

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

AUTHORITY MEMBERS

FLUVANNA COUNTY

Eric Hess, Sheriff
Donald Weaver

GREENE COUNTY

Steve Smith, Sheriff
Jim Frydl
Bill Martin, At Large Member

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

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Central Virginia Regional Jail Authority, as of and for the year ended June 30, 2016, 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 financial position of the business-type activities and the aggregate remaining fund information of Central Virginia Regional Jail Authority, as of June 30, 2016, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 13 to the financial statements, in 2016, the Authority adopted new accounting guidance, GASB Statement Nos. 72 Fair Value Measurement and Application, 79 Certain External Investment Pools and Pool Participants, and 82 Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73. 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 36-39 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Central Virginia Regional Jail Authority's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information 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 other supplementary information 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 October 11, 2016, 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 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 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
October 11, 2016

- Basic Financial Statements -

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Statement of Net Position
As of June 30, 2016

ASSETS

Cash and cash equivalents	\$	7,560,018
Accounts receivable		3,201
Due from other governmental units		687,496
Capital assets (net of accumulated depreciation) (Note 5):		
Land		175,000
Buildings and improvements		6,381,037
Vehicles		85,975
Machinery and equipment		110,061
Construction in progress		15,170,524
Total assets	\$	<u>30,173,312</u>

DEFERRED OUTFLOWS OF RESOURCES

Post measurement date employer pension contributions (Note 3)	\$	589,377
Differences between expected and actual experience (Note 3)		622
Total deferred outflows of resources	\$	<u>589,999</u>

LIABILITIES

Accounts payable	\$	412,662
Accrued payroll		37,168
Unearned revenue		624,324
Compensated absences - current portion (Note 6)		38,344
Net OPEB obligation - current portion (Note 8)		30,000
Long-term liabilities:		
Note payable (Note 12)		7,315,000
Compensated absences - long-term portion (Note 6)		345,097
Net pension liability (Note 3)		1,125,367
Net OPEB obligation - long-term portion (Note 8)		183,000
Total liabilities	\$	<u>10,110,962</u>

DEFERRED INFLOWS OF RESOURCES

Net difference of actual and projected pension asset earnings (Note 3)	\$	<u>279,914</u>
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NET POSITION

Net investment in capital assets	\$	14,607,597
Unrestricted		<u>5,764,838</u>
Total net position	\$	<u><u>20,372,435</u></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, 2016

Operating revenues:	
Contributions from participating localities:	
County of Greene	\$ 970,201
County of Fluvanna	858,058
County of Orange	1,219,406
County of Madison	638,871
County of Louisa	1,977,216
Other jurisdictions	15,765
Charges for services	280,206
Recovered medical costs	509,819
Miscellaneous	102,314
Commonwealth of Virginia State Compensation Board:	
State of Virginia	2,007,563
Reimbursement for jail inmate days:	
State of Virginia	746,940
Federal inmate days	810,998
Total operating revenues	<u>\$ 10,137,357</u>
Operating expenses:	
Public Safety:	
Personnel costs	\$ 5,196,116
Fringe benefits	2,010,714
Contractual services	182,033
Other charges	2,748,669
Depreciation expense	386,531
Capital outlay	100,451
Total operating expenses	<u>\$ 10,624,514</u>
Operating income (loss)	\$ (487,157)
Nonoperating revenues (expenses):	
Interest income	<u>\$ 1,136</u>
Net nonoperating revenues (expenses)	<u>\$ 1,136</u>
Income (loss)	<u>\$ (486,021)</u>
Change in net position	\$ (486,021)
Net position, beginning of year	<u>20,858,456</u>
Net position, end of year	<u><u>\$ 20,372,435</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, 2016

