	\$ <u>902,852</u>
LIABILITIES	
Amounts held for inmate benefits	\$ 895,836
Amounts held for employee benefits	<u>7,016</u>
Total liabilities	<u>\$ 902,852</u>

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. The Financial Reporting Entity:

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

B. Financial Statement Presentation:

Management's Discussion and Analysis - GASB requires the financial statements be accompanied by a narrative introduction and analytical overview of the Authority's financial activities in the form of "management's discussion and analysis" (MD&A). Management has elected to omit the MD&A.

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

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

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

Additionally, the Authority reports the following fund type:

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

D. Capital Assets:

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

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

D. Capital Assets: (Continued)

Depreciation is calculated using the straight-line method.

The following estimated useful lives are used to depreciate assets:

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

E. Accounts Receivable:

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

F. Cash and Cash Equivalents:

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

G. Use of Estimates:

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

H. Investments:

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

I. Budgets and Budgetary Accounting:

A budget is prepared for informational and fiscal planning purposes. None of the participating entities are required to approve the budget. The budget is adopted as a planning document and is not a legal control on expenses. The budget is prepared on the same basis of accounting as the actual amounts in the financial statements.

J. Net Position:

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements As of June 30, 2019 (Continued)

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

K. Net Position Flow Assumption:

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

L. Deferred Outflows/Inflows of Resources:

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

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

M. Pensions:

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements As of June 30, 2019 (Continued)

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

N. Other Postemployment Benefits (OPEB):

Group Life Insurance

For purposes of measuring the net Group Life Insurance Program (GLI) OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) GLI OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 - DEPOSITS AND INVESTMENTS:

Deposits:

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

Investments:

Statutes authorize the Authority to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP). The Authority had no investments at June 30, 2019.

NOTE 3 - PENSION PLAN:

Plan Description

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements As of June 30, 2019 (Continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Benefit Structures

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of creditable service or age 50 with at least 30 years of creditable service. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of creditable service. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- b. Employees hired 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 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total creditable service. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2019 (Continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of creditable service are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

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:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	56
Inactive members:	
Vested inactive members	20
Non-vested inactive members	92
Inactive members active elsewhere in VRS	<u>68</u>
Total inactive members	180
Active members	<u>144</u>
Total covered employees	<u><u>380</u></u>

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Authority's contractually required employer contribution rate for the year ended June 30, 2019 was 12.22% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were \$731,650 and \$678,087 for the years ended June 30, 2019 and June 30, 2018, respectively.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2019 (Continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For Authority, the net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017 rolled forward to the measurement date of June 30, 2018.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 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%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2019 (Continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees: (Continued)

Mortality rates: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 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:

Largest 10 - Non-Hazardous Duty:

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

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

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2019 (Continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 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%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2019 (Continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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:

Largest 10 - Hazardous Duty:

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

All Others (Non 10 Largest) - Hazardous Duty:

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2019 (Continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Authority was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. From July 1, 2018 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2019 (Continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2017	\$ 14,412,724	\$ 13,177,024	\$ 1,235,700
Changes for the year:			
Service cost	\$ 865,946	\$ -	\$ 865,946
Interest	980,638	-	980,638
Differences between expected and actual experience	(22,461)	-	(22,461)
Contributions - employer	-	677,651	(677,651)
Contributions - employee	-	291,602	(291,602)
Net investment income	-	983,563	(983,563)
Benefit payments, including refunds of employee contributions	(807,228)	(807,228)	-
Administrative expenses	-	(8,209)	8,209
Other changes	-	(888)	888
Net changes	\$ 1,016,895	\$ 1,136,491	\$ (119,596)
Balances at June 30, 2018	\$ 15,429,619	\$ 14,313,515	\$ 1,116,104

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Central Virginia Regional Jail Authority Net Pension Liability (Asset)	\$ 3,233,090	\$ 1,116,104	\$ (621,407)

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2019 (Continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2019, the Authority recognized pension expense of \$626,667. At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 181,697	\$ 15,932
Change in assumptions	-	27,530
Net difference between projected and actual earnings on pension plan investments	-	126,642
Employer contributions subsequent to the measurement date	<u>731,650</u>	<u>-</u>
Total	<u>\$ 913,347</u>	<u>\$ 170,104</u>

