PAMUNKEY REGIONAL JAIL AUTHORITY

HANOVER COUNTY, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015

COLONEL JAMES C. WILLETT, CJM
SUPERINTENDENT

LT. COLONEL NATHAN J. WEBEL, CJM
DEPUTY SUPERINTENDENT

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

PAMUNKEY REGIONAL JAIL AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Table of Contents

INTRODUCTORY SECTION (unaudited)	Page
Letter of Transmittal	i-iv
Members of the Board and Legal Counsel	v
The Certificate of Achievement for Excellence in Financial Reporting for June 30, 2014	vi
Organizational Chart	vii
FINANCIAL SECTION	
Independent Auditors' Report	1-3
Management's Discussion and Analysis (unaudited)	4-9
Basic Financial Statements:	
Statement of Net Position	10-11
Statement of Revenues, Expenses and Changes in Net Position	12
Statement of Cash Flows	13-14
Notes to the Financial Statements	15-38
Schedules of Required Supplementary Information other than Management's Discussion and Analysis (unaudited):	
Schedule of Changes in the Net Pension Asset and Related Ratios (unaudited)	39
Schedule of Employer Contributions (unaudited)	40
Schedule of Funding Progress – Other Postemployment Benefits (unaudited)	41
STATISTICAL SECTION (unaudited)	
Narrative on Statistical Section	42
Net Position by Component (*Table 1*)	43
Changes in Net Position (*Table 2*)	44
Operating Revenues by Source (*Table 3*)	45
Operating Expenses (*Table 4*)	46
Nonoperating Revenues and Expenses (*Table 5*)	47

PAMUNKEY REGIONAL JAIL AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Table of Contents (Continued)

STATISTICAL SECTION, CON'T (unaudited)

	Page
Revenues and Expenses – Operating Fund *(Table 6)*	48
Revenues & Billed Inmate Days – By Customer *(Table 7)*	49
Largest Revenue Source (*Table 8*)	50
Outstanding Debt by Type (*Table 9*)	51
Revenue Bond Coverage – Operating Fund *(Table 10)*	52
Number of Employees by Identifiable Activity (*Table 11*)	53
Inmate Booking Statistics (*Table 12*)	54
Principal Employers List *(Table 13)*	55
Demographic Statistics for Member Jurisdictions (*Table 14)*	56
Schedule of Insurance in Force *(Table 15)*	57

COMPLIANCE SECTION

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*	58-59

INTRODUCTORY SECTION
(unaudited)

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

James C. Willett, CJM
Superintendent

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

PAMUNKEY REGIONAL JAIL

December 21, 2015

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

Dear Authority Board Members:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Pamunkey Regional Jail Authority (Jail Authority) for the fiscal year ended June 30, 2015. The report was prepared by the Superintendent and the Director of Finance, who assume full responsibility for the accuracy of information, and the completeness and fairness of preparation. We believe the financial information, as presented, is accurate in all material respects and that it is presented in a manner designed to fairly set forth the financial position and results of operations as measured by the financial activity of the Jail Authority's Enterprise Funds. This letter should be read in conjunction with the *Management's Discussion and Analysis*, which can be found in the Financial Section of the CAFR.

FINANCIAL REPORTING ENTITY

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

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

statements for the County of Hanover can be obtained from the County's Director of Finance at P.O. Box 470, Hanover, Virginia 23069.

The general purpose of the Jail Authority is to maintain and operate a regional jail facility to meet the needs of the participating jurisdictions. The facility has 469-beds, consisting of 435 general-purpose beds, a 16-bed work release center, a 6-bed medical infirmary and 12 special management cells. The Jail's core services such as the infirmary, kitchen, and laundry services are designed for future expansion to accommodate a total inmate population of 665.

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

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

ECONOMIC CONDITIONS

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

Hanover County's population growth rate is expected to be approximately 1.3%, with a total population of 105,456 estimated for 2015. These figures include the Town of Ashland. Caroline County's population growth rate is expected to be 1.0%, with a total population of 29,776 estimated for 2015.

The local inmate population for the past year was 394. Projections for the upcoming 2016 fiscal year are 390 and by the 2017 fiscal year, we anticipate an inmate population of approximately 400.

MAJOR ACCOMPLISHMENTS AND INITIATIVES

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

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

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

FINANCIAL INFORMATION AND CONTROLS

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

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

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

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

INVESTMENT MANAGEMENT

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

Investment income earned for the fiscal year for the Jail Authority's operating funds was $88,757 representing a decrease of $5,278 from fiscal year 2014.

INDEPENDENT AUDIT

The certified public accounting firm of KPMG LLP audited the Jail Authority's June 30, 2015 financial statements. Their opinion on the financial statements is presented in the financial section of this report.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Pamunkey Regional Jail for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the thirteenth consecutive year that the Jail has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the Jail Authority published an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

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

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

Respectfully submitted,

James C. Willett, CJM
Superintendent

F. Keith Spicer, CPA, CGMA
Director of Finance

Pamunkey Regional Jail Authority Members
Fiscal Year 2015

Chairman Charles Hartgrove
Ashland Town Manager

Vice Chairman Tony Lippa
Caroline County Sheriff

Other Members

Alan Partin
Caroline County Assistant Administrator

Jim Taylor
Hanover County Assistant Administrator

Dave Hines
Colonel, Hanover County Sheriff

Legal Counsel

William H. Hefty, Esq.

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Pamunkey Regional Jail

Virginia

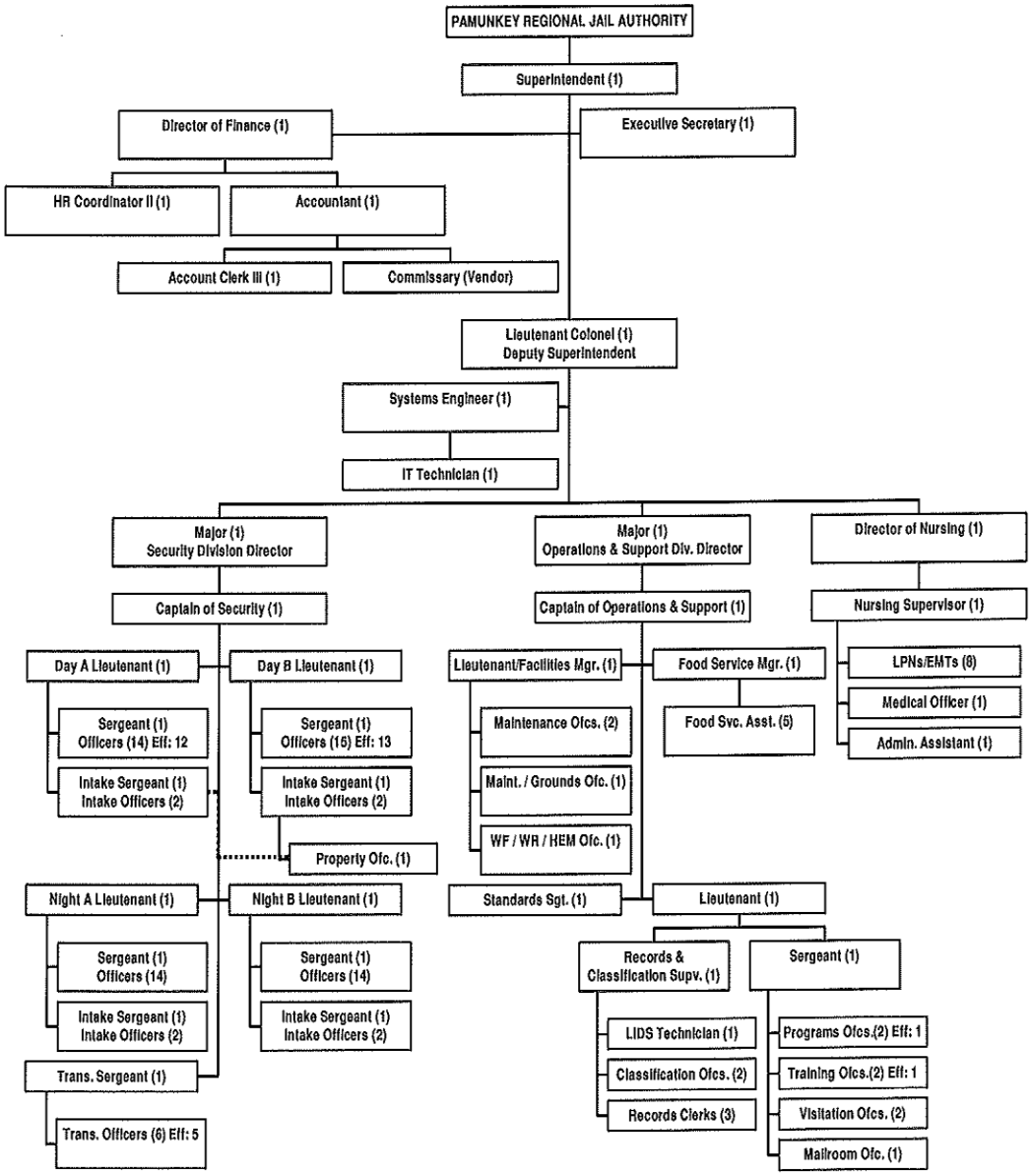
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