Cash flows from operating activities:	
Receipts from customers	\$ 10,576,649
Payments to suppliers	(2,742,482)
Payments to and on the behalf of employees	<u>(7,473,524)</u>
Net cash flows provided by (used for) operating activities	<u>\$ 360,643</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	\$ (5,373,805)
Interest payments	(93,882)
Proceeds from the issuance of debt	<u>3,300,000</u>
Net cash flows provided by (used for) capital and related financing activities	<u>\$ (2,167,687)</u>
Cash flows from investing activities:	
Interest income	<u>\$ 1,136</u>
Net increase (decrease) in cash and cash equivalents	\$ (1,805,908)
Cash and cash equivalents, beginning of year	<u>9,365,926</u>
Cash and cash equivalents, end of year	<u><u>\$ 7,560,018</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (487,157)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	386,531
Changes in assets and liabilities:	
(Increase) / decrease in accounts receivable	15,496
(Increase) / decrease in due from other governmental units	(200,528)
Increase / (decrease) in accounts payable	288,671
Increase / (decrease) in accrued payroll	11,204
Increase / (decrease) in unearned revenue	624,324
Increase / (decrease) in compensated absences	18,739
(Increase) / decrease in deferred outflows - pension related	(110,070)
Increase / (decrease) in deferred inflows - net pension related	(366,786)
Increase / (decrease) in net pension liability	210,219
Increase / (decrease) in net OPEB obligation	<u>(30,000)</u>
Cash flows provided by (used for) operating activities	<u><u>\$ 360,643</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, 2016

	<u>Agency Funds</u>
ASSETS	
Cash	\$ <u>605,007</u>
LIABILITIES	
Amounts held for inmate benefits	\$ 597,359
Amounts held for employee benefits	<u>7,648</u>
Total liabilities	<u>\$ 605,007</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, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Jail 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 Jail 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 Jail 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 Jail and the participating localities.

B. Financial Statement Presentation:

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the Jail'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 Jail reports the following fund type:

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

Capital asset purchases are stated at cost. 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, 2016 (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 Jail's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with an initial maturity of three months or less.

G. Use of Estimates:

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

H. Investments:

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

I. Budgets and Budgetary Accounting:

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

J. Net Position:

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2016 (continued)

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

K. Net Position Flow Assumption:

Sometimes the Jail 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 Jail'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) until then. The Authority has two items that qualify for reporting in this category. The first item is related to the measurement of the net pension liability. This includes differences between expected and actual experience. The other item is comprised of contributions to the pension plan made during the current year and subsequent to the net pension liability measurement date, which will be recognized as a reduction of the net pension liability next fiscal year. For more detailed information on this item, reference the pension note.

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 Jail has one item that qualifies for reporting in this category. Certain items related to the measurement of the net pension liability are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan investments. For more detailed information on these items, reference the pension note.

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 Jail's Retirement Plan and the additions to/deductions from the Jail's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements As of June 30, 2016 (continued)

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 Jail 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).

NOTE 3 - PENSION PLAN:

Plan Description

All full-time, salaried permanent employees of the Jail are automatically covered by 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, 2016 (continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2016 (continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2016 (continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>*Non-Eligible Members (Cont.) Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2016 (continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2016 (continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2016 (continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2016 (continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2016 (continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2016 (continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2016 (continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2016 (continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage Employees of political subdivisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. <p><u>Defined Contribution Component:</u> Not applicable.</p>

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2016 (continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

The system issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Employees Covered by Benefit Terms

As of the June 30, 2014 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	44
Inactive members:	
Vested inactive members	20
Non-vested inactive members	78
Inactive members active elsewhere in VRS	<u>60</u>
Total inactive members	158
Active members	<u>98</u>
Total covered employees	<u><u>300</u></u>

Contributions

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

The Jail's contractually required contribution rate for the year ended June 30, 2016 was 12.39% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

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 Jail were \$592,227 and \$478,419 for the years ended June 30, 2016 and June 30, 2015, respectively.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2016 (continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Net Pension Liability

The Authority's net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Jail's Retirement Plan was based on an actuarial valuation as of June 30, 2014, 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, 2015.

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: 14% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2016 (continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees (Continued)

All Others (Non 10 Largest) - Non-LEOS: (Continued)

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

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

All Others (Non 10 Largest) - Non-LEOS:

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

Actuarial Assumptions - Public Safety Employees

The total pension liability for Public Safety employees in the Jail's Retirement Plan was based on an actuarial valuation as of June 30, 2014, 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, 2015.