\$731,650 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2020	\$ 141,805
2021	18,423
2022	(137,472)
2023	(11,163)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 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.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2019 (Continued)

NOTE 4 - DUE FROM OTHER GOVERNMENTAL UNITS:

Federal inmates	\$	131,028
Participating localities		139,701
Commonwealth of Virginia:		
State inmate days		283,560
Compensation Board		371,769
Total	\$	<u>926,058</u>

NOTE 5 - CAPITAL ASSETS:

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

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Capital assets not being depreciated:				
Land	\$ 175,000	\$ -	\$ -	\$ 175,000
Construction in progress	369,455	10,000	379,455	-
Total capital assets not being depreciated	<u>\$ 544,455</u>	<u>\$ 10,000</u>	<u>\$ 379,455</u>	<u>\$ 175,000</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 28,821,650	\$ 507,531	\$ -	\$ 29,329,181
Vehicles	521,877	68,173	54,538	535,512
Machinery and equipment	344,012	159,923	-	503,935
Total capital assets being depreciated	<u>\$ 29,687,539</u>	<u>\$ 735,627</u>	<u>\$ 54,538</u>	<u>\$ 30,368,628</u>
Accumulated depreciation				
Buildings and improvements	\$ 7,561,441	\$ 773,447	\$ -	\$ 8,334,888
Vehicles	405,238	43,739	54,538	394,439
Machinery and equipment	195,482	39,867	-	235,349
Total accumulated depreciation	<u>\$ 8,162,161</u>	<u>\$ 857,053</u>	<u>\$ 54,538</u>	<u>\$ 8,964,676</u>
Total capital assets being depreciated, net	<u>\$ 21,525,378</u>	<u>\$ (121,426)</u>	<u>\$ -</u>	<u>\$ 21,403,952</u>
Net capital assets	<u>\$ 22,069,833</u>	<u>\$ (111,426)</u>	<u>\$ 379,455</u>	<u>\$ 21,578,952</u>

Depreciation expense for the fiscal year totaled \$857,053.

NOTE 6 - COMPENSATED ABSENCES:

In accordance with accounting standards, the Authority accrued the liability arising from outstanding compensated absences. The Authority has outstanding accrued vacation, sick and compensation time pay as summarized below:

Compensated absences June 30, 2018	\$	566,620
Increase (decrease) during year		<u>10,590</u>
Compensated absences June 30, 2019	\$	577,210
Less current portion (10%)		<u>(57,721)</u>
Total long-term portion	\$	<u>519,489</u>

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2019 (Continued)

NOTE 7 - SUMMARY OF SPECIAL ACCOUNTS:

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

	<u>Receipts</u>	<u>Disburse- ments</u>	<u>Excess of Revenues over (under) Expenses</u>
Inmate account	\$ 1,371,621	\$ 1,351,728	\$ 19,893
Commissary account	616,241	461,890	154,351
Work release	616,656	617,255	(599)
Inmate medical co-payment	20,960	20,960	-
Donation account	3,361	4,874	(1,513)
Employee account	1,547	-	1,547
	<u>\$ 2,630,386</u>	<u>\$ 2,456,707</u>	<u>\$ 173,679</u>

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS-HEALTH INSURANCE:

Plan Description

In addition to the pension benefits described in Note 3, the Authority administers a single-employer defined benefit healthcare plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the Authority's pension plans. The plan does not issue a publicly available financial report.

Prior to July 1, 2018 grandfathered retirees eligible for the postretirement medical subsidy offered by the Authority receive up to \$250 per month toward the retiree's single cover

Benefits Provided

Participants who are eligible to retire from VRS pension plan are allowed access to the plan until they reach age 65. Retirees pay the blended (employees and retirees) published rate, however as they are older than the typical employee (and thus more expensive) there is a cost to this right to purchase insurance at the blended rate. VRS retirement eligibility is age 50 with 10 years of service or age 55 with 5 years of service for employees hired prior to July 1, 2010 who were vested in the plan prior to July 1, 2013. VRS retirement eligibility is the earlier of age 60 with 5 years of service or 90 combined age and service points for other employees. All employees must meet the service requirements (10 years for age 50 or 5 years for age 55) at the Authority in order to elect post-retirement coverage.