Pamunkey Regional Jail

Organizational Structure 7/1/2015



FINANCIAL SECTION

KPMG LLP
Suite 2000
1021 East Cary Street
Richmond, VA 23219-4023

Independent Auditors' Report

The Honorable Members of the
Pamunkey Regional Jail Authority Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the Pamunkey Regional Jail Authority (the Jail Authority), a political subdivision of the Commonwealth of Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards and Commissions* (Specifications), issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and Specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Pamunkey Regional Jail Authority as of June 30, 2015, and the changes in its financial position and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 1.M to the financial statements, in fiscal year 2015, the Jail Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which provide new accounting guidance that addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 4 through 9, and the Schedules of Required Supplementary Information, including the Schedule of Changes in Net Pension Asset and Related Ratios, the Schedule of Employer Contributions, and the Schedule of Funding Progress – Other Postemployment Benefits, on pages 39 to 41 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 audits 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements. The supplementary information included in the Introductory Section and Statistical Section as listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2015 on our consideration of the Jail Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Jail Authority's internal control over financial reporting and compliance.

KPMG LLP

December 21, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

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

The following is management's discussion and analysis of the Jail Authority's financial performance for the years ended June 30, 2015 and 2014. It should be read in conjunction with the letter of transmittal in the Introductory Section, the Jail Authority's financial statements and supplemental information included in the Financial Section and financial performance in the Statistical Section.

FINANCIAL HIGHLIGHTS

Fiscal Year 2015:

- The Jail Authority's net position increased $472,458 in fiscal year 2015. This is primarily due to the increase in member jurisdiction revenues.
- The total revenues of the Jail Authority decreased $187,580, or 1.5% from fiscal year 2014. This is primarily due to the decrease in US Marshals' bed rentals.
- Total expenses in fiscal year 2015 decreased by $158,201 or 1.3% primarily from implementing the new GASB Statement No. 68 in fiscal year 2015. See next page for further information.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Jail Authority's financial statements. The Jail Authority's financial statements consist of the statement of net position, the statement of revenues, expenses and changes in net position, and the statement of cash flows. The first two statements report the net position and how they have changed during the year. Net position is the difference between the total assets and deferred outflows of resources and total liabilities and deferred inflows of resources of the Jail Authority. Measuring net position is one way to gauge the Jail Authority's financial condition.

In fiscal year 2015, the Jail Authority implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27," and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date". The objective of GASB Statement No. 68 is to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense. The statement requires the liability of employers for defined benefit pensions to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. Accordingly, the Jail Authority recorded the impact of the related net pension liability (asset), deferred outflow of resources, deferred inflow of resources, and pension expense. The accounting treatment to restate the beginning net position as of June 30, 2014 for the adoption of GASB 68 and 71 resulted in a net reduction of $330,898. For further information regarding the Jail Authority's adoption of the new pension standard, refer to Notes 1.M and 8 of the accompanying notes to the financial statements.

The following table summarizes the net position of the Jail Authority at June 30, 2015 and 2014:

	2015 (1)	2014
Assets		
Cash and cash equivalents with fiscal agent	$ 4,531,815	$ 4,062,311
Receivables	795,763	611,216
Total Current Assets	5,327,578	4,673,527
Noncurrent Assets		
Cash and cash equivalents with fiscal agent	4,528,474	4,416,426
Net pension asset	29,132	-
Capital assets, net	14,316,591	15,144,543
Total Noncurrent Assets	18,874,197	19,560,969
Total Assets	24,201,775	24,234,496
Deferred Outflows of Resources		
Deferred loss on debt refunding	177,425	221,783
Pension contributions after measurement date	643,459	-
Total Deferred Outflows of Resources	820,884	221,783
Total Assets and Deferred Outflows of Resources	25,022,659	24,456,279
Liabilities		
Current Liabilities		
Accounts payable	120,298	523,178
Accrued liabilities	282,382	301,446
Arbitrage liability	69,075	51,036
Current portion of compensated absences	25,598	6,131
Current portion of unearned revenue	214,286	-
Current portion of revenue bonds	1,500,000	1,440,000
Accrued bond interest	131,859	161,667
Total Current Liabilities	2,343,498	2,483,458
Long-Term Liabilities		
Revenue bonds	4,870,000	6,370,000
Unearned revenue	1,285,714	-
Compensated absences	610,187	604,055
Total Long-Term Liabilities	6,765,901	6,974,055
Total Liabilities	9,109,399	9,457,513
Deferred Inflows of Resources		
Net difference between projected and actual earnings on pension plan investments	772,934	-
Total Deferred Inflows of Resources	772,934	-
Total Liabilities and Deferred Inflows of Resources	9,882,333	9,457,513
Net Position		
Net investment in capital assets	8,124,017	7,556,326
Restricted	4,557,606	4,416,426
Unrestricted	2,458,703	3,026,014
Total Net Position	$ 15,140,326	$ 14,998,766

(1)The Jail Authority implemented GASB Statement Nos. 68 and 71 in fiscal year 2015. See Note 1.M of the notes to the financial statements for more information. Fiscal year 2014 was not restated herein.

REVENUES

Operating and non-operating revenues for the Jail Authority totaled $12,254,073 for the year ended June 30, 2015, which equates to a $187,580 decrease over fiscal year 2014. Of this total, per-diem billings to member jurisdictions totaled $6,982,510 or 57% of total revenues. Per-diem billings to non-member jurisdictions totaled $1,057,324 and accounted for 9% of total revenues. Non-inmate revenues totaled $4,214,239, or 34 % of total revenues.

A summary of revenues for the years ended June 30, 2015 and 2014 is provided in the following tabulation:

Revenue Classification	**2015**	**2014**
Operating Revenues		
Hanover County	$ 4,928,094	$ 4,433,152
Town of Ashland	418,052	281,436
Caroline County	1,636,364	1,915,529
Subtotal	6,982,510	6,630,117
United States Marshals' Service	266,112	1,027,303
Immigration/Naturalization Service	1,632	5,280
Federal Bureau of Prisoners	—	2,502
Other Local and Regional Jails	79,782	594
Sub Total	347,526	1,035,679
Work Release	9,431	5,328
Miscellaneous Income	549,947	614,098
Subtotal	559,378	619,426
Total Operating Revenues	7,889,414	8,285,222
Nonoperating Revenue		
Compensation Board	3,534,604	3,633,741
Commonwealth of Virginia	709,798	428,655
Federal Grant Revenue	31,500	—
Interest income	88,757	94,035
Total Non-operating Revenues	4,364,659	4,156,431
Total Revenues	$ 12,254,073	$ 12,441,653

EXPENSES

Operating and non-operating expenses totaled $11,781,615 for the year ended June 30, 2015, which represents a $158,201 decrease over fiscal year 2014. Of this amount, salaries and employee benefits totaled $7,723,277, medical services and supplies totaled $896,261, food service and supplies totaled $419,004 and interest expense on debt totaled $263,718.

Summary expense data for the years ended June 30, 2015 and 2014 is presented in the following tabulation:

Expense Classification	**2015 (1)**	**2014**
Operating Expenses:		
Personnel services	$ 5,858,260	$ 5,499,924
Fringe benefits	1,865,017	2,155,713
Contractual services	786,175	779,977
Materials and supplies	437,662	412,848
Medical services and supplies	896,261	1,028,536
Food services and supplies	419,004	444,301
Utilities	359,269	439,862
Depreciation	896,249	855,321
Total Operating Expenses	11,517,897	11,616,482
Total Non-operating Expenses		
Interest expense	263,718	323,334
Total Expenses	11,781,615	11,939,816
Total excess of revenues and expenses	472,458	501,837
Total net position, beginning of year-as restated (1)	14,667,868	14,496,929
Total net position, end of year	$ 15,140,326	$ 14,998,766

(1)The Jail Authority implemented GASB Statement Nos. 68 and 71 in fiscal year 2015. See Note 1.M of the notes to the financial statements for more information. Fiscal year 2014 was not restated herein.