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.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2016 (continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions - Public Safety Employees (Continued)

Mortality rates: 60% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2016 (continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	<u>100.00%</u>		<u>5.83%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>8.33%</u>

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2016 (continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Jail Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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, 2014	\$ 11,703,529	\$ 10,788,381	\$ 915,148
Changes for the year:			
Service cost	\$ 575,824	\$ -	\$ 575,824
Interest	797,368	-	797,368
Differences between expected and actual experience	943	-	943
Contributions - employer	-	478,419	(478,419)
Contributions - employee	-	192,167	(192,167)
Net investment income	-	500,151	(500,151)
Benefit payments, including refunds of employee contributions	(625,105)	(625,105)	-
Administrative expenses	-	(6,714)	6,714
Other changes	-	(107)	107
Net changes	\$ 749,030	\$ 538,811	\$ 210,219
Balances at June 30, 2015	\$ 12,452,559	\$ 11,327,192	\$ 1,125,367

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2016 (continued)

NOTE 3 - PENSION PLAN: (CONTINUED)

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

The following presents the net pension liability of the Jail using the discount rate of 7.00%, as well as what the Jail'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		
	(6.00%)	(7.00%)	(8.00%)
Central Virginia Regional Jail Authority Net Pension Liability	\$ 2,850,573	\$ 1,125,367	\$ (296,507)

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

For the year ended June 30, 2016, the Jail recognized pension expense of \$321,230. At June 30, 2016, the Jail reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 622	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 279,914
Employer contributions subsequent to the measurement date	592,227	-
Total	\$ 592,849	\$ 279,914

\$592,227 reported as deferred outflows of resources related to pensions resulting from the Jail's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2017. 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:

Year ended June 30	
2017	\$ (110,076)
2018	(110,096)
2019	(110,397)
2020	51,277
Thereafter	-

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2016 (continued)

NOTE 4 - DUE FROM OTHER GOVERNMENTAL UNITS:

Federal inmates	\$	50,512
Participating localities		172,120
Commonwealth of Virginia:		
State inmate days		278,748
Other		1,870
Compensation Board		184,246
Total	\$	<u>687,496</u>

NOTE 5 - CAPITAL ASSETS:

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

	Balance		Balance	
	July 1, 2015	Increases	Decreases	June 30, 2016
Capital assets not being depreciated:				
Land	\$ 175,000	\$ -	\$ -	\$ 175,000
Construction in progress	9,764,850	5,405,674	-	15,170,524
Total capital assets not being depreciated	<u>\$ 9,939,850</u>	<u>\$ 5,405,674</u>	<u>\$ -</u>	<u>\$ 15,345,524</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 12,420,269	\$ 36,318	\$ -	\$ 12,456,587
Vehicles	486,541	25,696	22,844	489,393
Machinery and equipment	267,774	-	-	267,774
Total capital assets being depreciated	<u>\$ 13,174,584</u>	<u>\$ 62,014</u>	<u>\$ 22,844</u>	<u>\$ 13,213,754</u>
Accumulated depreciation	(6,272,994)	(386,531)	(22,844)	(6,636,681)
Total capital assets being depreciated, net	<u>\$ 6,901,590</u>	<u>\$ (324,517)</u>	<u>\$ -</u>	<u>\$ 6,577,073</u>
Net capital assets	<u>\$ 16,841,440</u>	<u>\$ 5,081,157</u>	<u>\$ -</u>	<u>\$ 21,922,597</u>

Depreciation expense for the fiscal year totaled \$386,531.

NOTE 6 - COMPENSATED ABSENCES:

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

Compensated absences June 30, 2015	\$	364,702
Increase (decrease) during year		<u>18,739</u>
Compensated absences June 30, 2016	\$	383,441
Less current portion (10%)		<u>(38,344)</u>
Total long-term portion	\$	<u>345,097</u>

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2016 (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	\$ 705,261	\$ 671,922	\$ 33,339
Commissary account	402,992	347,326	55,666
Work release	348,375	330,920	17,455
Inmate medical co-payment	27,757	27,757	-
Donation account	2,823	4,266	(1,443)
EIP	3,429	3,429	-
Employee account	2,584	2,789	(205)
	<u>\$ 1,493,221</u>	<u>\$ 1,388,409</u>	<u>\$ 104,812</u>

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS-HEALTH INSURANCE:

A. Plan Description:

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

Retirement eligibility is at 20 years of service for those who were hired prior to December 31, 1991. Employees hired after this date are not eligible for the program.