Prior to July 1, 2018 grandfathered retirees eligible for the postretirement medical subsidy offered by the Authority receive up to \$250 per month toward the retiree's single coverage for health insurance. This portion of the benefit is closed to future retirees. The subsidy ceases upon eligibility for Medicare.

Plan Membership

At July 1, 2018 (the valuation date) the following employees were covered by the benefit terms:

Total active employees with coverage	118
Total retirees with coverage	<u>7</u>
Total	<u><u>125</u></u>

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

Contributions

The Authority does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Authority. The amount paid by the Authority for OPEB as the benefits came due during the year ended June 30, 2019 was \$25,000.

Total OPEB Liability

The Authority's total OPEB liability was measured as of July 1, 2018. The total OPEB liability was determined by an actuarial valuation as of July 1, 2018.

Actuarial Assumptions

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	3.50% per year as of June 30, 2019
Discount Rate	3.62% per year as of June 30, 2019
Healthcare Cost Trend Rates	7.00% for fiscal year end 2019, decreasing 0.25% per year to an ultimate rate of 5.00%

Mortality rates for were based on the RP-2014 Total Dataset with two-dimensional mortality improvements using scale MP-2018.

Discount Rate

The discount rate used to determine the OPEB liability is based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. This rate was 3.62% as of June 29, 2018.

Changes in Total OPEB Liability

	Total OPEB Liability
Balances at July 1, 2018	\$ 1,760,000
Changes for the year:	
Service cost	310,000
Interest	73,000
Changes in assumptions	(15,000)
Benefit payments	(25,000)
Net changes	\$ 343,000
Balances at June 30, 2019	\$ <u>2,103,000</u>

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

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

The following amounts present the total OPEB liability of the Authority, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.62%) or one percentage point higher (4.62%) than the current discount rate:

Rate		
1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.162%)
\$ 2,365,000	\$ 2,103,000	\$ 1,876,000

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

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

Rates		
1% Decrease (6.00%)	Current Trend Rate (7.00%)	1% Increase (8.00%)
\$ 1,807,000	\$ 2,103,000	\$ 2,469,000

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

For the year ended June 30, 2019, the Authority recognized OPEB expense in the amount of \$381,000. At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ -	\$ 13,000
Total	\$ -	\$ 13,000

Employer contributions after the measurement date but prior to fiscal year end will be recognized in OPEB expense in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

Year Ended June 30	
2020	\$ (2,000)
2021	(2,000)
2022	(2,000)
2023	(2,000)
2024	(2,000)
Thereafter	(3,000)

Additional disclosures on changes in OPEB liability and related ratios can be found in the required supplementary information following the notes to the financial statements.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements As of June 30, 2019 (Continued)

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

Plan Description

The Group Life Insurance (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. 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 is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI 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 OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Program was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Program is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts 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. For covered members with at least 30 years of creditable service, the minimum benefit payable was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,279 effective July 1, 2018.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2019 (Continued)

NOTE 9 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (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 Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 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 entity were \$31,801 and \$31,010 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the entity reported a liability of \$476,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 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 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was 0.03136% as compared to 0.03138% at June 30, 2017.

For the year ended June 30, 2019, the participating employer recognized GLI OPEB expense of \$16,000. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 23,000	\$ 9,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	15,000
Change in assumptions	-	20,000
Changes in proportion	56,000	-
Employer contributions subsequent to the measurement date	31,801	-
Total	<u>\$ 110,801</u>	<u>\$ 44,000</u>

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB: (Continued)

\$31,801 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 as follows:

<u>Year Ended June 30</u>	
2020	\$ 6,000
2021	6,000
2022	6,000
2023	10,000
2024	5,000
Thereafter	2,000

Actuarial Assumptions

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

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - General State Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 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 rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers: (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 rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Mortality Rates - SPORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - VaLORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 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 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

Mortality Rates - JRS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - JRS Employees: (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	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

Mortality Rates - Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 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%

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 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 15%

Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 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
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 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%

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2018, NOL amounts for the GLI Program are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$ 3,113,508
Plan Fiduciary Net Position	1,594,773
Employers' Net GLI OPEB Liability (Asset)	<u>\$ 1,518,735</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%

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

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:

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

*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%.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

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 ended 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 the actuarially determined contribution rate. From July 1, 2018 on, employers are assumed to continue 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.