FINANCIAL ANALYSIS OF JAIL FUNDS

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

Jail Authority operations ended fiscal year 2015 with a $472,458 increase in total net position. Net position increased $501,837 in fiscal year 2014. The increase in fiscal year 2015 is primarily due to the increase in member jurisdiction revenues.

The Jail Authority's cash position was $4,531,815 in unrestricted funds.

DEBT ADMINISTRATION

The Jail Authority had total bonded debt outstanding of $6,370,000 and $7,810,000 at June 30, 2015 and 2014, respectively. Those amounts are comprised of Jail Facility Revenue Bonds Series 2001. These bonds were issued to defease the Series 1996 Jail Facility Revenue Bonds that were issued to fund the acquisition, construction and equipping of the Jail. The proceeds of the bonds were invested in US government securities and deposited in an escrow account. The advance refundings met the requirements for an in-substance defeasance and the term bonds were removed from the Jail Authority's financial statements. For more detailed information on long-term debt activity, refer to Note 5 of the notes to the financial statements.

CAPITAL ASSETS

Operating Fund capital assets with a cost of $5,000 or more and an economic useful life greater than one year are capitalized and depreciated over their useful lives using the straight-line method. As of June 30, 2015, capital assets, accumulated depreciation and depreciation expense totaled $28,811,837, $14,495,246 and $896, 249 respectively. As of June 30, 2014, capital assets, accumulated depreciation and depreciation expense totaled, $28,799,830, $13,655,287 and $855,321 respectively. For more detailed information on capital assets activity, refer to Note 3 of the notes to the financial statements.

JAIL AUTHORITY'S PER DIEM RATES

Operational per diem and debt service per diem rates are set for the localities through the annual budget process. The operational per diem rate is calculated by the total operational per diem due from the localities divided by the total number of inmates projected for the year divided by 365 days. The operational per diem rates were $37.18 and $34.87 for 2015 and 2014, respectively. The debt service per diem rate is calculated by the total debt service divided by the total number of projected inmates for the year divided by 365 days. The debt service per diem rates were $11.87 and $12.72 for 2015 and 2014, respectively. The per diem rate that has been set for all federal inmates is $48.00.

REQUEST FOR INFORMATION

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

PAMUNKEY REGIONAL JAIL AUTHORITY
Statement of Net Position
June 30, 2015

	2015
ASSETS	
Current assets:	
Cash and cash equivalents with fiscal agent	$ 4,531,815
Receivables:	
Due from Federal Government	47,040
Due from Commonwealth of Virginia - Operations	501,476
Accounts receivable - member jurisdictions	247,247
Total current assets	5,327,578
Noncurrent assets:	
Restricted cash and cash equivalents with fiscal agent	4,528,474
Net pension asset	29,132
Capital Assets:	
Nondepreciable assets	70,825
Depreciable assets, net of accumulated depreciation of $14,495,246 as of June 30, 2015	14,245,766
Total noncurrent assets	18,874,197
Total assets	24,201,775
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on debt refunding	177,425
Pension contributions after measurement date	643,459
Total deferred outflows of resources	820,884
Total assets and deferred outflows of resources	$ 25,022,659

(continued)

PAMUNKEY REGIONAL JAIL AUTHORITY
Statement of Net Position
June 30, 2015

	2015
LIABILITIES	
Current liabilities:	
Accounts payable	$ 120,298
Accrued liabilities	282,382
Accrued arbitrage liability	69,075
Current portion of compensated absences	25,598
Current portion of unearned revenue	214,286
Current portion of revenue bonds	1,500,000
Accrued bond interest	131,859
Total current liabilities	2,343,498
Long-term liabilities:	
Revenue bonds, net of unamortized deferred loss and bond discount	4,870,000
Unearned revenue	1,285,714
Compensated absences	610,187
Total long-term liabilities	6,765,901
Total liabilities	9,109,399
DEFERRED INFLOWS OF RESOURCES	
Net difference between projected and actual earnings on pension plan investments	772,934
Total deferred inflows of resources	772,934
Total liabilities and deferred inflows of resources	9,882,333
NET POSITION	
Net investment in capital assets	8,124,017
Restricted:	
Debt service and repair reserve - per debt covenant	1,730,501
Operating reserve - per jail service agreement	2,797,973
Pension	29,132
Unrestricted	2,458,703
Total net position	$ 15,140,326

See accompanying notes to financial statements.

PAMUNKEY REGIONAL JAIL AUTHORITY
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2015

	2015
OPERATING REVENUES:	
Charges for services	
County of Hanover	$ 4,928,094
Town of Ashland	418,052
County of Caroline	1,636,364
Charges to other governments	347,526
Other	559,378
Total operating revenues	7,889,414
OPERATING EXPENSES:	
Personal services	5,858,260
Fringe benefits	1,865,017
Contractual services	786,175
Other operating expenses and supplies	2,112,196
Depreciation	896,249
Total operating expenses	11,517,897
Operating loss	(3,628,483)
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental:	
Revenue from the Commonwealth of Virginia:	
Categorical aid: Shared expenses and fees	4,244,402
Federal grant revenue	31,500
Interest income	88,757
Interest expense	(263,718)
Net nonoperating revenues	4,100,941
Change in net position	472,458
Total net position, beginning of year-as restated (see Note 1.M)	14,667,868
Total net position, end of year	$ 15,140,326

See accompanying notes to financial statements.

PAMUNKEY REGIONAL JAIL AUTHORITY
Statement of Cash Flows
Year Ended June 30, 2015

	2015
CASH FLOWS FROM OPERATING ACTIVITIES	
Charges to governments for inmates	$ 7,215,509
Unearned revenue received	1,500,000
Other revenues	559,378
Payments to suppliers	(3,256,893)
Payments to employees	(7,929,258)
Net cash used for operating activities	(1,911,264)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Intergovernmental revenue received	4,205,882
Net cash provided by noncapital financing activities	4,205,882
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments for capital asset additions	(68,297)
Principal payments on long-term debt	(1,440,000)
Interest paid on long-term debt	(293,526)
Net cash used for capital and related financing activities	(1,801,823)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on cash and cash equivalents	88,757
Net cash provided by investing activities	88,757
Net increase in cash and cash equivalents with fiscal agent	581,552
Total cash and cash equivalents with fiscal agent at beginning of year	8,478,737
Total cash and cash equivalents with fiscal agent at end of year	$ 9,060,289

(continued)

PAMUNKEY REGIONAL JAIL AUTHORITY
Statement of Cash Flows
Year Ended June 30, 2015

Operating loss	$	(3,628,483)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation		896,249
Amortization		44,359
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts and accrued interest receivable - member jurisdictions		(108,240)
Due from Federal Government		(6,288)
Pension contributions after measurement date		32,237
Pension asset		(1,035,726)
Increase (decrease) in:		
Accounts payable		(402,880)
Accrued liabilities		(1,025)
Unearned revenue		1,500,000
Compensated absences		25,599
Net difference between projected and actual earnings on pension plan investments		772,934
Net cash used for operating activities	$	(1,911,264)
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS WITH FISCAL AGENT:		
Cash and cash equivalents with fiscal agent- current	$	4,531,815
Restricted cash and cash equivalents with fiscal agent- noncurrent		4,528,474
Total cash and cash equivalents with fiscal agent	$	9,060,289

See accompanying notes to financial statements.

Note 1 – Summary of significant account policies

A. **Reporting Entity** – The Pamunkey Regional Jail Authority ("Jail Authority"), a political subdivision of the Commonwealth of Virginia, was authorized by Chapter 726 of the 1990 Acts of the General Assembly of Virginia and formed on December 30, 1992. The participating jurisdictions of the Jail Authority are the Counties of Caroline and Hanover and the Town of Ashland. The Jail Authority is governed by a five-member board comprised of two members each from the Counties of Caroline and Hanover and one from the Town of Ashland. In an agreement between the County of Hanover ("the County") and the Jail Authority, the County serves as fiscal agent for the Jail Authority for which the Jail Authority reimburses the County for services provided in the areas of purchasing, finance, personnel and data processing. The Jail Authority is not a component unit of Hanover County and is therefore not reported in Hanover County's Comprehensive Annual Financial Report as a component unit.