B. Funding Policy:

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2016 (continued)

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

C. Annual OPEB Cost and Net OPEB Obligation:

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

Annual required contribution	\$	-
Interest on net OPEB obligation		6,075
Adjustment to annual required contribution		(6,075)
Annual OPEB cost (expense)	\$	-
Contributions made		(30,000)
Decrease in net OPEB obligation	\$	(30,000)
Net OPEB obligation - beginning of year		243,000
Net OPEB obligation - end of year	\$	213,000
Current portion	\$	30,000
Long-term portion		183,000
Total	\$	213,000

The Jail's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2016 and the preceding two years are as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2014	\$ 3,368	100%	\$ 273,427
June 30, 2015	322	100%	243,000
June 30, 2016	0	100%	213,000

D. Funded Status and Funding Progress:

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

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2016 (continued)

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

D. Funded Status and Funding Progress: (Continued)

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

E. Actuarial Methods and Assumptions:

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

Measurement of Actuarial Information:

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

The following simplifying assumptions were made:

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

Mortality - Life expectancies were assumed to be 65 years.

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

Interest Assumptions

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

NOTE 9 - RISK MANAGEMENT:

The Jail 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 Jail carries insurance.

The Jail 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.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2016 (continued)

NOTE 9 - RISK MANAGEMENT: (CONTINUED)

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The Jail 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 Jail 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 10 - LITIGATION, CLAIMS AND ASSESSMENTS:

At June 30, 2016, there were no matters of litigation involving the Jail which would materially affect the Jail 's financial position should any court decisions on pending matters not be favorable.

NOTE 11 - COMMITMENTS AND CONTINGENCIES:

The Jail has committed approximately \$17,000,000 for an addition to the existing building in order to expand capacity. Short term financing will be acquired to fund construction. This debt will be retired upon receiving funding from state and federal agencies, respectively.

NOTE 12 - LONG-TERM DEBT:

On December 22, 2014, the Jail issued a Series 2014 Revenue Anticipation Note in the amount of \$8,465,000. The current balance is \$7,315,000, with \$1,150,000 variable interest of approximately 1.82% APR is payable monthly. The note is to be paid in full by the end of fiscal year 2018 from the receipt of state and federal grants for the construction of additional prisoner housing. Total interest paid in FY 16 was \$93,883. Interest to be paid in FY 2017 and 2018 is approximately \$133,133, and \$66,567, respectively.

NOTE 13 - ADOPTION OF ACCOUNTING PRINCIPLES:

Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*

The Authority implemented the provisions of the above Statement during the fiscal year ended June 30, 2016. The Statement generally requires investments to be measured at fair value. The Statement requires the Authority to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or an income approach. The Statement establishes a hierarchy of inputs used to measure fair value. There was no material impact on the Authority's financial statement as a result of the implementation of Statement No. 72. All required disclosures are located in Note 2.

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2016 (continued)

NOTE 13 - ADOPTION OF ACCOUNTING PRINCIPLES: (CONTINUED)

Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*

The Authority implemented the provisions of the above Statement during the fiscal year ended June 30, 2016. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. There was no material impact on the Authority's financial statement as a result of the implementation of Statement No. 79. All required disclosures are located in Note 2.

Governmental Accounting Standards Board Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*

The Authority early implemented provisions of the above Statement during the fiscal year ended June 30, 2016. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. No restatement was required as a result of this implementation.