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the Group Life Insurance Program			
Net OPEB Liability	\$ 623,000	\$ 476,000	\$ 358,000

GLI Program Fiduciary Net Position

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 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.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2019 (Continued)

NOTE 10 - SUMMARY OF NET OPEB LIABILITIES, DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES, AND EXPENSES:

	<u>Net OPEB Liability</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>OPEB Expense</u>
VRS OPEB Plans:				
Group Life Insurance Program	\$ 476,000	\$ 110,801	\$ 44,000	\$ 16,010
Health Insurance	<u>2,103,000</u>	<u>-</u>	<u>13,000</u>	<u>381,000</u>
Totals	<u>\$ 2,579,000</u>	<u>\$ 110,801</u>	<u>\$ 57,000</u>	<u>\$ 397,010</u>

NOTE 11 - RISK MANAGEMENT:

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries insurance.

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

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

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

NOTE 12 - LITIGATION, CLAIMS AND ASSESSMENTS:

At June 30, 2019, there were no matters of litigation involving the Authority which would materially affect the Authority's financial position should any court decisions on pending matters not be favorable.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2019 (Continued)

NOTE 13 - RESTATEMENT OF NET POSITION:

The Authority approved and implemented a retiree health insurance plan effective July 1, 2018. The plan liability measured by an actuarial valuation as of July 1, 2018 requires the following restatement to the Authority's Net Position as of July 1, 2018:

	<u>Fiscal Year Ending</u> <u>July 1, 2018</u>
Net Position, as previously reported	\$ 30,985,770
Record OPEB - health insurance plan	<u>(1,601,750)</u>
Net Position, as restated	<u>\$ 29,384,020</u>

- Required Supplementary Information -

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Schedule of Changes in Net Pension Liability and Related Ratios
For the Measurement Dates of June 30, 2014 through June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability					
Service cost	\$ 865,946	\$ 762,029	\$ 581,496	\$ 575,824	\$ 545,907
Interest	980,638	893,861	844,981	797,368	741,951
Differences between expected and actual experience	(22,461)	441,445	39,555	943	-
Changes in assumptions	-	(67,718)	-	-	-
Benefit payments, including refunds of employee contributions	(807,228)	(772,667)	(762,817)	(625,105)	(367,248)
Net change in total pension liability	<u>\$ 1,016,895</u>	<u>\$ 1,256,950</u>	<u>\$ 703,215</u>	<u>\$ 749,030</u>	<u>\$ 920,610</u>
Total pension liability - beginning	<u>14,412,724</u>	<u>13,155,774</u>	<u>12,452,559</u>	<u>11,703,529</u>	<u>10,782,919</u>
Total pension liability - ending (a)	<u>\$ 15,429,619</u>	<u>\$ 14,412,724</u>	<u>\$ 13,155,774</u>	<u>\$ 12,452,559</u>	<u>\$ 11,703,529</u>
Plan fiduciary net position					
Contributions - employer	\$ 677,651	\$ 656,511	\$ 589,767	\$ 478,419	\$ 552,396
Contributions - employee	291,602	282,792	236,532	192,167	191,799
Net investment income	983,563	1,433,691	202,292	500,151	1,449,183
Benefit payments, including refunds of employee contributions	(807,228)	(772,667)	(762,817)	(625,105)	(367,248)
Administrative expense	(8,209)	(7,968)	(6,928)	(6,714)	(7,428)
Other	(888)	(1,288)	(85)	(107)	76
Net change in plan fiduciary net position	<u>\$ 1,136,491</u>	<u>\$ 1,591,071</u>	<u>\$ 258,761</u>	<u>\$ 538,811</u>	<u>\$ 1,818,778</u>
Plan fiduciary net position - beginning	<u>13,177,024</u>	<u>11,585,953</u>	<u>11,327,192</u>	<u>10,788,381</u>	<u>8,969,603</u>
Plan fiduciary net position - ending (b)	<u>\$ 14,313,515</u>	<u>\$ 13,177,024</u>	<u>\$ 11,585,953</u>	<u>\$ 11,327,192</u>	<u>\$ 10,788,381</u>
Authority's net pension liability - ending (a) - (b)	\$ 1,116,104	\$ 1,235,700	\$ 1,569,821	\$ 1,125,367	\$ 915,148
Plan fiduciary net position as a percentage of the total pension liability	92.77%	91.43%	88.07%	90.96%	92.18%
Covered payroll	\$ 5,925,880	\$ 5,735,912	\$ 4,779,876	\$ 3,875,864	\$ 3,818,334
Authority's net pension liability as a percentage of covered payroll	18.83%	21.54%	32.84%	29.04%	23.97%

