

PIEDMONT REGIONAL JAIL AUTHORITY
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

PIEDMONT REGIONAL JAIL AUTHORITY

Jerry Townsend, Superintendent

Authority Board Members and Alternates

County	Members	Alternates
Amelia	David Felts Taylor Harvie Ricky Walker, Sheriff	Abraham Redman
Buckingham	Daniel Braxton William Kidd, Sheriff Karl Carter	Vacant
Cumberland	Robert Saunders, Jr. Derek Stamey Darrell Hodges, Sheriff	Vacant
Lunenburg	Edward Pennington Tracy Gee Arthur Townsend, Sheriff	Donald R. Penland, Jr.
Nottoway	Ted Costin Robert Jones, Sheriff John A. Roark	Vacant
Prince Edward	J. David Emert Douglas Stanley L.A. Tony Epps, Sheriff	Sarah Puckett David Wilmoth

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE PIEDMONT REGIONAL JAIL AUTHORITY
FARMVILLE, VIRGINIA

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Piedmont Regional Jail Authority, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Piedmont Regional Jail Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the aggregate remaining fund information of Piedmont Regional Jail Authority, as of June 30, 2023, and the changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Piedmont Regional Jail Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principles

As described in Note 14 to the financial statements, in 2023, the Authority adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

Responsibilities of Management for the Financial Statements (Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Piedmont Regional Jail Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Piedmont Regional Jail Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Piedmont Regional Jail Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Piedmont Regional Jail Authority's basic financial statements. The accompanying schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2023, on our consideration of Piedmont Regional Jail Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Piedmont Regional Jail Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Piedmont Regional Jail Authority's internal control over financial reporting and compliance.

Robinson Faver Cox Associates

Charlottesville, Virginia
September 15, 2023

PIEDMONT REGIONAL JAIL AUTHORITY

Management's Discussion and Analysis Year Ended June 30, 2023

This management's discussion and analysis of the Piedmont Regional Jail Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2023. Please read this information in conjunction with the Authority's financial statements, which follow this section.

Financial Highlights

The Authority's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$3,048,425 (net position). This reflects an increase of \$548,026 over the prior year compared to an annual increase of \$131,095 in 2022.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of the following:

1. Statement of Net Position
2. Statement of Revenues, Expenses, and Changes in Net Position
3. Statement of Cash Flows
4. Statement of Fiduciary Net Position
5. Statement of Changes in Fiduciary Net Position
6. Notes to the financial statements

This report also contains required and other supplementary information in addition to the basic financial statements themselves.

The financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. The accrual basis of accounting is used to prepare the financial statements.

The statement of net position presents information on all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information showing the results of operations during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The statement of cash flows presents the flow of cash resources into and out of the Authority during the year (from operations, financing, and other sources) and how those funds were applied (payment of expenses, repayment of debt, etc.).

The statement of fiduciary net position presents the balances of funds held on behalf of others. These funds are not reflected with other Authority activity because the resources of those funds are not available to support the Authority's own programs.

The statement of changes in fiduciary net position presents information showing the activity in fiduciary funds during the most recent fiscal year.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Overview of the Financial Statements: (Continued)

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for pension and OPEB funding and other supplementary information for budgetary comparison information and other miscellaneous information.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Authority's financial position. In this case, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3,048,425 at the close of the most recent fiscal year. The financial position of the Authority has improved this year. With respect to liquidity, the quick ratio (current assets/current liabilities) for the year ended at 3.2:1, a slight decrease from 3.7:1 a year ago.

Condensed Statement of Net Position

	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 2,520,149	\$ 2,925,196
Capital assets	7,690,934	7,491,784
Total assets	<u>\$ 10,211,083</u>	<u>\$ 10,416,980</u>
Deferred outflows of resources	<u>\$ 1,629,120</u>	<u>\$ 1,963,499</u>
Long-term liabilities	\$ 5,783,365	\$ 5,775,315
Current liabilities	784,179	780,599
Total liabilities	<u>\$ 6,567,544</u>	<u>\$ 6,555,914</u>
Deferred inflows of resources	<u>\$ 2,224,234</u>	<u>\$ 3,324,166</u>
Net position:		
Net investment in capital assets	\$ 5,055,971	\$ 4,681,875
Restricted	588,125	609,259
Unrestricted (deficit)	<u>(2,595,671)</u>	<u>(2,790,735)</u>
Total net position	<u><u>\$ 3,048,425</u></u>	<u><u>\$ 2,500,399</u></u>

At the end of the current fiscal year, the Authority's net investment in capital assets was \$5,055,971. The Authority uses these capital assets to provide incarceration services to participating localities and other governmental entities; therefore, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Change in Net Position: The Authority's net position increased by \$548,026.

Financial Analysis: (Continued)

A comparative analysis of information is presented below:

	<u>2023</u>	<u>2022</u>
Operating revenues	\$ 13,813,676	\$ 12,174,336
Operating expenses	13,650,573	12,534,708
Net operating income (loss)	<u>\$ 163,103</u>	<u>\$ (360,372)</u>
Nonoperating revenues	\$ 331,824	\$ 579,676
Nonoperating expenses	82,745	88,209
Nonoperating revenues (expenses), net	<u>\$ 249,079</u>	<u>\$ 491,467</u>
Capital contributions	<u>\$ 135,844</u>	<u>\$ -</u>
Change in net position	<u>\$ 548,026</u>	<u>\$ 131,095</u>
Net position, beginning of year	<u>\$ 2,500,399</u>	<u>\$ 2,369,304</u>
Net position, end of year	<u><u>\$ 3,048,425</u></u>	<u><u>\$ 2,500,399</u></u>

Operating revenues are defined as charges for services to participant localities and outside localities and the federal government based on the number of days that inmates are housed. Operating revenues also include grants received from the Compensation Board to help defray salary costs and other expenses. Telephone commissions, work release fees, weekender fees, home electronic monitoring fees, and other miscellaneous revenues are also reported as operating revenues. Operating revenues include commissary and employee fund activity.

Operating expenses are comprised of the direct expenses of operating the Authority. These include salaries and benefits, contractual services and other related operating costs (please reference the schedule of revenues and expenses for a complete breakdown of these charges).

Nonoperating revenues consist of interest earnings, gains on the disposal of capital assets, and grants. Interest expense and issuance costs comprise nonoperating expenses. Grant income decreased as the prior year included a new USDA grant for vehicle purchases and Covid funding received from the Comp Board and Department of Criminal Justice Services.

Capital contributions represent funding received specifically for capital additions.

Operating revenues increased by \$1,639,340 compared to an increase of \$1,219,317 in 2022. Charges for services showed an increase of \$1,946,759 compared to the increase of \$1,055,547 reported in 2022. Prior to federal inmates being pulled from the facility in May 2023, housing for the US Marshals increased by \$1,902,509 in 2023, after increasing \$482,126 in 2022. Housing revenue from member localities increased by \$152,526, while housing revenues from other localities decreased \$106,232.

Financial Analysis: (Continued)

The work release, weekenders, and electronic monitoring programs all showed a decrease in revenue from the prior year in the amount of \$20,666; \$19,716; and \$27,239, respectively. Operating expenses increased by \$1,115,865 compared to the prior year. Personnel costs increased by \$780,292 over the prior year, while fringe benefits decreased by \$345,111, of which \$513,087 was related to pension and OPEB adjustments). Other categories showed modest changes.

Cash Flows: A comparative analysis of information is presented below:

Condensed Statement of Cash Flows

	<u>2023</u>	<u>2022</u>
Cash flows provided by (used for) operating activities	\$ 579,411	\$ 197,150
Cash flows provided by (used for) noncapital financing activities	75,000	225,681
Cash flows provided by (used for) capital and related financing activities	(544,196)	(459,795)
Cash flows provided by (used for) investing activities	1,340	1,048
Net increase (decrease) in cash and cash equivalents	<u>\$ 111,555</u>	<u>\$ (35,916)</u>
Cash and cash equivalents, beginning of year	<u>\$ 1,868,066</u>	<u>\$ 1,903,982</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,979,621</u></u>	<u><u>\$ 1,868,066</u></u>

Cash flows from operating activities are comprised of operating revenues combined with expenses for personnel, benefits and payments to operating suppliers. The increase in cash flows from operating activities is a result of vacancy savings. Management continues to actively work with other parties to provide additional housing to achieve greater capacity.