B. **Financial Statement Presentation** – The financial statements of the Jail Authority are prepared in accordance with U.S. generally accepted accounting principles for an enterprise fund. Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Jail Authority is that the cost of providing services to the participating jurisdictions be financed or recovered through user charges to participating jurisdictions.

C. **Basis of Accounting** – The financial statements are presented on the accrual basis of accounting, wherein revenues are recognized when earned and expenses are recognized when incurred.

D. **Cash and Cash Equivalents** – Cash and cash equivalents include cash on hand, deposits in bank and short-term investments with maturities of three months or less when purchased. Cash and cash equivalents also include amounts held in restricted accounts in accordance with the Series 1996 Jail Facility Revenue Bonds, 2001 Jail Facility Revenue Bonds, and 2003 Jail Facility Revenue Bonds.

E. **Restricted Assets** – The Jail Authority's restricted assets consists of debt service, net pension asset and operating reserves. Reserves at June 30, 2015 were as follows:

Debt service and repair reserve	$1,730,501
Operating reserve	$2,797,973
Pension	$29,132

F. **Allowances for Uncollectibles** – In accordance with prior history and given the Jail Authority's relationship with member jurisdictions, no allowance has been established for uncollectible accounts.

G. **Capital Assets** – All property, plant and equipment is recorded at cost. The capitalization threshold is $5,000 with a useful life of greater than one year. Depreciation for operating facilities and equipment is computed over useful lives of 5 to 35 years using the straight-line method and half-year convention. Interest expense that relates to the cost of acquiring or constructing capital assets is capitalized. Interest costs incurred in connection with construction of capital assets has been reduced by interest earned on the investment of funds borrowed for construction. No interest costs were capitalized during the fiscal year of 2015.

Note 1 – Summary of significant account policies (continued)

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

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

H. **Vacation, Sick, and Holiday Leave** – Jail Authority employees earn vacation and sick leave in varying amounts on a semi-monthly basis, based upon length of service. Annual carry over limitations apply to vacation hours but not to sick leave. Employees are compensated for unused vacation and sick leave upon separation, retirement or death based upon years of service and limited to a maximum dollar amount. Holidays earned by an employee, classified as essential personnel, will be those days specified by the Jail Authority to be taken. All non-essential personnel, as designated by the Jail Superintendent, will take the twelve scheduled holidays granted per year unless ordered otherwise.

I. **Operating and non-operating revenues and expenses** – The Jail Authority reports as operating revenues charges for bed rentals for inmates from the jurisdictions of Hanover County, Caroline County and the Town of Ashland, as well as bed rentals of federal prisoners from the U.S. Department of Homeland Security and the United States Marshals. The Jail Authority reports categorical aid from the Commonwealth of Virginia as non-operating revenues. The Jail Authority reports as operating expenses those costs such as salaries for personnel to operate the Jail, contractual services for outside contractors and depreciation expense. The Jail Authority reports as non-operating revenue and expense amounts arising from interest earned on cash held and interest incurred on the outstanding debt.

J. **Estimates** – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

K. **Budget** – The Jail Superintendent must annually submit a balanced budget to the Jail Authority in October. The budget denotes per diem rates charged to member jurisdictions, and line item revenues and expenses. The Jail Authority must adopt a final annual budget on or before January 1.

The Jail Authority designates, in accordance with its bond covenants, an operating reserve fund in each of its annual budgets in an amount equal to not less than 90 days of its projected annual budget for each year less debt service. This operating reserve amounted to $2,797,973 at June 30, 2015.

Note 1 – Summary of significant account policies (continued)

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

General liability and faithful performance of duty bond coverage's are provided by the Commonwealth of Virginia, Department of General Services, and Division of Risk Management. There was no reduction in insurance coverage for the year ended June 30, 2015.

M. **New Accounting Pronouncements** – In fiscal year 2015, the Jail Authority implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27," and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date". The objective of GASB Statement No. 68 is to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense. The statement requires the liability of employers for defined benefit pensions to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. Accordingly, the Jail Authority recorded the impact of the related net pension asset, deferred outflow of resources, deferred inflow of resources, and pension expense. The accounting treatment to restate the beginning net position as of June 30, 2014 for the adoption of GASB 68 and 71 resulted in a net reduction of $330,898 as follows.

Total net position at June 30, 2014 - as previously reported	$14,998,766
Recognition of net pension liability	(1,006,594)
Reclassification of employer contributions to deferred outflow of resources	675,696
Total net position at June 30, 2014 – as restated	$14,667,868

For further information regarding the Jail Authority's adoption of GASB Statement Nos. 68 and 71, refer to Note 8 of the accompanying notes to the financial statements.

Note 2 – Cash and Cash Equivalents with Fiscal Agent

Hanover County acts as a fiscal agent for the Jail Authority. Accordingly, the Jail Authority follows the deposit and investment guidelines of the County. As of June 30, 2015, the Jail Authority's carrying value of deposits and investments as part of the Hanover County pooled cash and investments was $9,060,289.

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

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

Note 3 – Capital Assets

The following schedule denote the changes in capital assets for the year ended June 30, 2015:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets not being depreciated:				
Land	$ 70,825	$ -	$ -	$ 70,825
Total non depreciable assets	70,825	-	-	70,825
Capital assets being depreciated:				
Buildings	27,020,273	-	-	27,020,273
Improvements other than buildings	719,404	-	-	719,404
Vehicles and Equipment	989,328	68,297	56,290	1,001,335
Total capital assets being depreciated	28,729,005	68,297	56,290	28,741,012
Accumulated depreciation:				
Buildings	12,738,120	772,008	-	13,510,128
Improvements other than buildings	228,149	46,288	-	274,437
Vehicles and Equipment	689,018	77,953	56,290	710,681
Total accumulated deprecation	13,655,287	896,249	56,290	14,495,246
Total capital assets being depreciated (net)	15,073,718	(827,952)	-	14,245,766
Total capital assets, net	$ 15,144,543	$ (827,952)	$ -	$ 14,316,591

Note 4 – Interest Payable

Accrued bond interest payable totaled $131,859 at June 30, 2015. This amount is related to the Jail Authority's share of the Series 2001 Jail Facility Revenue Bonds.

Note 5 – Revenue Bonds Payable

Series 2001 Jail Facility Revenue Bonds. On November 11, 2001, the Jail Authority issued $10,000,000 of Series 2001 jail facility revenue bonds with an interest rate of 4.14% to advance refund a portion of the Series 1996 revenue bonds with an interest rate of 5.75%. The Series 2001 jail facility revenue bonds were issued at par and after paying issuance costs of $43,416, the net proceeds were $9,956,584. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities, and those securities were deposited in an escrow account with the Jail Authority Trustee, SunTrust Bank, to provide debt service payments until the term bonds were called on July 1, 2006. The advance refunding met the requirements of an in-substance debt defeasance, and the term bonds were removed from the Jail Authority's financial statements.

Note 5 – Revenue Bonds Payable (continued)

The following schedule reflect changes in long-term liabilities for the year ended June 30, 2015:

	Balance June 30, 2014	Increase	Decrease	Balance June 30, 2015
Series 2001				
Advance refunding revenue bonds	$ 7,810,000	$ -	$ 1,440,000	$ 6,370,000
Other postemployment benefits	27,252	-	27,252	-
Compensated absences	610,186	104,476	78,877	635,785
Unearned revenue	-	1,500,000	-	1,500,000
Less amounts due within one year:				
Other postemployment benefits	(27,252)	-	(27,252)	-
Compensated absences	(6,131)	(19,467)	-	(25,598)
Unearned revenue	-	(214,286)	-	(214,286)
Revenue bonds	(1,440,000)	(60,000)	-	(1,500,000)
Total Long-term Liabilities	$ 6,974,055	$ 1,310,723	$ 1,518,877	$ 6,765,901

Debt Service Requirements on outstanding long-term liabilities were composed of the following at June 30, 2015:

Year ending June 30,	Revenue Bond Principal	Revenue Bond Interest	Total Payment
2016	1,500,000	232,668	1,732,668
2017	1,560,000	169,326	1,729,326
2018	1,620,000	103,500	1,723,500
2019	1,690,000	34,983	1,724,983
Total	$ 6,370,000	$ 540,477	$ 6,910,477

Details of the revenue bonds of the Jail Authority at June 30, 2015 are as follows:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Amount Due Within One Year
Series 2001 Advance refunding revenue bonds	4.14%	11/1/2001	2018	$10,000,000	$1,500,000

Note 6 – Compensated Absences

Jail Authority employees are granted vacation and sick leave in varying amounts. In addition, certain employees accrue compensation time for overtime hours worked. In the event of termination, employees are reimbursed for their unused accumulated vacation, compensation time, and a percentage of accumulated sick leave, depending on their length of service. The Jail Authority has accrued $635,785 at June 30, 2015, as the liability arising from compensated absences.