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Schedule of Employer Contributions - Pension
 For the Years Ended June 30, 2010 through June 30, 2019

<u>Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
2019	\$ 731,650	\$ 731,650	\$ -	\$ 6,042,510	12.11%
2018	678,087	678,087	-	5,925,880	11.44%
2017	656,510	656,510	-	5,735,912	11.45%
2016	592,227	592,227	-	4,779,876	12.39%
2015	478,419	478,419	-	3,875,864	12.34%
2014	552,513	552,513	-	3,818,334	14.47%
2013	519,032	519,032	-	3,586,951	14.47%
2012	375,929	375,929	-	3,368,541	11.16%
2011	379,002	379,002	-	3,396,075	11.16%
2010	296,216	296,216	-	3,377,602	8.77%

Contributions are from Authority records.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Required Supplementary Information - Pension
 For the Year Ended June 30, 2019

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:

Largest 10 - Non-Hazardous Duty:

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

Largest 10 - Hazardous Duty:

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

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Schedule of Changes in Total OPEB Liability - Health Insurance
For the Year Ended June 30, 2019

	<u>2019</u>
Total OPEB liability	
Service cost	\$ 310,000
Interest	73,000
Changes in assumptions	(15,000)
Benefit payments	(25,000)
Net change in total OPEB liability	<u>\$ 343,000</u>
Total OPEB liability - beginning	1,760,000
Total OPEB liability - ending (a)	<u><u>\$ 2,103,000</u></u>
Covered payroll	\$ 5,225,000
Total OPEB liability as a percentage of covered payroll	40.25%

This schedule is intended to show information for 10 years. However, information prior to 2019 is not available. Additional years will be included as they become available.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Required Supplementary Information - Health Insurance
For the Year Ended June 30, 2019

Valuation Date: July 1, 2018
Measurement Date: July 1, 2018

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry Age Normal
Discount Rate	3.62% as of June 30, 2019.
Healthcare Trend Rates	The healthcare trend rate assumptions vary by year and range from 7.00% down 0.25% per year to an ultimate rate of 5.00%.
Salary Increase Rates	3.50% as of June 30, 2019.
Mortality Rates	The mortality rates for were calculated using the RP-2014 Total Dataset with two-dimensional mortality improvements using scale MP-2018.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Schedule of Authority's Share of Net OPEB Liability

Group Life Insurance Program

For the Measurement Dates of June 30, 2018 and 2017

<u>Date</u>	<u>Employer's Proportion of the Net GLI OPEB Liability</u>	<u>Employer's Proportionate Share of the Net GLI OPEB Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability</u>
2018	0.03136%	\$ 476,000	\$ 5,925,880	8.03%	51.22%
2017	0.03138%	472,000	5,735,912	8.23%	48.86%

This schedule is intended to show information for 10 years. However, information prior to the 2017 valuation is not available. Additional years will be included as they become available.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Schedule of Employer Contributions

Group Life Insurance Program

For the Years Ended June 30, 2010 through June 30, 2019

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
2019	\$ 31,801	\$ 31,801	\$ -	\$ 6,042,510	0.53%
2018	31,010	31,010	-	5,925,880	0.52%
2017	29,000	29,000	-	5,735,912	0.51%
2016	25,444	25,444	-	4,779,876	0.53%
2015	20,530	20,530	-	3,875,864	0.53%
2014	20,324	20,324	-	3,818,334	0.53%
2013	18,990	18,990	-	3,586,951	0.53%
2012	14,822	14,822	-	3,368,541	0.44%
2011	14,943	14,943	-	3,396,075	0.44%
2010	6,836	6,836	-	3,377,602	0.20%

Contributions are from Authority records.