Cash flows from noncapital and related financing activities represent grants received for staff bonuses and equipment purchases.

Cash flows from capital and related financing activities include the purchase of capital assets and principal and interest payments on debt. The change is attributable to the purchase of capital assets and projects completed during the year and those underway at year-end.

Cash flows from investing activities include interest and investment earnings.

Capital Asset and Debt Administration

Capital assets - The Authority's investment in capital assets as of June 30, 2023 amounted to \$7,690,934 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, other improvements, vehicles, and equipment. The investment in capital assets increased \$167,243 during the year. Additions of \$603,075 during the year included three vehicles and modifications for transport, two guard towers, a storage unit and several other pieces of equipment, including a body scanning system, a keywatcher system, a leased copier as well as timekeeping and document management systems. A water and sewer upgrade project was in progress at year-end. Three vehicles and various other equipment were disposed of during the year. Depreciation recorded in the current year totaled \$520,859.

Additional information on the Authority's capital assets can be found in Note 7 of this report.

Capital Asset and Debt Administration: (Continued)

Long-term debt - At the end of the current fiscal year, the Authority had total long-term debt and other obligations outstanding of \$6,085,759. The Authority's total debt and other long-term obligations outstanding decreased by \$4,762 during the current fiscal year. Other obligations include lease liabilities, SBITA liabilities, the net pension liability, net OPEB liabilities, and compensated absences.

Additional information on the Authority's long-term liabilities can be found in Notes 8 and 9 of this report.

SUMMARY

As demonstrated above, the financial position of Piedmont Regional Jail Authority is measured in terms of resources (assets) we own and obligations (liabilities) we owe on a given date. Every effort is being made to fill the Jail's vacancies and increase the Jail's population and in turn increase revenue, with increased focus on contracts from other states and seeking grants. Management will continue to focus its efforts in this regard to lessen the burden on participating localities.

Requests for Information

This financial report is designed to provide a general overview of the Piedmont Regional Jail Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Superintendent, P.O. Drawer 388, or Rte. 676 Industrial Park Rd., Farmville, Virginia 23901.

Basic Financial Statements

PIEDMONT REGIONAL JAIL AUTHORITY

Statement of Net Position
As of June 30, 2023

ASSETS	Operating	Commissary	Employee	Total
Current Assets:				
Cash and cash equivalents	\$ 1,398,124	\$ 569,921	\$ 11,576	\$ 1,979,621
Accounts receivable	105,401	-	-	105,401
Internal balances	6,532	(4,505)	(2,027)	-
Receivable from custodial funds	200	21,914	-	22,114
Due from other governmental units	412,620	-	-	412,620
Total current assets	<u>\$ 1,922,877</u>	<u>\$ 587,330</u>	<u>\$ 9,549</u>	<u>\$ 2,519,756</u>
Noncurrent Assets:				
Net OPEB asset	<u>\$ 393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 393</u>
Capital assets (net of accumulated depreciation):				
Land	\$ 12,554	\$ -	\$ -	\$ 12,554
Construction in progress	196,029	-	-	196,029
Buildings and improvements	6,550,435	-	-	6,550,435
Other improvements	40,549	-	-	40,549
Furniture and equipment	606,256	-	-	606,256
Lease equipment	30,883	-	-	30,883
SBITA assets	56,434	-	-	56,434
Vehicles	197,794	-	-	197,794
Total capital assets	<u>\$ 7,690,934</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,690,934</u>
Total noncurrent assets	<u>\$ 7,691,327</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,691,327</u>
Total assets	<u>\$ 9,614,204</u>	<u>\$ 587,330</u>	<u>\$ 9,549</u>	<u>\$ 10,211,083</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 839,386	\$ -	\$ -	\$ 839,386
OPEB related items	789,734	-	-	789,734
Total deferred outflows of resources	<u>\$ 1,629,120</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,629,120</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 416,876	\$ 9,147	\$ -	\$ 426,023
Accrued liabilities	23,158	-	-	23,158
Contracts payable	625	-	-	625
Accrued interest payable	31,979	-	-	31,979
Compensated absences, current portion	47,481	-	-	47,481
Lease liabilities, current portion	13,530	-	-	13,530
SBITA liabilities, current portion	18,683	-	-	18,683
Bonds payable, current portion	222,700	-	-	222,700
Total current liabilities	<u>\$ 775,032</u>	<u>\$ 9,147</u>	<u>\$ -</u>	<u>\$ 784,179</u>
Noncurrent Liabilities:				
Compensated absences, net of current portion	\$ 427,328	\$ -	\$ -	\$ 427,328
Lease liabilities, net of current portion	17,971	-	-	17,971
SBITA liabilities, net of current portion	29,954	-	-	29,954
Net pension liability	1,199,396	-	-	1,199,396
Net OPEB liabilities	1,777,216	-	-	1,777,216
Bonds payable, net of current portion	2,331,500	-	-	2,331,500
Total noncurrent liabilities	<u>\$ 5,783,365</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,783,365</u>
Total liabilities	<u>\$ 6,558,397</u>	<u>\$ 9,147</u>	<u>\$ -</u>	<u>\$ 6,567,544</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$ 903,381	\$ -	\$ -	\$ 903,381
OPEB related items	1,320,853	-	-	1,320,853
Total deferred inflows of resources	<u>\$ 2,224,234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,224,234</u>
NET POSITION				
Net investment in capital assets	\$ 5,055,971	\$ -	\$ -	\$ 5,055,971
Restricted for VLDP OPEB benefits	393	-	-	393
Restricted for benefit of inmates	-	578,183	-	578,183
Restricted for benefit of employees	-	-	9,549	9,549
Unrestricted (deficit)	(2,595,671)	-	-	(2,595,671)
Total net position	<u>\$ 2,460,693</u>	<u>\$ 578,183</u>	<u>\$ 9,549</u>	<u>\$ 3,048,425</u>

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

PIEDMONT REGIONAL JAIL AUTHORITY

Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2023

	<u>Operating</u>	<u>Commissary</u>	<u>Employee</u>	<u>Total</u>
Operating Revenues:				
Charges for services	\$ 8,819,207	\$ -	\$ -	\$ 8,819,207
Intergovernmental	3,629,979	-	-	3,629,979
Telephone commission	600,000	-	-	600,000
Medical and pharmacy reimbursement	2,966	-	-	2,966
Work release fees and weekenders	39,179	-	-	39,179
Home electronic monitoring	27,886	-	-	27,886
Commissary sales and profit	-	632,262	-	632,262
Miscellaneous	53,799	82	8,316	62,197
	<u>13,173,016</u>	<u>632,344</u>	<u>8,316</u>	<u>13,813,676</u>
Total operating revenues	\$	\$	\$	\$
Operating Expenses:				
Personnel costs	\$ 5,567,630	\$ 42,000	\$ -	\$ 5,609,630
Fringe benefits	1,234,472	-	-	1,234,472
Medical service provider	2,238,092	-	-	2,238,092
Contractual services	302,094	36,600	-	338,694
Other charges	3,125,480	36,868	-	3,162,348
Commissary supplies (food, etc.)	-	353,881	-	353,881
Inmate supplies	-	187,320	-	187,320
Employee appreciation, awards, luncheons, etc.	-	-	5,277	5,277
Depreciation	520,859	-	-	520,859
	<u>12,988,627</u>	<u>656,669</u>	<u>5,277</u>	<u>13,650,573</u>
Total operating expenses	\$	\$	\$	\$
Operating income (loss)	\$ 184,389	\$ (24,325)	\$ 3,039	\$ 163,103
Nonoperating Revenues (Expenses):				
Interest income	\$ 942	\$ 398	\$ -	\$ 1,340
Grant income	25,000	-	-	25,000
Locality reimbursement for bonds	299,589	-	-	299,589
Interest expense	(82,745)	-	-	(82,745)
Gain (Loss) on disposal of capital assets	5,895	-	-	5,895
	<u>248,681</u>	<u>398</u>	<u>-</u>	<u>249,079</u>
Net nonoperating revenues (expenses)	\$	\$	\$	\$
Income (loss) before capital contributions	\$ 433,070	\$ (23,927)	\$ 3,039	\$ 412,182
Capital Contributions:				
Capital contributions	\$ 135,844	\$ -	\$ -	\$ 135,844
Change in net position	\$ 568,914	\$ (23,927)	\$ 3,039	\$ 548,026
Net position, beginning of year	<u>1,891,779</u>	<u>602,110</u>	<u>6,510</u>	<u>2,500,399</u>
Net position, end of year	<u>\$ 2,460,693</u>	<u>\$ 578,183</u>	<u>\$ 9,549</u>	<u>\$ 3,048,425</u>