The compensated absences liability for the Jail is accounted for using the last in-first out (LIFO) basis which is under the assumption that the employees are taking time as it is earned; therefore, the current portion to report as of June 30, 2015, was approximately $25,598.

Note 7 – Commitments and Contingent Liabilities

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

Note 8 – Defined Benefit Pension Plan

Plan Description – The Jail Authority participates in an agent multiple-employer defined benefit pension plan administered by the Virginia Retirement System (VRS). The VRS requires periodic employer contributions at actuarially determined rates, which will remain relatively level over time as a percentage of payroll and will accumulate sufficient assets to meet the cost of all basic benefits when due. The required employer contributions for Jail employees are established annually by the VRS. All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Members earn one month of service for each month they are employed and their employer is paying in VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

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

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

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
About VRS Plan 1 VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	**About VRS Plan 2** VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members")

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

election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.	returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.	to participate in the Hybrid Retirement Plan. They include: • Members of the State Police Officers' Retirement System (SPORS) • Members of the Virginia Law Officers' Retirement System (VaLORS) • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.
Retirement Contributions Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	**Retirement Contributions** Same as VRS Plan 1.	**Retirement Contributions** A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

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

their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.		(60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. **Defined Contributions Component:** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final	**Calculating the Benefit** See definition under VRS Plan 1.	**Calculating the Benefit** **Defined Benefit Component:** See definition under VRS Plan 1

compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.		**Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as VRS Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.	**Service Retirement Multiplier** Same as Plan1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.	**Service Retirement Multiplier** The retirement multiplier is 1.0%. For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.
Normal Retirement Age Age 65.	**Normal Retirement Age** Normal Social Security retirement age.	**Normal Retirement Age** **Defined Benefit Component:** Same as VRS Plan 2. **Defined Contribution Component:** Members are eligible to receive

		distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	**Earliest Unreduced Retirement Eligibility** Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	**Earliest Unreduced Retirement Eligibility** **Defined Benefit Component:** Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.	**Earliest Reduced Retirement Eligibility** Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.	**Earliest Unreduced Retirement Eligibility** **Defined Benefit Component:** Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
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	**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	**Cost-of-Living Adjustment (COLA) in Retirement** **Defined Benefit Component:** Same as VRS Plan 2. **Defined Contribution**

(CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.	2%), for a maximum COLA of 3%.	**Component:** Not applicable.
Eligibility: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	**Eligibility:** Same as VRS Plan 1	**Eligibility:** Same as VRS Plan 1 and VRS Plan 2.
Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (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.	**Exceptions to COLA Effective Dates:** Same as VRS Plan 1	**Exceptions to COLA Effective Dates:** Same as VRS Plan 1 and VRS Plan 2.

• 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.		
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	**Disability Coverage** Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	**Disability Coverage** Eligible political subdivision and school division (including VRS Plan 1 and VRS Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members. State employees (including VRS Plan 1 and VRS Plan2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan.	**Purchase of Prior Service** Same as VRS Plan 1.	**Purchase of Prior Service** **Defined Benefit Component:** Same as VRS Plan 1. **Defined Contribution Component:** Not applicable.

Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.		

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

Employees Covered by Benefit Terms - As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

Inactive members or their beneficiaries currently receiving benefits	29
Inactive members:	
Vested	22
Non-vested	105
Active elsewhere in VRS	79
Total inactive members	206
Active members:	122
Total covered employees	357

Funding Policy – Plan members are required by Title 51.1 of the Code of Virginia, as amended, to contribute 5% of their annual salary to the VRS. All or part of the 5% member contribution may be assumed by the employer. Beginning in July 1, 2012, this 5% member contribution has been assumed by the employee. The employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the Jail Authority is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Jail Authority's contribution rates for the years ended June 30, 2015 and 2014 were 11.44% and 12.82%, respectively, of annual covered employee payroll. These rates were based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. These rates, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Jail Authority were $643,459 and $675,696 for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Asset – At June 30, 2015, the Jail Authority reported a net pension asset of $29,132. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Actuarial Assumptions – The total pension asset was based on an actuarial valuation as of June 30, 2013, using the entry age normal actuarial cost method, the level percent closed amortization method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014:

Inflation	2.50%
Salary increases	3.50%-5.35%
Payroll growth	3.00%
Cost-of-living adjustment	2.25% - 2.50%
Discount rate	7.00%
Investment rate of return (net of pension plan investment expense, including inflation)	7.00%

Mortality Rates	14% of deaths are assumed to be service
Pre-Retirement	RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years
Post-Retirement	RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year
Post-Disablement	RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 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 as follows:

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

Long-term Expected Rate of Return – The long-term expected rate of return on the pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as provided by the VRS for use in the last actuarial experience study for the four-year period ending June 30, 2012 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
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%
	100.00%		5.83%
		Inflation	2.50%
	*Expected arithmetic normal return		8.33%

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

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

Changes in Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at June 30, 2014	$ 11,654,162	$ 10,647,568	$ 1,006,594
Service cost	825,135	-	825,135
Interest	807,387	-	807,387
Contributions-employer	-	675,696	(675,696)
Contributions-employee	-	265,409	(265,409)
Net investment income	-	1,735,732	(1,735,732)
Benefit payments, including refunds of employee contributions	(240,113)	(240,113)	-
Administrative expenses	-	(8,681)	8,681
Other changes	-	92	(92)
Balances at June 30, 2015	$13,046,571	$13,075,703	($29,132)

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

	1% Decrease	Discount Rate	1% Increase
Net Pension Liability (Asset)	$ 2,134,099	($ 29,132)	($ 1,789,523)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2015, the Jail Authority recognized pension expense of $412,904. At June 30, 2015, the Jail Authority reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 772,934
Employer contributions subsequent to the measurement date	643,459	-
Total	$643,459	$ 772,934

Deferred outflows of resources related to pensions resulting from the Jail Authority's contributions subsequent to the measurement date in the amount of $643,459 will be recognized as a reduction of the net pension liability in the year ending June 30, 2016.

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

Year ending June 30,	Amount
2016	$ 193,234
2017	193,234
2018	193,234
2019	193,232
	$ 772,934

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

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

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

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

Retirees under the Plan may select from the health care plans offered to active employees and pay the health insurance premium rate established annually based on biennial actuarial analysis of the claims cost of the retiree group, net of the applicable subsidy established by the Plan. Depending upon the health care plan selected, the net retiree premium amounts range from $323 to $920 per month, and for those electing retiree and family coverage, from $921 to $2,760 per month. Costs of administering the Plan will be borne by the Trust or by the Employers.

The Jail Authority's OPEB cost (expense) under the Plan is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of the GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Jail Authority's annual OPEB cost, the amount of contributions to the Plan, changes in the Jail Authority's net OPEB asset, the Jail Authority's annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2015. The net OPEB obligation is included in accrued liabilities in the accompanying statement of net position.