Notes to Required Supplementary Information
 Group Life Insurance Program
 For the Year Ended June 30, 2019

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

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

General State Employees

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

Teachers

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

SPORS Employees

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

VaLORS Employees

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

Notes to Required Supplementary Information
 Group Life Insurance Program
 For the Year Ended June 30, 2019 (Continued)

JRS Employees

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

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

- Other Supplementary Information -

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Operating Revenues:				
Revenue from local sources:				
Contributions from participating localities:				
County of Greene	\$ 1,328,261	\$ 1,328,261	\$ 1,328,260	\$ (1)
County of Fluvanna	1,242,349	1,242,349	1,242,349	-
County of Orange	2,253,073	2,253,073	2,253,073	-
County of Madison	838,059	838,059	838,059	-
County of Louisa	2,760,962	2,760,962	2,760,962	-
Other jurisdictions per diem	-	-	8,590	8,590
Phone commissions	-	-	97,674	97,674
Charges to prisoners - EIP / Work release	170,800	170,800	156,357	(14,443)
Recovered medical costs	-	-	382,405	382,405
Miscellaneous income	92,290	92,290	71,089	(21,201)
Total revenue from local sources	\$ 8,685,794	\$ 8,685,794	\$ 9,138,818	\$ 453,024
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Reimbursement of salaries and fringes	\$ 4,232,351	\$ 4,232,351	\$ 4,284,869	\$ 52,518
Expenditure refunds	50,000	50,000	-	(50,000)
State inmate days	854,516	854,516	803,561	(50,955)
Total revenue from the Commonwealth	\$ 5,136,867	\$ 5,136,867	\$ 5,088,430	\$ (48,437)
Revenue from Federal Government:				
Inmate reimbursement	\$ 400,000	\$ 400,000	\$ 1,240,668	\$ 840,668
Grant - Bulletproof vest program	-	-	8,932	8,932
Total revenue from the Federal Government	\$ 400,000	\$ 400,000	\$ 1,249,600	\$ 849,600
Total operating revenues	\$ 14,222,661	\$ 14,222,661	\$ 15,476,848	\$ 1,254,187
Operating Expenses:				
Public Safety:				
Salaries	\$ 6,702,849	\$ 6,702,849	\$ 6,156,597	\$ 546,252
Salaries - Commissary Officer	29,016	29,016	22,424	6,592
Salaries - Overtime	283,122	283,122	353,959	(70,837)
Unemployment	12,000	12,000	-	12,000
FICA	536,646	536,646	477,532	59,114
VRS	800,132	800,132	633,626	166,506
Health Insurance	1,881,900	1,881,900	1,956,198	(74,298)
Retiree Health Insurance Credit	18,000	18,000	19,870	(1,870)
Group Life Insurance	87,166	87,166	63,712	23,454
Workers' Compensation	129,002	129,002	135,263	(6,261)
Hybrid Disability Insurance	4,108	4,108	3,876	232
LODA	30,750	30,750	30,500	250
Outside Medical, Dental and Hospital Claims	615,000	615,000	888,325	(273,325)
Physician	92,716	92,716	98,695	(5,979)
Dentist	65,000	65,000	66,917	(1,917)
Psychologist / RRCSSB	80,000	80,000	80,000	-
Employee Medical Assessments	2,500	2,500	2,236	264
Psychiatrist	20,000	20,000	12,833	7,167
Medical - DOC Responsible Inmates	50,000	50,000	13,204	36,796
Laboratory and X-ray Services	38,000	38,000	29,063	8,937
Auditor	17,000	17,000	18,289	(1,289)
PREA Audit	8,000	8,000	374	7,626
Financial - 5 Year Plan	12,000	12,000	12,699	(699)
Legal Services	40,000	40,000	10,481	29,519

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Schedule of Revenues, Expenses and Changes in Net Position
 Budget and Actual
 For the Year Ended June 30, 2019 (Continued)