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

PIEDMONT REGIONAL JAIL AUTHORITY

Statement of Cash Flows
For the Year Ended June 30, 2023

	Operating	Commissary	Employee	Total
Cash flows from operating activities:				
Receipts from customers	\$ 13,587,786	\$ 664,475	\$ -	\$ 14,252,261
Other receipts	-	-	8,316	8,316
Payments to suppliers	(5,664,245)	(606,978)	-	(6,271,223)
Payments to and for employees	(7,364,693)	(42,000)	(3,250)	(7,409,943)
Total cash flows provided by (used for) operating activities	<u>\$ 558,848</u>	<u>\$ 15,497</u>	<u>\$ 5,066</u>	<u>\$ 579,411</u>
Cash flows from noncapital financing activities:				
Federal grants	\$ 75,000	-	-	\$ 75,000
Total cash flows provided by (used for) noncapital financing activities	<u>\$ 75,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,000</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	\$ (644,217)	-	-	\$ (644,217)
Sale of capital assets	495	-	-	495
Locality share of debt service	299,589	-	-	299,589
Capital contributions	135,844	-	-	135,844
Principal paid on bonds	(216,200)	-	-	(216,200)
Principal paid on leases	(15,092)	-	-	(15,092)
Principal paid on SBITAs	(19,446)	-	-	(19,446)
Interest paid on capital debt	(85,169)	-	-	(85,169)
Total cash flows provided by (used for) capital and related financing activities	<u>\$ (544,196)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (544,196)</u>
Cash flows from investing activities:				
Interest income	\$ 942	\$ 398	\$ -	\$ 1,340
Total cash flows provided by (used for) investing activities	<u>\$ 942</u>	<u>\$ 398</u>	<u>\$ -</u>	<u>\$ 1,340</u>
Net increase (decrease) in cash and cash equivalents	\$ 90,594	\$ 15,895	\$ 5,066	\$ 111,555
Cash and cash equivalents, beginning of year	1,307,530	554,026	6,510	1,868,066
Cash and cash equivalents, end of year	<u>\$ 1,398,124</u>	<u>\$ 569,921</u>	<u>\$ 11,576</u>	<u>\$ 1,979,621</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 184,389	\$ (24,325)	\$ 3,039	\$ 163,103
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	520,859	-	-	520,859
Changes in assets/deferred outflows and liabilities/deferred inflows:				
Accounts receivable	99	-	-	99
Internal balances	(6,532)	4,505	2,027	-
Receivable from custodial funds	1,487	32,131	-	33,618
Due from other governmental units	419,716	-	-	419,716
Prepaid items	18,323	-	-	18,323
Net OPEB asset	246	-	-	246
Deferred outflows of resources pension related items	86,198	-	-	86,198
Deferred outflows of resources OPEB related items	248,181	-	-	248,181
Accounts payable	(17,484)	3,186	-	(14,298)
Accrued liabilities	582	-	-	582
Compensated absences	(49,504)	-	-	(49,504)
Net pension liability	763,487	-	-	763,487
Net OPEB liabilities	(511,267)	-	-	(511,267)
Deferred inflows of resources pension related items	(1,456,787)	-	-	(1,456,787)
Deferred inflows of resources OPEB related items	356,855	-	-	356,855
Total cash flows provided by (used for) operating activities	<u>\$ 558,848</u>	<u>\$ 15,497</u>	<u>\$ 5,066</u>	<u>\$ 579,411</u>
Noncash capital and financing activities:				
Assets acquired by lease and SBITA contracts	\$ 43,260	-	-	\$ 43,260

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

PIEDMONT REGIONAL JAIL AUTHORITY

FIDUCIARY FUNDS

Statement of Fiduciary Net Position
As of June 30, 2023

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 155,315
Total assets	<u>\$ 155,315</u>
LIABILITIES	
Accounts payable	\$ 3,826
Payable to operating fund	200
Payable to commissary fund	21,914
Total liabilities	<u>\$ 25,940</u>
NET POSITION	
Restricted for inmates	\$ 129,375
Total net position	<u><u>\$ 129,375</u></u>

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

PIEDMONT REGIONAL JAIL AUTHORITY

FIDUCIARY FUNDS

Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023

	<u>Custodial Funds</u>
ADDITIONS	
Payments received from and on behalf of inmates	\$ 1,130,176
Total additions	<u>\$ 1,130,176</u>
DEDUCTIONS	
Payments for inmate benefits and releases	\$ 1,106,488
Total deductions	<u>\$ 1,106,488</u>
Net increase (decrease) in fiduciary net position	<u>\$ 23,688</u>
Net position, beginning of year	<u>\$ 105,687</u>
Net position, end of year	<u><u>\$ 129,375</u></u>

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

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023

NOTE 1 - FINANCIAL REPORTING ENTITY:

The Counties of Amelia, Buckingham, Cumberland, Lunenburg, Nottoway and Prince Edward entered into an agreement dated January 1, 1986, for the purpose of cooperatively establishing and administering the Piedmont Regional Jail. The Board is governed by two members (including the sheriff) from each of the participating localities and conforms to the statutory provisions of the Code of Virginia (1950) as amended. The Jail is considered to be a Jointly Governed Organization of the above localities because each locality is equally represented on the Board. However, the localities do not retain an ongoing financial interest or responsibility. On January 1, 2017, the Jail transitioned to an Authority. The related Service Agreement with the Counties of Amelia, Buckingham, Cumberland, Lunenburg, Nottoway, and Prince Edward was adopted by resolution on April 19, 2017.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Basis of Accounting:

The Authority utilizes the enterprise fund method of accounting for financial reporting purposes. Enterprise fund accounting uses the accrual basis of accounting where revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the principal ongoing operations. The principal operating revenues are charges for services. Operating expenses include the cost of providing services and comprise administrative and depreciation expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Operating Fund is the primary operating fund of the Authority and accounts for all revenues and expenses applicable to the general operations of the Jail. Additionally, the Authority reports the Commissary and Employee Funds, which are restricted for the benefit of inmates and employees, respectively. Expenses paid with Commissary funds include a portion of salaries and related benefits for the commissary officer, canteen food and supplies, educational supplies, and other items benefiting inmates. The employee funds are derived from payroll deductions and are used for employee benefits such as holiday parties, summer picnics, and other events.

Fiduciary Funds account for assets held by the Authority in a trustee capacity or as custodian for individuals, private organizations, other governmental units, or other funds. The Inmate Fund comprises the Authority's Custodial Funds. These funds account for funds held on behalf of the inmates housed at the facility. Fiduciary funds are not included in the enterprise financial statements.

B. Cash and Cash Equivalents:

Cash and cash equivalents (including cash in custody of fiscal agent) include cash on hand, amounts in demand deposits, and short-term investments with a maturity date within three months of the date acquired by the Authority. For purposes of the statement of cash flows, the Authority considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

C. Investments:

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

D. Accounts Receivable:

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

E. Capital Assets:

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items). To the extent the Authority's capitalization threshold of \$5,000 is met, capital outlays are recorded as capital assets and depreciated over their estimated useful lives on a straight-line basis. Leased and Subscription-Based IT Arrangement (SBITA) assets are amortized on a straight-line basis over the shorter of the lease term or their estimated useful lives. Construction-in-progress is depreciated upon project completion.