Fiscal Year Ended June 30:		2015
ARC, for the fiscal year ended June 30, 2015	$	7,000
Interest on net OPEB asset from prior year		(2,000)
Amortization of net OPEB Obligation		2,000
Annual OPEB cost		7,000
Employer contributions:		
Cash contribution to OPEB trust		(33,252)
Subsidies paid under Plan on behalf of retirees		(1,000)
Total Employer contributions		(34,252)
Decrease in the net OPEB asset, for the fiscal year ended June 30, 2015		(27,252)
Net OPEB (asset), beginning of year		27,252
Net OPEB obligation, end of year	$	—

Fiscal Year Ended June 30:		2015
Annual OPEB cost	$	7,000
Percentage of annual OPEB cost contributed by Employer:		
Cash contributions to OPEB Trust		475.03%
Subsidies paid under Plan on behalf of retirees		14.03%
Total percentage contributed		489.06%
Net OPEB obligation at end of fiscal year	$	—

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

The funded status of the Plan as June 30, 2014, the date of the most recent actuarial valuation, was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (Funding Excess) (b-a)	Funded Ratio (a/b)
7/1/2014	$ 106,000	$ 115,000	$ 9,000	92.2%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. 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 revision as actual results are compared with past expectations and new estimates are made about the future. The most recent actuarial valuation dated July 1, 2014 incorporated the plan amendments effective July 1, 2015.

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

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

In the July 1, 2014 actuarial valuation, the Projected Unit Credit Actuarial Cost Method was used. The actuarial assumptions included a 7.0 % annual investment rate of return (net of administrative expenses), including an inflation assumption of 2.8% and an annual medical trend rate based on the Society of Actuaries Long Term Medical Trend Model, with the initial rate of 7.5% decreasing gradually to an ultimate rate of 5.0% for future years. The initial unfunded actuarial liability is being amortized as a level percentage of projected payroll on a closed basis over thirty years.

Note 10 – Related Party Transactions

The County of Hanover provides certain general government administrative and accounting services such as payroll, finance, information technology and purchasing for the Jail Authority. The Jail Authority paid the County of Hanover $428,000 related to such services for the year ended June 30, 2015.

Note 11 – Vendor Agreement

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

PAMUNKEY REGIONAL JAIL AUTHORITY
Required Supplementary Information
June 30, 2015

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

	2015 *
Total pension liability	
Service cost	$825,135
Interest on total pension liability	807,387
Benefit payments	(240,113)
Net change in total pension liability	1,392,409
Total pension liability-beginning	11,654,162
Total pension liability-ending (a)	13,046,571
Total fiduciary net position	
Contributions-employer	675,696
Contributions-employee	265,409
Net investment income	1,735,732
Benefit payments	(240,113)
Administrative expense	(8,681)
Other	92
Net change in plan fiduciary net position	2,428,135
Plan fiduciary net position-beginning	10,647,568
Plan fiduciary net position-ending (b)	13,075,703
Net pension asset ending (a)-(b)	**$ (**29,132)
Plan fiduciary net position as a % of total pension asset	44,884%
Covered-employee payroll	$5,471,975
Net pension asset as a % covered-employee payroll	(0.50%)

* Schedule is intended to show information for 10 years. Since 2015 is the first fiscal year for presentation, no other data are available. However, additional years will be included as they become available. The amounts presented have a measurement date of the previous fiscal year end.

See accompanying independent auditors' report.

PAMUNKEY REGIONAL JAIL AUTHORITY
Required Supplementary Information
June 30, 2015

Schedule of Employer Contributions (unaudited):

Date	Actuarially Determined Contribution of Employer (1)	Contributions Relation to Actuarially Determined Contribution (2)	Contribution Deficiency (Excess) (3)	Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
2015*	$643,459	$643,459	$ -	$5,805,622	11.08%

*Schedule is intended to show information for 10 years. Since 2015 is the first fiscal year for presentation, no other data are available. However, additional years will be included as they become available.

See accompanying independent auditors' report.

PAMUNKEY REGIONAL JAIL AUTHORITY
Required Supplementary Information
June 30, 2015

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

	(a)	(b)	(b-a)	(a/b)	(c)	({b-a}/c)
Actuarial Valuation Date	**Actuarial Value of Assets**	**Actuarial Accrued Liability (AAL)**	**Unfunded Actuarial Accrued Liability (UAAL)**	**Funded Ratio**	**Covered Payroll**	**UAAL as a Percentage of Covered Payroll**
June 30, 2014	$106,000	$115,000	$9,000	92.2%	$5,471,975	0.2%
June 30, 2013	$49,000	$103,000	$54,000	47.6%	$5,202,779	1.0%
June 30, 2012	$80,262	$215,499	$135,237	37.2%	$5,132,444	2.63%
June 30 ,2011	NA	NA	NA	NA	$5,244,683	NA

See accompanying independent auditors' report.

STATISTICAL INFORMATION
(unaudited)

The statistical section is a required part of the Comprehensive Annual Financial Report (CAFR). The Governmental Accounting Standards Board issued Statement No. 44 which revises this section of the CAFR. The statistical section presents detailed information in ten-year trends, which assists users in utilizing the basic financial statements, notes to the basic financial statements, and requires supplementary information to assess the economic condition of an organization.

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

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

TABLE 1
PAMUNKEY REGIONAL JAIL AUTHORITY
NET POSITION BY COMPONENT
Last Ten Fiscal Years

	Fiscal Year									
	2015 (1)	2014	2013	2012	2011	2010	2009	2008	2007	2006
Net investment in capital assets	$ 8,124,017	$ 7,556,326	$ 6,803,713	$ 6,369,529	$ 5,775,343	$ 5,520,923	$ 5,317,140	$ 4,959,385	$ 4,470,837	$ 4,286,515
Restricted	4,557,606	4,416,426	4,416,426	4,416,426	4,416,426	4,404,544	4,451,520	4,451,520	4,438,718	4,223,328
Unrestricted	2,458,703	2,695,117	3,276,789	2,902,885	3,007,279	3,062,304	3,129,111	3,649,509	3,489,039	3,232,548
Total Net Position	$ 15,140,326	$ 14,667,868	$ 14,496,928	$ 13,688,840	$ 13,199,048	$ 12,987,771	$ 12,897,771	$ 13,060,414	$ 12,398,594	$ 11,742,391

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

TABLE 2
PAMUNKEY REGIONAL JAIL AUTHORITY
CHANGES IN NET POSITION
Last Ten Fiscal Years

Fiscal Year	Operating Revenues	Operating Expenses	Operating Loss	Total Nonoperating Revenues/ (Expenses)	Change In Net Position
2015	$ 7,889,414	$ 11,517,897	$ (3,628,483)	$ 4,100,941	$ 472,458
2014	8,285,222	11,616,482	(3,331,260)	3,833,097	501,837
2013	8,470,423	11,202,688	(2,732,265)	3,540,353	808,088
2012	8,506,851	11,260,414	(2,753,563)	3,243,355	489,792
2011	8,558,142	11,280,302	(2,722,160)	2,933,437	211,278
2010	8,202,783	10,949,124	(2,746,341)	2,746,341	-
2009	7,915,151	10,980,348	(3,065,197)	2,992,554	(72,643)
2008	7,791,375	10,409,322	(2,617,947)	3,279,766	661,820
2007	7,013,369	9,933,229	(2,919,860)	3,576,063	656,203
2006	6,149,547	9,235,934	(3,086,387)	3,432,983	346,596

TABLE 3
PAMUNKEY REGIONAL JAIL AUTHORITY
OPERATING REVENUES BY SOURCE
Last Ten Fiscal Years

Fiscal Year	County of Hanover	Town of Ashland	County of Caroline	Other Governments	Other	Total
2015	$4,928,094	$418,052	$1,636,364	$347,526	$559,378	$7,889,414
2014	4,433,152	281,436	1,915,529	1,035,679	619,426	8,285,222
2013	4,419,103	225,856	2,045,711	1,119,647	660,107	8,470,424
2012	4,552,497	255,231	1,703,726	1,467,338	528,059	8,506,851
2011	4,325,187	290,355	1,621,603	1,932,438	388,558	8,558,141
2010	3,758,980	224,142	1,422,988	2,189,102	385,921	7,981,133
2009	3,516,100	189,123	1,115,161	2,788,031	306,736	7,915,151
2008	3,437,092	172,225	886,694	2,964,415	330,950	7,791,375
2007	3,194,685	158,260	814,865	2,494,160	351,399	7,013,369
2006	3,285,051	149,717	693,359	1,611,234	410,186	6,149,547

TABLE 4
PAMUNKEY REGIONAL JAIL AUTHORITY
OPERATING EXPENSES
Last Ten Fiscal Years