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Operating Expenses: (Continued)				
Public Safety: (Continued)				
Litigation	\$ 65,000	\$ 65,000	\$ 20,000	\$ 45,000
General Assembly Representation	20,000	20,000	15,884	4,116
Data Processing	22,000	22,000	17,167	4,833
Community Corrections	75,000	75,000	75,000	-
Communications / IT Service Contracts	21,283	21,283	30,145	(8,862)
OAR - CIT Training	2,500	2,500	2,500	-
Interpreter Services	3,750	3,750	-	3,750
Basic and In-Service Training - RRCJA	56,628	56,628	47,909	8,719
Repairs & Maint / Building and Grounds	38,000	38,000	20,348	17,652
Outside Repairs - EDP Equipment	2,000	2,000	38	1,962
Repairs & Maintenance - Vehicles	12,500	12,500	19,944	(7,444)
Repairs & Maint - Equipment	4,500	4,500	-	4,500
GPS Tracking Services	3,324	3,324	-	3,324
Maintenance Contracts - Bldg & Grounds	63,780	63,780	38,910	24,870
Maintenance Contracts - Office Equipment	4,300	4,300	2,155	2,145
EMR Maintenance Contract	9,600	9,600	-	9,600
Extermination Services	4,800	4,800	3,439	1,361
Infectious Waste Removal	2,000	2,000	-	2,000
Refuse Collection	7,162	7,162	10,992	(3,830)
Printing and Binding Services - Admin	3,000	3,000	7,726	(4,726)
Printing and Binding Services - Training	2,000	2,000	-	2,000
Printing and Binding Services - Security	9,700	9,700	-	9,700
Printing and Binding Services - Work Release	12,300	12,300	-	12,300
Medical Forms	2,000	2,000	-	2,000
Advertising - Admin	1,500	1,500	8,758	(7,258)
Advertising - Training	6,000	6,000	-	6,000
Electricity/heating	355,000	355,000	318,151	36,849
Water/sewer	170,000	170,000	158,008	11,992
Postage	5,000	5,000	5,944	(944)
Telephone	31,000	31,000	26,688	4,312
Insurance - Boiler and Machinery	4,000	4,000	2,972	1,028
Insurance - General and Increased Liability Limits	1,000	1,000	505	495
Insurance - Inland Marine	800	800	884	(84)
Insurance - Vehicles	9,850	9,850	9,849	1
Insurance - Public Officials Liability	3,500	3,500	2,877	623
Insurance - Law Enforcement Liability	4,000	4,000	-	4,000
Insurance - General Property	26,000	26,000	19,921	6,079
Insurance - Accident Inmate	4,000	4,000	3,750	250
Lease - Office Equipment	5,000	5,000	6,713	(1,713)
Lease - EIP Equipment	6,400	6,400	1,815	4,585
Tolls	175	175	334	(159)
Meals and Lodging - Admin	3,500	3,500	-	3,500
Meals and Lodging - IT	1,000	1,000	-	1,000
Meals, Lodging, Meals Academy - Training	24,760	24,760	16,489	8,271
Meals - Transportation	1,440	1,440	-	1,440
Meals and Lodging - Medical	3,500	3,500	-	3,500
Meals and Lodging - Food Services	1,000	1,000	-	1,000
Meals and Lodging - Work Releasing	6,450	6,450	-	6,450
Conventions and Education - Admin	5,500	5,500	-	5,500
Conventions and Education - IT	1,500	1,500	-	1,500
Conventions, Seminars, Education, Recertifications	15,000	15,000	20,891	(5,891)
Conventions and Education - Medical	5,000	5,000	-	5,000
Conventions and Education - Food Services	5,400	5,400	-	5,400
Conventions and Education - Work Release	5,450	5,450	-	5,450
Contributions	1,500	1,500	200	1,300
Dues and memberships	2,000	2,000	3,139	(1,139)
Permits, Fees and Licenses - Medical	1,500	1,500	5,337	(3,837)
Permits, Fees and Licenses - Food Services	1,500	1,500	1,805	(305)
Contingencies	64,000	64,000	-	64,000

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Schedule of Revenues, Expenses, and Changes in Net Position
Budget and Actual
For the Year Ended June 30, 2019 (Continued)