The following estimated useful lives are used to depreciate/amortize assets:

Buildings and improvements	30-40 years
Other improvements	15 years
Vehicles, furniture, and other equipment	5-20 years
Lease equipment	3-5 years
SBITA assets	2-5 years

All purchased capital assets are valued at historical cost. Donated capital assets are recorded at acquisition value on the date donated. At the commencement of a lease and SBITA, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. A lease/SBITA liability and an intangible right-to-use lease/SBITA asset is recognized in the financial statements.

F. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources consist of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

F. Deferred Outflows/Inflows of Resources: (Continued)

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Certain items related to pension and OPEB are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

G. Compensated Absences:

The Authority's employees earn annual leave (vacation pay) in varying amounts and can accumulate annual leave based on length of service. All employees earn the same sick pay rate regardless of the length of service. Maximum annual leave accumulation hours are the hours allowable at the time of separation or at the end of any calendar year. Employees terminating their employment are paid, by the Authority, their accumulated annual leave up to the maximum limit. Unused sick leave is not paid at the date of separation. The liabilities for annual and sick leave have been recorded. Accordingly, the amount of annual leave recognized as expense is the amount earned during the year.

H. Pensions:

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

I. Other Postemployment Benefits (OPEB):

For purposes of measuring the net VRS related OPEB asset, liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, LODA, and VLDP OPEB Plans and the additions to/deductions from the VRS OPEB Plans' fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

J. Net Position:

The difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

J. Net Position: (Continued)

- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

K. Use of Estimates:

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

L. Budgets and Budgetary Accounting:

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

NOTE 3 - FISCAL AGENT:

The Treasurer of the County of Prince Edward, Virginia is the fiscal agent for Piedmont Regional Jail Authority.

NOTE 4 - DEPOSITS AND INVESTMENTS:

Deposits:

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

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 4 - DEPOSITS AND INVESTMENTS: (CONTINUED)

Investments:

Statutes authorize the Authority to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard & Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). At June 30, 2023, the Authority held no investments.

NOTE 5 - INTERFUND BALANCES:

Interfund balances for the year ended June 30, 2023, consisted of the following:

	<u>Due From</u>	<u>Due To</u>	<u>Net</u>
Operating Account	\$ 6,732	\$ -	\$ 6,732
Inmate Account	-	22,114	(22,114)
Commissary Account	21,914	4,505	17,409
Employee Account	-	2,027	(2,027)
Net	<u>\$ 28,646</u>	<u>\$ 28,646</u>	<u>\$ -</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the Operating Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

NOTE 6 - DUE FROM OTHER GOVERNMENTAL UNITS:

Per Diem:

Culpeper County	\$ 50,470
Page County	200

Meal reimbursement:

Piedmont Juvenile Detention Center	2,827
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Due from Commonwealth of Virginia:

Compensation Board	298,513
Department of Corrections	58,657

Due from Federal Government:

US Marshals	<u>1,953</u>
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Total due from other governmental units	<u>\$ 412,620</u>
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PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 7 - CAPITAL ASSETS:

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

	<u>Balance July 1, 2022*</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2023</u>
Capital assets not being depreciated:				
Land	\$ 12,554	\$ -	\$ -	\$ 12,554
Construction in progress	<u>188,084</u>	<u>275,497</u>	<u>267,552</u>	<u>196,029</u>
Total capital assets not being depreciated	<u>\$ 200,638</u>	<u>\$ 275,497</u>	<u>\$ 267,552</u>	<u>\$ 208,583</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 10,799,467	\$ 313,565	\$ -	\$ 11,113,032
Other improvements	117,088	-	-	117,088
Furniture and equipment	1,718,616	191,095	59,143	1,850,568
Lease equipment	51,847	7,084	-	58,931
SBITA assets	31,907	36,176	-	68,083
Vehicles	<u>640,460</u>	<u>132,237</u>	<u>25,884</u>	<u>746,813</u>
Total capital assets being depreciated	<u>\$ 13,359,385</u>	<u>\$ 680,157</u>	<u>\$ 85,027</u>	<u>\$ 13,954,515</u>
Accumulated depreciation:				
Buildings and improvements	\$ 4,284,486	\$ 278,111	\$ -	\$ 4,562,597
Other improvements	68,733	7,806	-	76,539
Furniture and equipment	1,173,381	130,074	59,143	1,244,312
Lease equipment	12,627	15,421	-	28,048
SBITA assets	-	11,649	-	11,649
Vehicles	<u>497,105</u>	<u>77,798</u>	<u>25,884</u>	<u>549,019</u>
Total accumulated depreciation	<u>\$ 6,036,332</u>	<u>\$ 520,859</u>	<u>\$ 85,027</u>	<u>\$ 6,472,164</u>
Total capital assets being depreciated, net	<u>\$ 7,323,053</u>	<u>\$ 159,298</u>	<u>\$ -</u>	<u>\$ 7,482,351</u>
Net capital assets	<u>\$ 7,523,691</u>	<u>\$ 434,795</u>	<u>\$ 267,552</u>	<u>\$ 7,690,934</u>

Depreciation amounted to \$520,859 at June 30, 2023.

* Beginning balances have been adjusted to reflect SBITA assets due to the implementation of GASB 96.

Construction in progress consists of the water and sewage upgrade and wet well sewage pump project. At June 30, 2023, there were three contracts outstanding in the amount of \$560,925 related to different components of this project. The counties have collectively agreed to fund almost \$500,000 of this project.

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 8 - COMPENSATED ABSENCES:

The Authority has outstanding vacation and compensation time pay totaling \$474,809 at June 30, 2023. Of this amount 10% or \$47,481 is estimated as a current obligation.

Balance, June 30, 2022	\$	524,313
Increase (Decrease)		<u>(49,504)</u>
Balance, June 30, 2023	\$	<u><u>474,809</u></u>

NOTE 9 - LONG-TERM LIABILITIES:

The following is a summary of changes in long-term liabilities for the year ended June 30, 2023:

	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>July 1, 2022*</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023</u>	<u>One Year</u>
Direct Borrowings and Placements:					
Revenue Bond	\$ <u>2,770,400</u>	\$ <u>-</u>	\$ <u>216,200</u>	\$ <u>2,554,200</u>	\$ <u>222,700</u>
Other obligations:					
Lease liabilities	\$ 39,509	\$ 7,084	\$ 15,092	\$ 31,501	\$ 13,530
SBITA liabilities	31,907	36,176	19,446	48,637	18,683
Net pension liability	435,909	2,010,666	1,247,179	1,199,396	-
Net OPEB liabilities	2,288,483	1,848,593	2,359,860	1,777,216	-
Compensated absences	524,313	-	49,504	474,809	47,481
Total other obligations	\$ <u>3,320,121</u>	\$ <u>3,902,519</u>	\$ <u>3,691,081</u>	\$ <u>3,531,559</u>	\$ <u>79,694</u>
Total long-term liabilities	\$ <u><u>6,090,521</u></u>	\$ <u><u>3,902,519</u></u>	\$ <u><u>3,907,281</u></u>	\$ <u><u>6,085,759</u></u>	\$ <u><u>302,394</u></u>

*Beginning balances have been adjusted to reflect SBITA liabilities due to the implementation of GASB 96.

As of June 30, 2023, the Authority's long-term debt, leases, and SBITAs consisted of the following:

<u>Date</u>	<u>Description</u>	<u>Interest</u>	<u>Amount</u>	<u>Installments</u>	<u>Frequency</u>
<u>Issued</u>		<u>Rate (a)</u>	<u>Outstanding</u>		
Direct Borrowings and Placements:					
12/1/2017	Jail Facility Revenue Bond, 2017	3.01%	\$ 2,554,200	\$176,400 - \$290,800	Annual

(a) Interest payments due semi-annually on each February 1 and August 1 commencing August 1, 2018.

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 9 - LONG-TERM LIABILITIES: (CONTINUED)

Equipment Leases

The Authority has entered into noncancellable lease agreements for the use of copier equipment and a timekeeping system. The lease agreements require monthly payments ranging from \$101 to \$245 over varying terms. The Authority used its estimated incremental borrowing rate of 3.00% as the discount rate for leases during fiscal year 2022 and 3.567% as the rate for the new lease in fiscal year 2023.