- Required Supplementary Information -

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Schedule of Components of and Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2016

	<u>2015</u>	<u>2014</u>
Total pension liability		
Service cost	\$ 575,824	\$ 545,907
Interest	797,368	741,951
Differences between expected and actual experience	943	-
Benefit payments, including refunds of employee contributions	<u>(625,105)</u>	<u>(367,248)</u>
Net change in total pension liability	\$ 749,030	\$ 920,610
Total pension liability - beginning	11,703,529	10,782,919
Total pension liability - ending (a)	<u>\$ 12,452,559</u>	<u>\$ 11,703,529</u>
Plan fiduciary net position		
Contributions - employer	\$ 478,419	\$ 552,396
Contributions - employee	192,167	191,799
Net investment income	500,151	1,449,183
Benefit payments, including refunds of employee contributions	(625,105)	(367,248)
Administrative expense	(6,714)	(7,428)
Other	<u>(107)</u>	<u>76</u>
Net change in plan fiduciary net position	\$ 538,811	\$ 1,818,778
Plan fiduciary net position - beginning	10,788,381	8,969,603
Plan fiduciary net position - ending (b)	<u>\$ 11,327,192</u>	<u>\$ 10,788,381</u>
Political subdivision's net pension liability - ending (a) - (b)	\$ 1,125,367	\$ 915,148
Plan fiduciary net position as a percentage of the total pension liability	90.96%	92.18%
Covered payroll	\$ 3,875,864	\$ 3,818,334
Political subdivision's net pension liability as a percentage of covered payroll	29.04%	23.97%

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Schedule of Employer Contributions
For the Year Ended June 30, 2016

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
2016	\$ 592,227	\$ 592,227	\$ -	\$ 4,776,730	12.40%
2015	478,419	478,419	-	3,875,864	12.34%
2014	552,513	552,513	-	3,818,334	14.47%
2013	519,032	519,032	-	3,586,951	14.47%
2012	375,929	375,929	-	3,368,541	11.16%
2011	379,002	379,002	-	3,396,075	11.16%
2010	296,216	296,216	-	3,377,602	8.77%
2009	305,346	305,346	-	3,481,714	8.77%
2008	268,921	268,921	-	3,220,609	8.35%
2007	245,549	245,549	-	2,940,712	8.35%

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

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Notes to Required Supplementary Information
For the Year Ended June 30, 2016

In 2015, Covered Employee Payroll (as defined by GASB 68) included the total payroll for employees covered under the pension plan whether that payroll is subject to pension coverage or not. This definition was modified in GASB Statement No. 82 and now is the payroll on which contributions to a pension plan are based. The ratios presented use the same measure.

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 are not material.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 - Non-LEOS:

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

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - Non-LEOS:

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

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Schedule of OPEB Funding
Last Three Fiscal Years (a)

Other Postemployment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability	Funded Ratio (2) / (3)	Covered Payroll	UAAAL as Percentage of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2010	\$ -	\$ 51,414	\$ 51,414	0.00%	\$ not available	not available

(a) Only one valuation report has been provided and is required due to the nature of the Jail's plan.
No additional valuations are required.

- 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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Operating Revenues:				
Revenue from local sources:				
Contributions from participating localities:				
County of Greene	\$ 970,201	\$ 970,201	\$ 970,201	\$ -
County of Fluvanna	858,058	858,058	858,058	-
County of Orange	1,219,406	1,219,406	1,219,406	-
County of Madison	638,871	638,871	638,871	-
County of Louisa	1,977,216	1,977,216	1,977,216	-
Other jurisdictions	-	-	15,765	15,765
Phone commissions	-	-	181,326	181,326
Charges to prisoners - EIP / Work release	67,000	67,000	98,880	31,880
Recovered medical costs	-	-	509,819	509,819
Miscellaneous income	-	-	102,314	102,314
Total revenue from local sources	\$ 5,730,752	\$ 5,730,752	\$ 6,571,856	\$ 841,104
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Reimbursement of salaries and fringes (Note 8)	\$ 2,077,941	\$ 2,077,941	\$ 2,007,563	\$ (70,378)
State inmate days	580,000	580,000	746,940	166,940
Total revenue from the Commonwealth	\$ 2,657,941	\$ 2,657,941	\$ 2,754,503	\$ 96,562
Revenue from Federal Government:				
Inmate reimbursement	\$ 1,277,500	\$ 1,277,500	\$ 810,998	\$ (466,502)
Total revenue from the Federal Government	\$ 1,277,500	\$ 1,277,500	\$ 810,998	\$ (466,502)
Total operating revenues	\$ 9,666,193	\$ 9,666,193	\$ 10,137,357	\$ 471,164
Operating Expenses:				
Public Safety:				
Salaries and wages	\$ 5,716,109	\$ 5,716,109	\$ 5,196,116	\$ 519,993
Employee fringe benefits	2,824,581	2,824,581	2,010,714	813,867
Advertising	9,000	9,000	6,292	2,708
Dues and memberships	1,000	1,000	880	120
Books and subscriptions	3,000	3,000	3,433	(433)
Uniforms	35,400	35,400	33,176	2,224
Training	61,043	61,043	62,239	(1,196)
Food supplies	645,000	645,000	556,727	88,273
Inmate clothing	18,000	18,000	16,339	1,661
Kitchen supplies	15,000	15,000	12,241	2,759
Janitorial and laundry supplies	61,000	61,000	51,786	9,214
Linen supplies	19,500	19,500	16,551	2,949