Fiscal Year	Personal Services	Fringe Benefits	Contractual Services	Other Operating Expenses and Supplies	Depreciation	Total Operating Expenses
2015	$5,858,260	$1,865,017	$786,175	$2,112,196	$896,249	$11,517,897
2014	5,499,924	2,155,713	779,977	2,325,547	855,321	11,616,482
2013	5,482,688	2,110,543	777,486	1,987,064	844,908	11,202,689
2012	5,311,451	2,232,219	759,017	2,109,329	848,398	11,260,414
2011	5,369,555	2,104,612	709,650	2,239,921	856,564	11,280,302
2010	5,371,673	2,041,661	1,052,450	1,600,041	883,299	10,949,124
2009	5,344,127	1,970,205	907,279	1,875,277	883,460	10,980,348
2008	4,963,757	1,852,977	1,013,735	1,723,815	855,038	10,409,322
2007	4,693,277	1,743,206	1,009,948	1,642,354	844,444	9,933,229
2006	4,319,240	1,552,720	916,519	1,619,269	828,186	9,235,934

TABLE 5
PAMUNKEY REGIONAL JAIL AUTHORITY
NONOPERATING REVENUES AND EXPENSES
Last Ten Fiscal Years

Fiscal Year	Interest Income	Interest Expense	Intergovernmental Revenues	Net Nonoperating Revenues
2015	$ 88,757	$ (263,718)	$ 4,275,902	$ 4,100,941
2014	94,035	(323,334)	4,062,396	3,833,097
2013	78,129	(384,129)	3,846,353	3,540,353
2012	125,822	(417,209)	3,534,742	3,243,355
2011	132,562	(447,395)	3,248,271	2,933,438
2010	156,574	(476,690)	3,288,107	2,967,991
2009	269,845	(505,415)	3,228,124	2,992,554
2008	378,086	(533,249)	3,434,929	3,279,766
2007	357,552	(590,058)	3,808,569	3,576,063
2006	272,088	(643,129)	3,804,024	3,432,983

TABLE 6
PAMUNKEY REGIONAL JAIL AUTHORITY
REVENUES AND EXPENSES
Last Ten Fiscal Years

	FY15	FY14	FY13	FY12	FY11	FY10	FY09	FY08	FY07	FY06
Revenues:										
Charges for services -										
Inmate Housing	$ 7,330,036	$ 7,665,796	$ 7,810,317	$ 7,978,792	$ 8,169,584	$ 7,595,212	$ 7,608,415	$ 7,460,426	$ 6,661,969	$ 5,739,361
State Compensation Board	4,244,402	4,062,396	3,846,353	3,534,742	3,248,271	3,288,107	3,228,124	3,434,929	3,808,569	3,804,024
Interest income	88,757	94,035	78,129	125,822	132,561	156,574	269,845	378,086	357,552	272,088
Work release	9,431	5,328	6,526	3,089	14,530	18,931	13,088	20,426	26,658	55,042
Telephone Commission	326,105	387,193	387,000	282,025	178,007	205,153	172,687	176,341	195,147	186,811
Miscellaneous	255,342	226,905	266,581	242,945	196,021	161,837	120,961	134,183	129,595	168,333
Total revenues	12,254,073	12,441,653	12,394,906	12,167,415	11,938,974	11,425,814	11,413,120	11,604,391	11,179,490	10,225,659
Expenses:										
Salaries and benefits	7,723,277	7,655,637	7,593,231	7,543,670	7,474,167	7,413,334	7,314,332	6,816,734	6,436,483	5,871,960
Contractual services	786,175	779,977	777,486	759,016	709,650	694,662	625,189	574,657	587,790	672,559
Materials and supplies	437,662	412,848	403,458	504,617	535,012	450,678	526,501	578,519	579,504	501,174
Medical services and supplies	896,261	1,028,535	752,671	774,949	842,731	691,358	575,620	619,551	594,237	476,616
Food service and supplies	419,004	444,301	435,373	403,344	422,196	417,857	637,835	599,672	560,148	543,528
Utilities	359,269	439,862	395,561	426,420	439,982	397,936	417,411	365,150	330,623	341,911
Depreciation	896,249	855,321	844,908	848,398	856,564	883,299	883,460	855,039	844,444	828,186
Interest expense/Bond discount										
Debt refunding	263,718	323,334	384,129	417,209	447,395	476,690	505,415	533,249	590,058	643,129
Total expenses	11,781,615	11,939,816	11,586,818	11,677,623	11,727,697	11,425,814	11,485,763	10,942,571	10,523,287	9,879,063
Increase (decrease) in net position	$ 472,458	$ 501,837	$ 808,088	$ 489,792	$ 211,277	$ -	$ (72,643)	$ 661,820	$ 656,203	$ 346,596

TABLE 7
PAMUNKEY REGIONAL JAIL AUTHORITY
REVENUES & BILLED INMATE DAYS - BY CUSTOMER
Last Ten Fiscal Years

	Hanover County			Town of Ashland			Caroline County			Federal Inmates		
Fiscal Year	**Revenue**	**Per Diem**	**Inmate Days Billed**	**Revenue**	**Per Diem**	**Inmate Days Billed**	**Revenue**	**Per Diem**	**Inmate Days Billed**	**Revenue**	**Per Diem**	**Inmate Days Billed**
2015	$3,714,627	$37.18	99,909	$418,052	$37.18	11,244	$1,636,364	$37.18	44,012	$ 267,744	$48.00	5,578
2014	3,155,322	34.87	90,488	281,436	34.87	8,071	1,466,562	34.87	42,058	1,035,085	48.00	21,564
2013	3,438,860	35.93	95,710	225,856	35.93	6,286	1,614,012	35.93	44,921	1,086,017	54.00	20,111
2012	3,385,928	37.26	90,873	255,231	37.26	6,850	1,283,495	37.26	34,447	1,405,625	54.00	26,030
2011	3,246,509	37.95	85,547	290,355	37.95	7,651	1,247,758	37.95	32,879	1,932,444	54.00	35,786
2010	2,868,702	33.29	86,173	224,142	33.29	6,733	1,083,353	33.29	32,543	2,189,102	54.00	40,539
2009	2,154,353	33.58	64,156	189,123	33.58	5,632	774,724	33.58	23,071	2,788,031	54.00	51,630
2008	2,044,608	29.30	69,782	172,225	29.30	5,878	583,715	29.30	19,922	2,964,415	50.00	59,288
2007	1,786,397	25.75	69,375	158,260	25.75	6,146	535,368	25.75	20,791	2,494,160	50.00	49,883
2006	1,876,814	21.57	87,010	149,717	21.57	6,941	413,872	21.57	19,187	1,611,234	50.00	32,225

TABLE 8
PAMUNKEY REGIONAL JAIL AUTHORITY
LARGEST REVENUE SOURCE
Current Year and Ten Years Ago

	Fiscal Year 2015	
	Amount	**%**
County of Hanover/ Town of Ashland	$ 5,346,146	43.63%
Intergovernmental Shared Expenses	4,244,402	34.64%
Subtotal	9,590,548	78.26%
Balance from other revenue sources	2,663,525	21.74%
Grand Totals	$ 12,254,073	100.00%

	Fiscal Year 2006	
	Amount	**%**
County of Hanover/ Town of Ashland	$ 3,434,768	33.59%
Intergovernmental Shared Expenses	3,808,569	37.24%
Subtotal	7,243,337	70.83%
Balance from other revenue sources	2,982,322	29.17%
Grand Totals	$ 10,225,659	100.00%

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

TABLE 9
PAMUNKEY REGIONAL JAIL AUTHORITY
OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

		Caroline		Hanover	
Fiscal Year	**Revenue Bonds**	**Annual Total Personal Income**	**Annual Per Capita Personal Income**	**Annual Total Personal Income**	**Annual Per Capita Personal Income**
2015	$ 6,370,000	NA	NA	$ 5,140,589	$ 48,746
2014	7,810,000	NA	NA	5,075,659	48,746
2013 (1)	9,185,000	NA	NA	5,002,491	48,746
2012 (1)	10,485,000	$ 1,086,741	$ 37,510	4,938,525	48,614
2011	11,303,184	989,854	34,574	4,738,053	46,994
2010	12,400,735	940,026	33,729	4,432,390	44,144
2009	13,473,287	939,641	33,923	4,385,979	43,837
2008	14,510,839	895,576	32,825	4,520,104	45,331
2007	15,498,391	821,575	31,047	4,348,439	43,903
2006	16,430,943	765,262	28,289	4,068,419	41,461