SBITAs

The Authority has entered into subscription-based IT arrangements for a timekeeping and document management system. The agreements require monthly payments of \$641 and an annual payment ranging from \$12,515 to \$12,487, respectively, over varying terms. The Authority used a discount rate of 2.895% and 3.689%, respectively, for SBITAs.

The annual requirements to amortize long-term debt, leases, and SBITAs are as follows:

June 30,	Direct Borrowings and Placements		Lease Equipment		SBITA Assets	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 222,700	\$ 76,881	\$ 13,530	\$ 782	\$ 18,683	\$ 1,518
2025	229,400	70,178	9,641	414	19,298	874
2026	236,300	63,273	5,943	176	7,476	210
2027	243,400	56,161	2,387	30	3,180	23
2028	250,800	48,834	-	-	-	-
2029-2033	1,371,600	126,300	-	-	-	-
Totals	\$ <u>2,554,200</u>	\$ <u>441,627</u>	\$ <u>31,501</u>	\$ <u>1,402</u>	\$ <u>48,637</u>	\$ <u>2,625</u>

NOTE 10 - RISK MANAGEMENT:

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

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

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 10 - RISK MANAGEMENT: (CONTINUED)

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

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

NOTE 11 - LITIGATION:

At June 30, 2023, there were no matters of litigation involving the Authority which would materially affect the Authority's financial position should any court decisions on pending matters not be favorable.

NOTE 12 - PENSION PLAN:

Plan Description

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

Benefit Structures

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

NOTE 12 - PENSION PLAN: (CONTINUED)

Benefit Structures: (Continued)

- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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

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

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 12 - PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	67
Inactive members:	
Vested inactive members	20
Non-vested inactive members	183
Inactive members active elsewhere in VRS	<u>94</u>
Total inactive members	297
Active members	<u>93</u>
Total covered employees	<u><u>457</u></u>

Contributions

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

The Authority's contractually required employer contribution rate for the year ended June 30, 2023 was 17.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were \$718,556 and \$556,336 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the Authority, the net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021, rolled forward to the measurement date of June 30, 2022.

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 12 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

PIEDMONT REGIONAL JAIL AUTHORITY

**Notes to Financial Statements
As of June 30, 2023 (Continued)**

NOTE 12 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees: (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% rates for females set forward 2 years

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 12 - PENSION PLAN: (CONTINUED)

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

Mortality rates: (Continued)

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non-10 Largest) Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 12 - PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

* The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 12 - PENSION PLAN: (CONTINUED)

Discount Rate: (Continued)

state and teacher employer contributions; the Authority was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. From July 1, 2022 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	\$ 19,452,474	\$ 19,016,565	\$ 435,909
Changes for the year:			
Service cost	\$ 660,412	\$ -	\$ 660,412
Interest	1,321,247	-	1,321,247
Differences between expected and actual experience	(507,620)	-	(507,620)
Contributions - employer	-	556,336	(556,336)
Contributions - employee	-	182,785	(182,785)
Net investment income	-	(17,180)	17,180
Benefit payments, including refunds of employee contributions	(1,077,698)	(1,077,698)	-
Administrative expenses	-	(11,827)	11,827
Other changes	-	438	(438)
Net changes	\$ 396,341	\$ (367,146)	\$ 763,487
Balances at June 30, 2022	\$ 19,848,815	\$ 18,649,419	\$ 1,199,396

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 12 - PENSION PLAN: (CONTINUED)

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

The following presents the net pension liability of the Authority using the discount rate of 6.75%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Authority's Net Pension Liability	\$ 3,810,843	\$ 1,199,396	\$ (945,490)

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

For the year ended June 30, 2023, the Authority recognized pension expense of \$111,454. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 356,639
Change of assumptions	120,830	-
Net difference between projected and actual earnings on pension plan investments	-	546,742
Employer contributions subsequent to the measurement date	718,556	-
Total	\$ 839,386	\$ 903,381

\$718,556 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2024	\$ (443,613)
2025	(230,061)
2026	(366,676)
2027	257,799

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 12 - PENSION PLAN: (CONTINUED)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB):

Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

The specific information for GLI OPEB, including eligibility, coverage and benefits described below:

Eligible Employees

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

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,984 as of June 30, 2023.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$22,681 and \$20,351 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act and is classified as a non-employer contribution.

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

At June 30, 2023, the entity reported a liability of \$208,670 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was .01730% as compared to .01900% at June 30, 2021.

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of (\$8,286). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 16,524	\$ 8,371
Net difference between projected and actual earnings on GLI OPEB plan investments	-	13,039
Change in assumptions	7,783	20,325
Changes in proportionate share	5,016	67,862
Employer contributions subsequent to the measurement date	22,681	-
Total	<u>\$ 52,004</u>	<u>\$ 109,597</u>

\$22,681 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2024	\$ (19,718)
2025	(22,374)
2026	(25,759)
2027	(7,113)
2028	(5,310)
Thereafter	-

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

PIEDMONT REGIONAL JAIL AUTHORITY

**Notes to Financial Statements
As of June 30, 2023 (Continued)**

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees: (Continued)

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 3,672,085
Plan Fiduciary Net Position	<u>2,467,989</u>
GLI Net OPEB Liability (Asset)	<u><u>\$ 1,204,096</u></u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%

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

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return**	<u>7.83%</u>

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Authority's proportionate share of the GLI Plan Net OPEB Liability	\$ 303,639	\$ 208,670	\$ 131,922

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Virginia Local Disability Program (VLDP):

Plan Description

Political subdivisions are required by Title 51.1 of the Code of Virginia, as amended, to provide short-term and long-term disability benefits for their hybrid plan employees either through a local plan or through the Virginia Local Disability Program (VLDP). This is a multiple-employer, cost-sharing plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia.

The specific information for the VLDP OPEB, including eligibility, coverage, and benefits is described below:

Eligible Employees

The Political Subdivision VLDP was implemented January 1, 2014 to provide disability benefits for non-work-related and work-related disabilities for employees with hybrid plan retirement benefits. All full-time, salaried general employees; including local law enforcement officers, firefighters, or emergency medical technicians of political subdivisions who do not provide enhanced hazardous duty benefits; who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Political Subdivision VLDP.

Benefit Amounts

The VLDP provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer. During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related or work-related disability. Once the eligibility period is satisfied, employees are eligible for higher income replacement levels.

The VLDP provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week. Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Virginia Local Disability Program (VLDP): (Continued)

VLDP Notes

Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible. VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

Contributions

The contribution requirements for active hybrid plan employees is governed by §51.1-1178(C) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the year ended June 30, 2023 was 0.85% of covered employee compensation for employees in the VRS Political Subdivision VDLP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Authority to the VRS Political Subdivision VDLP were \$3,823 and \$2,602 for the years ended June 30, 2023 and June 30, 2022, respectively.

VLDP OPEB Asset, VLDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to VLDP OPEB

At June 30, 2023, the Authority reported an asset of \$393 for its proportionate share of the VLDP Net OPEB Asset. The Net VLDP OPEB Asset was measured as of June 30, 2022, and the total VLDP OPEB liability used to calculate the Net VLDP OPEB Asset was determined by an actuarial valuation as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The Authority's proportion of the Net VLDP OPEB Asset was based on the Authority's actuarially determined employer contributions to the VLDP OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the Authority's proportion of the VLDP was .06690% as compared to .06316% at June 30, 2021.

For the year ended June 30, 2023, the Authority recognized VLDP OPEB expense of \$2,155. Since there was a change in proportionate share between measurement dates a portion of the VLDP Net OPEB expense was related to deferred amounts from changes in proportion.