CENTRAL VIRGINIA REGIONAL JAIL AUTHORITY

Schedule of Revenues, Expenses, and Changes in Net Position
 Budget and Actual
 For the Year Ended June 30, 2015 (Continued)

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Operating Expenses: (Continued)				
Public Safety: (Continued)				
Maintenance - building	\$ 45,500	\$ 45,500	\$ 54,600	\$ (9,100)
Maintenance - office	5,000	5,000	2,439	2,561
Maintenance contract - buildings and grounds	23,371	23,371	23,918	(547)
Postage	8,000	8,000	7,804	196
Office supplies	14,000	14,000	13,903	97
Physician and dentist, etc.	407,871	971,135	837,465	133,670
Medical supplies	260,000	619,056	424,888	194,168
Printing	22,500	22,500	16,328	6,172
Professional services	378,100	378,100	179,970	198,130
Contributions	1,500	1,500	120	1,380
Employee medical assessments	2,500	2,500	2,211	289
Security supplies	55,550	55,550	41,301	14,249
Building repair and maintenance supplies	25,000	25,000	-	25,000
Vehicle costs	70,000	70,000	46,431	23,569
Extermination	2,400	2,400	2,063	337
Miscellaneous	-	-	311	(311)
Travel expenses	12,500	12,500	8,976	3,524
Telephone	28,000	28,000	21,674	6,326
Electricity/heating	226,800	226,800	248,029	(21,229)
Water/sewer	144,000	144,000	143,371	629
Refuse collection	19,000	19,000	8,573	10,427
Insurance	51,594	51,594	22,876	28,718
Capital outlays	311,400	311,400	100,451	210,949
Operating leases	5,200	5,200	4,837	363
Housing inmates - outside source	922,320	-	-	-
Depreciation	-	-	386,531	(386,531)
Contingencies	127,000	127,000	58,950	68,050
Total operating expenses	\$ 12,577,739	\$ 12,577,739	\$ 10,624,514	\$ 1,953,225
Operating income (loss)	\$ (2,911,546)	\$ (2,911,546)	\$ (487,157)	\$ 2,424,389
Nonoperating Revenues (Expenses):				
Interest income	\$ -	\$ -	\$ 1,136	\$ 1,136
Interest expense	(211,600)	(211,600)	-	211,600
Total nonoperating revenues (expenses)	\$ (211,600)	\$ (211,600)	\$ 1,136	\$ 212,736
Income (loss)	\$ (3,123,146)	\$ (3,123,146)	\$ (486,021)	\$ 2,637,125
Change in net position	\$ (3,123,146)	\$ (3,123,146)	\$ (486,021)	\$ 2,637,125
Net position, beginning of year	3,123,146	3,123,146	20,858,456	17,735,310
Net position, end of year	\$ -	\$ -	\$ 20,372,435	\$ 20,372,435

- Compliance -

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Members 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, 2016, 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 October 11, 2016.

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 of 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
October 11, 2016