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Operating Expenses: (Continued)				
Public Safety: (Continued)				
Office supplies	\$ 27,000	\$ 27,000	\$ 16,945	\$ 10,055
EDP Supplies	20,000	20,000	21,110	(1,110)
Disposable Products - Food Services	10,950	10,950	10,089	861
Medical Supplies and Pharmaceuticals	375,000	375,000	286,532	88,468
Food and Beverages	702,625	702,625	692,975	9,650
Janitorial and Laundry Supplies - Security	70,000	70,000	58,107	11,893
Janitorial and Kitchen Cleaning Supplies	19,950	19,950	-	19,950
Linen supplies	49,200	49,200	45,679	3,521
Kitchen Linens	2,000	2,000	-	2,000
Maintenance and supplies - building	53,500	53,500	49,350	4,150
Fuel - Vehicles	33,500	33,500	28,426	5,074
Fuel - Generators / Power Equipment	16,000	16,000	-	16,000
Supplies - Vehicles	5,000	5,000	3,313	1,687
Supplies - Power Equipment	3,500	3,500	-	3,500
Security Supplies - Training	130,604	130,604	43,459	87,145
Security Supplies	49,985	49,985	-	49,985
Supplies for Booking	500	500	-	500
Educational / Recreational	3,500	3,500	-	3,500
Uniforms - Training	81,550	81,550	18,445	63,105
Uniforms - Nurses	2,000	2,000	-	2,000
Uniforms - Staff	3,500	3,500	-	3,500
Uniforms - Inmates	46,136	46,136	47,526	(1,390)
Uniforms and Protective Wear - Inmates - Foods Serv.	2,500	2,500	-	2,500
Books and Subscriptions - Admin	5,000	5,000	3,333	1,667
Books and Subscriptions - IT	500	500	-	500
Education Supplies - Classroom	2,000	2,000	2,140	(140)
Food Services Prep Supplies	4,000	4,000	3,511	489
Machinery, Equipment, Power Tools - Bldgs / Ground	7,000	7,000	15,373	(8,373)
Furniture and Fixtures - Admin	4,000	4,000	3,642	358
Furniture and Fixtures - Security	1,000	1,000	-	1,000
Furniture and Fixtures - Medical	2,000	2,000	-	2,000
Furniture and Fixtures - Work Release	2,000	2,000	-	2,000
EDP Equipment - Replace	35,170	35,170	41,642	(6,472)
Food Services Equipment / Dinnerware - Replace	16,100	16,100	10,807	5,293
EDP Equipment - Additional	36,840	36,840	20,913	15,927
Food Services Equipment / Dinnerware - New	11,000	11,000	15,658	(4,658)
Machinery and Equipment New	237,000	237,000	8,153	228,847
EDP Equipment new	18,000	18,000	-	18,000
Renovations - Northside Plumbing	500,000	500,000	-	500,000
Machinery and equipment - replacement	52,000	52,000	-	52,000
Motor vehicles - replacement	70,000	70,000	1,010	68,990
Buildings and grounds capital improvements	50,000	50,000	38,062	11,938
Depreciation	-	-	857,053	(857,053)
Total operating expenses	\$ 15,547,369	\$ 15,547,369	\$ 14,357,113	\$ 1,190,256
Operating income (loss)	\$ (1,324,708)	\$ (1,324,708)	\$ 1,119,735	\$ 2,444,443
Nonoperating Revenues (Expenses):				
Interest income	\$ 4,000	\$ 4,000	\$ 80,645	\$ 76,645
Sale of property	-	-	25,000	25,000
Total nonoperating revenues (expenses)	\$ 4,000	\$ 4,000	\$ 105,645	\$ 101,645
Income (loss)	\$ (1,320,708)	\$ (1,320,708)	\$ 1,225,380	\$ 2,546,088
Change in net position	\$ (1,320,708)	\$ (1,320,708)	\$ 1,225,380	\$ 2,546,088
Net position, beginning of year, as restated	1,320,708	1,320,708	29,384,020	28,063,312
Net position, end of year	\$ -	\$ -	\$ 30,609,400	\$ 30,609,400

- Compliance -



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities and the aggregate remaining fund information of Central Virginia Regional Jail Authority as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Central Virginia Regional Jail Authority's basic financial statements and have issued our report thereon dated December 12, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia

December 12, 2019