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Virginia Local Disability Program (VLDP): (Continued)

VLDP OPEB Asset, VLDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to VLDP OPEB: (Continued)

At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 553	\$ 842
Net difference between projected and actual earnings on VLDP OPEB program investments	-	2
Change in assumptions	15	141
Changes in proportionate share	72	129
Employer contributions subsequent to the measurement date	<u>3,823</u>	<u>-</u>
Total	<u>\$ 4,463</u>	<u>\$ 1,114</u>

\$3,823 reported as deferred outflows of resources related to the VLDP OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net VLDP OPEB Liability (Asset) in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB will be recognized in the VLDP OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2024	\$ (25)
2025	(32)
2026	(186)
2027	8
2028	(42)
Thereafter	(197)

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Virginia Local Disability Program (VLDP): (Continued)

Actuarial Assumptions

The total VLDP OPEB liability for the VLDP was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.50%
Salary increases, including inflation	3.50%-5.35%
Investment rate of return	6.75%, net of program investment expenses, including inflation

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

Pre-Retirement:

Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Virginia Local Disability Program (VLDP): (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Net VLDP OPEB Liability (Asset)

The net OPEB liability (asset) (NOL(A)) for the Political Subdivision VLDP represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2022, NOL amounts for the VRS Political Subdivision VLDP is as follows (amounts expressed in thousands):

	Political Subdivision VLDP OPEB Plan	
Total Political Subdivision VLDP OPEB Liability	\$	7,360
Plan Fiduciary Net Position		7,948
Political Subdivision VLDP Net OPEB Liability (Asset)	\$	<u>(588)</u>
Plan Fiduciary Net Position as a Percentage of the Total Political Subdivision VLDP OPEB Liability		107.99%

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

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Virginia Local Disability Program (VLDP): (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total VLDP OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, the rate contributed by the Authority for the VLDP was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Virginia Local Disability Program (VLDP): (Continued)

Discount Rate: (Continued)

on those assumptions, the VLDP OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total VLDP OPEB liability.

Sensitivity of the Employer’s Proportionate Share of the VLDP Net OPEB Liability to Changes in the Discount Rate

The following presents the employer’s proportionate share of the net VLDP OPEB liability (asset) using the discount rate of 6.75%, as well as what the employer’s proportionate share of the net VLDP OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

		Rate		
		1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Authority’s proportionate share of the VLDP Net OPEB Liability (Asset)	\$	42	\$ (393)	\$ (771)

VLDP OPEB Fiduciary Net Position

Detailed information about the VRS Political Subdivision VLDP’s Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Line of Duty Act (LODA) Program:

Plan Description

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) was established pursuant to §9.1-400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System). Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System’s actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Line of Duty Act (LODA) Program: (Continued)

The specific information for LODA OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

All paid employees and volunteers in hazardous duty positions in Virginia localities as well as hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the LODA Program. As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program.

Benefit Amounts

The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after; \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date; or an additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.

The LODA program also provides health insurance benefits. Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program. Beginning July 1, 2017, the health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by LODA.

Contributions

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2023 was \$681.84 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were \$49,092 and \$57,081 for the years ended June 30, 2023 and June 30, 2022, respectively.

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Line of Duty Act (LODA) Program: (Continued)

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

At June 30, 2023, the entity reported a liability of \$1,568,546 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2022 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2022, the entity's proportion was .41450% as compared to .46890% at June 30, 2021.

For the year ended June 30, 2023, the entity recognized LODA OPEB expense of \$181,018. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 120,507	\$ 293,158
Net difference between projected and actual earnings on LODA OPEB program investments	-	6,708
Change in assumptions	437,424	386,877
Change in proportionate share	126,244	523,399
Employer contributions subsequent to the measurement date	<u>49,092</u>	<u>-</u>
Total	<u>\$ 733,267</u>	<u>\$ 1,210,142</u>

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Line of Duty Act (LODA) Program: (Continued)

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

\$49,092 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2024	\$ (29,928)
2025	(29,785)
2026	(29,632)
2027	(55,324)
2028	(71,028)
Thereafter	(310,269)

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.00%-4.75%
Ages 65 and older	5.25%-4.75%
Year of ultimate trend rate:	
Under age 65	Fiscal year ended 2028
Ages 65 and older	Fiscal year ended 2023
Investment rate of return	3.69%, including inflation*

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.69% was used since it approximates the risk-free rate of return.

PIEDMONT REGIONAL JAIL AUTHORITY

**Notes to Financial Statements
As of June 30, 2023 (Continued)**

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Line of Duty Act (LODA) Program: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers with Public Safety Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Line of Duty Act (LODA) Program: (Continued)

Net LODA OPEB Liability

The net OPEB liability (NOL) for the LODA Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the LODA Program is as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 385,669
Plan Fiduciary Net Position	7,214
LODA Net OPEB Liability (Asset)	<u>\$ 378,455</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.87%

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

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.69% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 3.69% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2022.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.69%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Sensitivity of the Covered Employer’s Proportionate Share of the Net LODA OPEB Liability to Changes in the Discount Rate

The following presents the covered employer’s proportionate share of the net LODA OPEB liability using the discount rate of 3.69%, as well as what the covered employer’s proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.69%) or one percentage point higher (4.69%) than the current rate:

	Discount Rate		
	1% Decrease (2.69%)	Current (3.69%)	1% Increase (4.69%)
Authority's proportionate share of the LODA Net OPEB Liability	\$ 1,790,481	\$ 1,568,546	\$ 1,386,978

Sensitivity of the Covered Employer’s Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate

Because the LODA Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer’s proportionate share of the net LODA OPEB liability using the health care trend rate of 7.00% decreasing to 4.75%, as well as what the covered employer’s proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.00% decreasing to 3.75%) or one percentage point higher (8.00% decreasing to 5.75%) than the current rate:

	Health Care Trend Rates		
	1% Decrease (6.00% decreasing to 3.75%)	Current (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
Authority's proportionate share of the LODA Net OPEB Liability	\$ 1,321,841	\$ 1,568,546	\$ 1,878,199

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

OPEB Aggregate Totals

	Net OPEB Asset	Net OPEB Liabilities	Deferred Outflows	Deferred Inflows	Expense
GLI	\$ -	\$ 208,670	\$ 52,004	\$ 109,597	\$ (8,286)
VLDP	393	-	4,463	1,114	2,155
LODA	-	1,568,546	733,267	1,210,142	181,018
Total	<u>\$ 393</u>	<u>\$ 1,777,216</u>	<u>\$ 789,734</u>	<u>\$ 1,320,853</u>	<u>\$ 174,887</u>

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2023 (Continued)

NOTE 14 - ADOPTION OF ACCOUNTING PRINCIPLES:

The Authority implemented provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)* during the fiscal year ended June 30, 2023. Statement No. 96, *SBITAs* (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2023 related to the SBITAs.

	<u>Operating Fund</u>
SBITA assets	\$ 31,907
SBITA liabilities	\$ 31,907

NOTE 15 - UPCOMING PRONOUNCEMENTS:

Statement No. 99, *Omnibus 2022*, addresses (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to for fiscal years beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, provides more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability for accounting changes and error corrections. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

Implementation Guide No. 2021-1, *Implementation Guidance Update—2021, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.*

Implementation Guide No. 2023-1, *Implementation Guidance Update—2023, effective for fiscal years beginning after June 15, 2023.*

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios
For the Measurement Dates of June 30, 2014 through June 30, 2022