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

TABLE 10
PAMUNKEY REGIONAL JAIL AUTHORITY
REVENUES BOND COVERAGE - OPERATING FUND
Last Ten Fiscal Years

Fiscal Year	Operating Revenues (1)	Operating and Capital Expenses (2)	Available Unrestricted Net Position (4)	Net Revenue Available for Debt Service	Principal	Interest (3)	Payments to Reserves	Total	Bond Coverage
2015	$ 12,133,816	$ 10,621,648	$ 2,458,703	$ 3,970,871	$ 1,500,000	$ 174,961	$ -	$ 1,674,961	237%
2014	12,347,619	10,761,162	2,695,117	4,281,574	1,440,000	229,299	-	1,669,299	256%
2013	12,316,776	10,357,780	3,276,789	5,235,785	1,375,000	306,000	-	1,681,000	311%
2012	12,041,593	10,412,016	2,902,885	4,532,462	1,300,000	278,630	-	1,578,630	287%
2011	11,806,412	10,423,737	3,007,279	4,389,954	1,275,000	308,816	-	1,583,816	277%
2010	11,269,240	10,065,825	3,062,304	4,265,719	1,240,000	338,111	-	1,578,111	270%
2009	11,143,275	10,096,888	3,219,111	4,265,498	1,215,000	366,836	-	1,581,836	270%
2008	11,226,304	9,554,284	3,649,509	5,321,529	1,180,000	394,670	-	1,574,670	338%
2007	10,821,938	9,088,785	3,489,039	5,222,192	1,130,000	451,479	-	1,581,479	330%
2006	9,953,571	8,407,748	3,232,548	4,778,371	1,075,000	504,550	-	1,579,550	303%

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

TABLE 11
PAMUNKEY REGIONAL JAIL AUTHORITY
NUMBER OF EMPLOYEES BY IDENTIFIABLE ACTIVITY
Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Civilian	27	27	27	25	23	23	23	17	17	14
Sworn	112	112	112	112	114	114	114	113	113	100
Total Employees	139	139	139	137	137	137	137	130	130	114

TABLE 12
PAMUNKEY REGIONAL JAIL AUTHORITY
INMATE BOOKING STATISTICS
Last Ten Fiscal Years

Jurisdiction	Fiscal Year	Average Daily Population	Average Length of Stay (Days)	Average Monthly Bookings
Hanover	2006	225	19	308
	2007	219	19	302
	2008	209	16	326
	2009	198	14	377
	2010	237	16	361
	2011	230	20	355
	2012	247	21	349
	2013	259	23	364
	2014	270	18	370
	2015	276	20	324

Jurisdiction	Fiscal Year	Average Daily Population	Average Length of Stay (Days)	Average Monthly Bookings
Ashland	2006	16	29	18
	2007	17	21	26
	2008	16	26	22
	2009	15	19	30
	2010	18	16	32
	2011	21	21	37
	2012	18	19	38
	2013	17	17	39
	2014	22	17	36
	2015	31	25	35

Jurisdiction	Fiscal Year	Average Daily Population	Average Length of Stay (Days)	Average Monthly Bookings
Caroline	2006	57	19	93
	2007	57	19	87
	2008	55	16	99
	2009	64	16	114
	2010	89	22	96
	2011	90	26	75
	2012	94	27	96
	2013	123	34	101
	2014	115	30	87
	2015	86	25	82

Jurisdiction	Fiscal Year	Average Daily Population	Average Length of Stay (Days)	Average Monthly Bookings
Other	2006	103	35	82
	2007	153	50	79
	2008	177	50	92
	2009	168	46	96
	2010	115	46	64
	2011	102	47	58
	2012	82	43	50
	2013	66	42	38
	2014	55	40	37
	2015	15	25	17

TABLE 13
PAMUNKEY REGIONAL JAIL AUTHORITY
PRINCIPAL EMPLOYERS
MOST RECENT AVAILABLE YEAR AND PERIOD TEN YEARS AGO

		2014			2005		
Employer	**Type of Business**	**Employees**	**Rank**	**Total Employment**	**Employees**	**Rank**	**Total Employment**
Hanover County Schools	Education	2,438	1	4.5%	2,673	1	5.1%
Bon Secours Memorial Regional Medical	Hospital/Medical Center	1,000 +	2	3.7%	1000 +	2	3.9%
County of Hanover	Government	1,048	3	3.7%	1,043	3	2.0%
Tyson Foods	Food Manufacturing	500-999	4	1.4%	500-999	8	1.4%
Wal-Mart Stores	Retail	500-999	5	1.4%	500-999	7	1.4%
Acosta Sales & Marketing Co	Sales & Marketing	500-999	6	1.4%		n/a	
Sales Mark	Wholesale Electronic Market	500-999	7	1.4%		n/a	
Richfood	Food Distributor	500-999	8	1.4%	500-999	4	1.4%
Kings Dominion	Entertainment	500-999	9	1.4%	500-999	5	1.4%
Randolph Macon College	Education	250-499 +	10	0.7%	500-999	6	1.4%
Culpeper Star Exponent	Newspaper Publisher		n/a		250-499	9	0.7%
Ukrops	Food and Beverage stores		n/a		250-499	10	0.7%
Totals		53,695		21.0%	51,917		19.7%

Notes: County and Schools employment levels provided by the County of Hanover Department of Human Resources, Finance Budget Division and the School Board Administration. Other data provided by the Virginia Employment Commission and the Hanover County Economic Development Department. Employment levels represent full-time equivalents. The most recent year for which data is available is 2014.

TABLE 14
PAMUNKEY REGIONAL JAIL AUTHORITY
DEMOGRAPHIC STATISTICS FOR MEMBER JURISDICTIONS
LAST TEN FISCAL YEARS

	Hanover County		Caroline County	
Fiscal Year	**Population**	**Unemployment Rate**	**Population**	**Unemployment Rate**
2005	96,520	2.9%	23,800	3.9%
2006	98,126	2.5%	25,109	3.7%
2007	99,047	2.5%	27,399	3.3%
2008	99,713	3.5%	27,838	4.8%
2009	100,051	6.8%	28,245	8.5%
2010	100,408	6.7%	28,245	8.6%
2011	100,822	6.1%	28,545	7.7%
2012	101,586	5.6%	28,890	6.7%
2013	102,623	5.0%	29,115	6.9%
2014	104,214	4.5%	29,481	5.9%
2015	105,456	4.5%	29,481	5.9%

TABLE 15
PAMUNKEY REGIONAL JAIL AUTHORITY
SCHEDULE OF INSURANCE IN FORCE
As of June 30, 2015

Insurance Coverage	Insurance Company	Expiration Date	Coverage Limit	Deductible
Building & Personal Property	VACO	7/1/2015	As scheduled	$ 1,000
Electronic Data Processing Equipment	VACO	7/1/2015	As scheduled	$ 1,000
Earthquake/Flood	VACO	7/1/2015	$ 5,000,000	$ 25,000
Business Auto	VACO	7/1/2015	$ 5,000,000	N/A
Schedule Equipment	VACO	7/1/2015	As scheduled	$ 1,000
Boiler and Machinery	VACO	7/1/2015	As scheduled	$ 1,000
Business Interruption and Extra Expense	VACO		Included in blanket	
Workers Compensation	VACGSIA	7/1/2015	$ 1,000,000	N/A
Faithful Performance of Duty	Commonwealth of Virginia -	7/1/2015	$ 1,000,000	N/A
Bond *1	Division of Risk Management			
Constitutional Officer *1	Commonwealth of Virginia -	7/1/2015	$ 1,000,000	$ 1,000
	Division of Risk Management			
General Liability		7/1/2015	$ 2,000,000	N/A
Excess General Liability (Auto Also)		7/1/2015	$ 3,000,000	N/A

NA – Not Applicable

*1 – Provided by the Commonwealth of Virginia

COMPLIANCE SECTION

KPMG LLP
Suite 2000
1021 East Cary Street
Richmond, VA 23219-4023

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*

The Honorable Members of the
Pamunkey Regional Jail Authority Board :

We have audited, 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, the basic financial statements of the Pamunkey Regional Jail Authority (the Jail Authority), a political subdivision of the Commonwealth of Virginia, which comprise the statement of net position, as of June 30, 2015, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 21, 2015, which included a paragraph emphasizing that in fiscal year 2015, the Jail Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which provide new accounting guidance that addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts.

Internal Control Over Financial Reporting

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

KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 Jail Authority'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 Jail Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

KPMG LLP

December 21, 2015