	2022	2021	2020	2019	2018
Total pension liability					
Service cost	\$ 660,412	\$ 619,612	\$ 698,946	\$ 713,345	\$ 717,014
Interest	1,321,247	1,216,903	1,155,658	1,034,530	990,680
Changes of assumptions	-	604,146	-	542,130	-
Differences between expected and actual experience	(507,620)	(495,394)	33,796	980,062	(246,773)
Benefit payments	(1,077,698)	(1,041,982)	(920,136)	(936,283)	(732,690)
Net change in total pension liability	\$ 396,341	\$ 903,285	\$ 968,264	\$ 2,333,784	\$ 728,231
Total pension liability - beginning	19,452,474	18,549,189	17,580,925	15,247,141	14,518,910
Total pension liability - ending (a)	\$ 19,848,815	\$ 19,452,474	\$ 18,549,189	\$ 17,580,925	\$ 15,247,141
Plan fiduciary net position					
Contributions - employer	\$ 556,336	\$ 573,001	\$ 514,683	\$ 547,435	\$ 643,737
Contributions - employee	182,785	188,335	208,404	243,745	264,878
Net investment income	(17,180)	4,136,566	290,802	958,165	984,589
Benefit payments	(1,077,698)	(1,041,982)	(920,136)	(936,283)	(732,690)
Administrator charges	(11,827)	(10,284)	(9,755)	(9,303)	(8,195)
Other	438	390	(342)	(602)	(886)
Net change in plan fiduciary net position	\$ (367,146)	\$ 3,846,026	\$ 83,656	\$ 803,157	\$ 1,151,433
Plan fiduciary net position - beginning	19,016,565	15,170,539	15,086,883	14,283,726	13,132,293
Plan fiduciary net position - ending (b)	\$ 18,649,419	\$ 19,016,565	\$ 15,170,539	\$ 15,086,883	\$ 14,283,726
Authority's net pension liability - ending (a) - (b)	\$ 1,199,396	\$ 435,909	\$ 3,378,650	\$ 2,494,042	\$ 963,415
Plan fiduciary net position as a percentage of the total pension liability	93.96%	97.76%	81.79%	85.81%	93.68%
Covered payroll	\$ 3,699,493	\$ 3,804,941	\$ 4,151,319	\$ 4,387,858	\$ 4,818,551
Authority's net pension liability as a percentage of covered payroll	32.42%	11.46%	81.39%	56.84%	19.99%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Schedule of Changes in Net Pension Liability and Related Ratios
For the Measurement Dates of June 30, 2014 through June 30, 2022

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 690,790	\$ 576,490	\$ 612,966	\$ 618,910
Interest	946,183	909,641	813,004	748,633
Changes of assumptions	(190,981)	-	-	-
Differences between expected and actual experience	(208,204)	(503,505)	414,810	-
Benefit payments	(471,562)	(449,620)	(470,880)	(425,042)
Net change in total pension liability	<u>\$ 766,226</u>	<u>\$ 533,006</u>	<u>\$ 1,369,900</u>	<u>\$ 942,501</u>
Total pension liability - beginning	13,752,684	13,219,678	11,849,778	10,907,277
Total pension liability - ending (a)	<u>\$ 14,518,910</u>	<u>\$ 13,752,684</u>	<u>\$ 13,219,678</u>	<u>\$ 11,849,778</u>
Plan fiduciary net position				
Contributions - employer	\$ 595,603	\$ 568,490	\$ 507,606	\$ 543,881
Contributions - employee	238,371	213,593	198,327	231,309
Net investment income	1,415,059	202,505	471,723	1,361,667
Benefit payments	(471,562)	(449,620)	(470,880)	(425,042)
Administrator charges	(7,659)	(6,444)	(6,146)	(6,982)
Other	(1,283)	(83)	(100)	71
Net change in plan fiduciary net position	<u>\$ 1,768,529</u>	<u>\$ 528,441</u>	<u>\$ 700,530</u>	<u>\$ 1,704,904</u>
Plan fiduciary net position - beginning	11,363,764	10,835,323	10,134,793	8,429,889
Plan fiduciary net position - ending (b)	<u>\$ 13,132,293</u>	<u>\$ 11,363,764</u>	<u>\$ 10,835,323</u>	<u>\$ 10,134,793</u>
Authority's net pension liability - ending (a) - (b)	\$ 1,386,617	\$ 2,388,920	\$ 2,384,355	\$ 1,714,985
Plan fiduciary net position as a percentage of the total pension liability	90.45%	82.63%	81.96%	85.53%
Covered payroll	\$ 4,477,838	\$ 4,223,842	\$ 3,764,719	\$ 3,825,657
Authority's net pension liability as a percentage of covered payroll	30.97%	56.56%	63.33%	44.83%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

PIEDMONT REGIONAL JAIL AUTHORITY

Schedule of Employer Contributions - Pension Plan
For the Years Ended June 30, 2014 through June 30, 2023

Date	Contractually Required Contribution* (1)*	Contributions in Relation to Contractually Required Contribution* (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	\$ 718,556	\$ 718,556	\$ -	\$ 4,190,463	17.15%
2022	556,336	556,336	-	3,699,493	15.04%
2021	573,001	573,001	-	3,804,941	15.06%
2020	514,681	514,681	-	4,151,319	12.40%
2019	544,930	544,930	-	4,387,858	12.42%
2018	643,737	643,737	-	4,818,551	13.36%
2017	598,717	598,717	-	4,477,838	13.37%
2016	570,219	570,219	-	4,223,842	13.50%
2015	508,194	508,194	-	3,764,719	13.50%
2014	544,008	544,008	-	3,825,657	14.22%

* Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

PIEDMONT REGIONAL JAIL AUTHORITY

**Notes to Required Supplementary Information - Pension Plan
For the Year Ended June 30, 2023**

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

PIEDMONT REGIONAL JAIL AUTHORITY

Schedule of Authority's Share of Net OPEB Liability (Asset) - OPEB Plans
For the Measurement Dates of June 30, 2017 through 2022

Date (1)	Employer's Proportion of the Net OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total OPEB Liability (6)
Group Life Insurance (GLI) Plan					
2022	0.01730%	\$ 208,670	\$ 3,768,626	5.54%	67.21%
2021	0.01900%	220,629	3,911,442	5.64%	67.45%
2020	0.02040%	340,442	4,199,176	8.11%	52.64%
2019	0.02263%	368,250	4,437,288	8.30%	52.00%
2018	0.02553%	388,000	4,854,956	7.99%	51.22%
2017	0.02439%	367,000	4,499,073	8.16%	48.86%
Virginia Local Disability Program (VLDP)					
2022	0.06690%	\$ (393)	\$ 313,440	-0.13%	107.99%
2021	0.06316%	(639)	253,772	-0.25%	119.59%
2020	0.05829%	582	217,260	0.27%	76.84%
2019	0.07510%	1,521	232,073	0.66%	49.19%
2018	0.07134%	-	173,216	0.00%	51.39%
2017	0.09163%	1,000	168,254	0.59%	38.40%
Line of Duty Act Program (LODA)					
2022	0.41450%	\$ 1,568,546	\$ 3,304,377	47.47%	1.87%
2021	0.46890%	2,067,854	3,382,601	61.13%	1.68%
2020	0.53491%	2,240,286	3,836,204	58.40%	1.02%
2019	0.58371%	2,094,270	4,093,968	51.16%	0.79%
2018	0.61256%	1,920,000	4,512,158	42.55%	0.60%
2017	0.57341%	1,507,000	4,363,648	34.54%	1.30%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

PIEDMONT REGIONAL JAIL AUTHORITY

Schedule of Employer Contributions - OPEB Plans
For the Years Ended June 30, 2014 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Group Life Insurance (GLI) Plan					
2023	\$ 22,681	\$ 22,681	-	\$ 4,209,467	0.54%
2022	20,351	20,351	-	3,768,626	0.54%
2021	21,122	21,122	-	3,911,442	0.54%
2020	21,836	21,836	-	4,199,176	0.52%
2019	23,105	23,105	-	4,437,288	0.52%
2018	25,440	25,440	-	4,854,956	0.52%
2017	23,395	23,395	-	4,499,073	0.52%
2016	20,397	20,397	-	4,249,472	0.48%
2015	18,138	18,138	-	3,778,655	0.48%
2014	18,398	18,398	-	3,832,952	0.48%
Virginia Local Disability Program (VLDP)					
2023	\$ 3,823	\$ 3,823	-	\$ 449,726	0.85%
2022	2,602	2,602	-	313,440	0.83%
2021	2,106	2,106	-	253,772	0.83%
2020	1,564	1,564	-	217,260	0.72%
2019	1,671	1,671	-	232,073	0.72%
2018	1,039	1,039	-	173,216	0.60%
2017	1,010	1,010	-	168,254	0.60%
2016	1,037	1,037	-	172,882	0.60%
2015	380	380	-	63,365	0.60%
2014	42	42	-	6,933	0.61%
Line of Duty Act (LODA) Program					
2023	\$ 49,092	\$ 49,092	-	\$ 3,735,686	1.31%
2022	57,081	57,081	-	3,304,377	1.73%
2021	64,558	64,558	-	3,382,601	1.91%
2020	72,694	72,694	-	3,836,204	1.89%
2019	78,340	78,340	-	4,093,968	1.91%
2018	65,248	65,248	-	4,512,158	1.45%
2017	61,843	61,843	-	4,363,648	1.42%
2016	47,733	47,733	-	4,197,868	1.14%
2015	50,327	50,327	-	3,792,772	1.33%
2014	48,543	48,543	-	3,630,861	1.34%

The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan.

PIEDMONT REGIONAL JAIL AUTHORITY

**Notes to Required Supplementary Information - Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2023**

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

PIEDMONT REGIONAL JAIL AUTHORITY

**Notes to Required Supplementary Information - Virginia Local Disability Program (VLDP)
For the Year Ended June 30, 2023**

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General and Non-Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Required Supplementary Information - Line of Duty Act (LODA) Program
For the Year Ended June 30, 2023

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Employees in the Non-Largest Ten Locality Employers with Public Safety Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

Other Supplementary Information

PIEDMONT REGIONAL JAIL AUTHORITY

Schedule of Revenues, Expenses, and Changes in Net Position
Budget and Actual - Operating Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Operating revenues:				
Local revenue:				
Charges to governmental entities	\$ 9,290,195	\$ 9,290,195	\$ 8,819,207	\$ (470,988)
Telephone commission	600,000	600,000	600,000	-
Medical and pharmacy reimbursement	75,400	75,400	2,966	(72,434)
Work release fees and weekenders	85,000	85,000	39,179	(45,821)
Home electronic monitoring	40,000	40,000	27,886	(12,114)
Other income	59,580	59,580	53,799	(5,781)
Total local revenue	<u>\$ 10,150,175</u>	<u>\$ 10,150,175</u>	<u>\$ 9,543,037</u>	<u>\$ (607,138)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Compensation Board	\$ 4,141,214	\$ 4,141,214	\$ 3,629,979	\$ (511,235)
Total revenue from the Commonwealth	<u>\$ 4,141,214</u>	<u>\$ 4,141,214</u>	<u>\$ 3,629,979</u>	<u>\$ (511,235)</u>
Total operating revenues	<u>\$ 14,291,389</u>	<u>\$ 14,291,389</u>	<u>\$ 13,173,016</u>	<u>\$ (1,118,373)</u>
Operating expenses:				
Salaries	\$ 6,087,745	\$ 6,087,745	\$ 5,567,630	\$ 520,115
Employee fringe benefits	2,363,576	2,363,576	1,747,559	616,017
Advertising	10,000	10,000	38,824	(28,824)
Dues and memberships	3,996	3,996	6,378	(2,382)
Books and subscriptions	5,000	5,000	-	5,000
Uniforms	20,000	20,000	25,607	(5,607)
In-Service training	60,000	60,000	68,716	(8,716)
Food supplies	625,000	625,000	882,503	(257,503)
Food Juvenile Detention Center	32,000	32,000	46,616	(14,616)
Kitchen supplies	56,000	56,000	67,128	(11,128)
Janitorial and laundry supplies	35,000	35,000	47,654	(12,654)
Maintenance contracts	55,896	55,896	81,318	(25,422)
Maintenance - buildings and grounds	160,000	160,000	289,311	(129,311)
Medical service provider	2,331,210	2,331,210	2,238,092	93,118
Medical and pharmacy supplies	430,000	430,000	393,307	36,693
Postage	6,500	6,500	5,462	1,038
Office supplies	39,596	39,596	45,720	(6,124)
Technology equipment	25,000	25,000	21,993	3,007
Office equipment - rental/lease	18,000	18,000	19,534	(1,534)
Physician and dentist, etc.	181,860	181,860	176,630	5,230
Printing and copying	3,000	3,000	75	2,925

PIEDMONT REGIONAL JAIL AUTHORITY

Schedule of Revenues, Expenses, and Changes in Net Position
Budget and Actual
For the Year Ended June 30, 2023 (Continued)

	Budgeted Amounts		Actual Amounts	Final Budget- Positive (Negative)
	Original	Final		
Operating expenses: (Continued)				
Professional services	\$ 86,404	\$ 86,404	\$ 125,465	\$ (39,061)
Freight/delivery	4,896	4,896	7,301	(2,405)
Telephone	50,000	50,000	44,787	5,213
Repairs and maintenance	94,600	94,600	57,428	37,172
Radio maintenance	2,496	2,496	5,700	(3,204)
Vehicle fuel	57,600	57,600	54,057	3,543
Security supplies	50,000	50,000	63,161	(13,161)
Extermination	2,000	2,000	1,703	297
Miscellaneous	9,996	9,996	9,705	291
Travel and lodging	11,996	11,996	7,529	4,467
Propane	70,000	70,000	70,960	(960)
Electricity/heating	155,004	155,004	179,330	(24,326)
Water/sewer	311,624	311,624	284,215	27,409
Insurance	215,110	215,110	232,197	(17,087)
Refuse collection	9,000	9,000	13,276	(4,276)
Home electronic monitoring expenses	25,000	25,000	13,217	11,783
Capital outlays	435,000	435,000	535,318	(100,318)
Vehicle purchase	66,000	66,000	132,237	(66,237)
Contingencies	110,284	110,284	54,373	55,911
Total operating expenses	\$ 14,316,389	\$ 14,316,389	\$ 13,662,016	\$ 654,373
Net operating income (loss)	\$ (25,000)	\$ (25,000)	\$ (489,000)	\$ (464,000)
Nonoperating revenues (expenses):				
Interest income	\$ -	\$ -	\$ 942	\$ 942
Grant income	25,000	25,000	25,000	-
Locality reimbursement for bonds	299,589	299,589	299,589	-
Principal bond payments	(216,200)	(216,200)	(216,200)	-
Principal lease payments	-	-	(15,092)	(15,092)
Principal SBITA payments	-	-	(19,446)	(19,446)
Interest expense	(83,389)	(83,389)	(82,745)	644
Net nonoperating revenues (expenses)	\$ 25,000	\$ 25,000	\$ (7,952)	\$ (32,952)
Reconciling items from budgetary basis to change in net position:				
Principal payments	\$ -	\$ -	\$ 250,738	\$ 250,738
Capital outlay and vehicle purchases	-	-	644,842	644,842
Lease and SBITA adjustments	-	-	36,319	36,319
Pension adjustments	-	-	607,102	607,102
OPEB adjustments	-	-	(94,015)	(94,015)
Gain (loss) on disposal of capital assets	-	-	5,895	5,895
Capital contributions and transfers	-	-	135,844	135,844
Depreciation	-	-	(520,859)	(520,859)
Net reconciling items from budgetary basis	\$ -	\$ -	\$ 1,065,866	\$ 1,065,866
Change in net position	\$ -	\$ -	\$ 568,914	\$ 568,914
Net position, beginning of year	-	-	1,891,779	1,891,779
Net position, end of year	\$ -	\$ -	\$ 2,460,693	\$ 2,460,693

PIEDMONT REGIONAL JAIL AUTHORITY

Summary of Changes in Miscellaneous Items
For the Year Ended June 30, 2023

	<u>Receipts</u>	<u>Disbursements</u>	<u>Excess of Revenues over (under) Expenditures</u>
Inmate Canteen Account	\$ 632,742	\$ 656,669	\$ (23,927)
Jail Telephone Commissions	648,497	48,497	600,000 *
Home Electronic Monitoring	27,886	13,217	14,669
Work Release Fees	21,555	-	21,555
Weekenders	17,624	-	17,624
Inmate Medical Co-payment	<u>1,319</u>	<u>1,319</u>	<u>-</u>
	<u>\$ 1,349,623</u>	<u>\$ 719,702</u>	<u>\$ 629,921</u>

* Note: This includes activity in the operating account, commissary account, and inmate account.

Compliance



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**TO THE MEMBERS OF THE PIEDMONT REGIONAL JAIL AUTHORITY
FARMVILLE, VIRGINIA**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities and aggregate remaining fund information of Piedmont Regional Jail Authority as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Piedmont Regional Jail Authority's basic financial statements and have issued our report thereon dated September 15, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Robinson Farver Cox Associates

Charlottesville, Virginia
September 15, 2023