

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

ALBERTA, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT



YEAR ENDED
JUNE 30, 2023

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

ALBERTA, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT



**YEAR ENDED
JUNE 30, 2023**

MRS. CRYSTAL WILLETT
SUPERINTENDENT

MRS. JENNIFER DERRENBACKER, CPA
FINANCE DIRECTOR

MR. CLIFF ALLEN
DEPUTY SUPERINTENDENT/MAJOR OF SECURITY & OPERATIONS

MR. BRENT WRIGHT
DEPUTY SUPERINTENDENT/MAJOR OF ADMINISTRATION & SUPPORT

MEHERRIN RIVER REGIONAL JAIL AUTHORITY ANNUAL COMPREHENSIVE FINANCIAL REPORT

Table of Contents

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Table of Contents	i-ii
Letter of Transmittal	iii-v
Board of Directors and Legal Counsel	vi
Certificate of Achievement for Excellence in Financial Reporting for June 30, 2022	vii
Organizational Chart	viii-ix
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-9
Basic Financial Statements:	
Statement of Net Position	10-11
Statement of Revenues, Expenses and Changes in Net Position	12
Statement of Cash Flows	13-14
Statement of Fiduciary Net Position	15
Statement of Changes in Fiduciary Net Position	16
Notes to Financial Statements	17-59
Required Supplementary Information:	
Schedule of Changes in Net Pension Asset and Related Ratios – VRS Pension Plan	61-62
Schedule of Employer Contributions – VRS Pension Plan	63
Notes to Required Supplementary Information – VRS Pension Plan	64
Schedule of Changes in the Authority's Net OPEB Asset and Related Ratios – VRS HIC Plan	65
Schedule of Authority's Share of Net OPEB Liability – VRS GLI Plan	66
Schedule of Employer Contributions – VRS OPEB Plans	67
Notes to Required Supplementary Information – VRS OPEB Plans	68
Schedule of Changes in Total OPEB Liability and Related Ratios – Retiree Medical Plan	69
Schedule of Employer Contributions – Retiree Medical Plan	70
Notes to Required Supplementary Information – Retiree Medical Plan	71
<u>STATISTICAL SECTION</u>	
Narrative on Statistical Section	72
Net Position by Component (<i>Table 1</i>)	73
Changes in Net Position (<i>Table 2</i>)	74
Operating Expenses (<i>Table 3</i>)	75

MEHERRIN RIVER REGIONAL JAIL AUTHORITY ANNUAL COMPREHENSIVE FINANCIAL REPORT

Table of Contents (Continued)

STATISTICAL SECTION (CONTINUED)

	Page
Other Revenues and Expenses (<i>Table 4</i>)	76
Operating Revenues and Expenses (<i>Table 5</i>)	77
Operating Revenues by Source (<i>Table 6</i>)	78
Historical Trend of Per Diem Rates (<i>Table 7</i>)	79
Revenues & Billed Inmate Days – By Customer (<i>Table 8</i>)	80
Largest Revenue Source (<i>Table 9</i>)	81
Outstanding Debt by Type and Ratios to Personal Income and Population (<i>Table 10</i>)	82
Revenue Bond Coverage (<i>Table 11</i>)	83
Inmate Booking Statistics (<i>Table 12</i>)	84
Principal Employers (<i>Table 13</i>)	85
Demographic Statistics for Member Jurisdictions (<i>Table 14</i>)	86
Number of Employees and Capital Asset Statistics by Identifiable Activity (<i>Table 15</i>)	87
Schedule of Insurance in Force (<i>Table 16</i>)	88

COMPLIANCE SECTION

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	89-90
---	-------



MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Serving the following
Localities:
Brunswick County
Dinwiddie County
Mecklenburg
County

Crystal L. Willett
Superintendent

9000 Boydton Plank
Road
Alberta, VA 23821
(434) 949-6700
(434) 949-0180 Fax

October 20, 2023

The Honorable Members of the
Meherrin River Regional Jail Authority Board
Alberta, VA 23821

Dear Authority Board Members:

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the Meherrin River Regional Jail Authority (Jail Authority) for the fiscal year ended June 30, 2023. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. This letter should be read in conjunction with the Management's Discussion and Analysis, which can be found in the Financial Section of the report.

PROFILE OF THE ORGANIZATION

The Jail Authority, a political subdivision of the Commonwealth of Virginia, was authorized by Chapter 726 of the 1990 Acts of the General Assembly of Virginia. The participating jurisdictions of the Authority are the Counties of Brunswick, Dinwiddie and Mecklenburg. The Authority is governed by a nine-member board comprised of three members from each locality.

The general purpose of the Jail Authority is to maintain and operate a regional jail facility to meet the needs of the participating jurisdictions. The main facility has 697-beds, consisting of 596 general-purpose beds, a 32-bed work release center, a 6-bed medical housing unit, a 12-bed center for inmate intake, a 12-bed center for transport inmates, a 5-bed center for inmate classification, and 34 special management cells. The satellite facility has 115-beds, consisting of 76 general-purpose beds, a 24-bed work release center, a 4-bed medical housing unit, a 7-bed center for inmate intake, and 4 special management cells. The Mecklenburg facility has been temporarily closed since January 6, 2021 due to COVID-19 concerns.

The legislation that created the Jail Authority requires there be a service agreement between the Jail Authority and its participating jurisdictions. The service agreement is a long-term contract regulating usage of the Jail Authority and establishing payment terms applicable to participating jurisdictions. It guarantees that the facility will be used and provides a basis for the issuance of revenue bonds to fund the final design and construction of the Jail. The board members of the Jail Authority signed the Service Agreement on April 3, 2008. The service agreement was amended on July 1, 2010.

ECONOMIC CONDITIONS

Serving the member jurisdictions as Meherrin River Regional Jail Authority does, the overall inmate population is indirectly related to the populations of these localities: Brunswick County, Dinwiddie County and Mecklenburg County. This, in turn, serves as an indicator for the number of persons likely to be incarcerated from those jurisdictions.

Brunswick County's population growth rate is expected to decrease 0.6% with a total population of 15,940 estimated for 2022. Dinwiddie County's population growth rate is expected to increase 0.13% with a total population of 27,947 estimated for 2022. Mecklenburg County's population growth rate is expected to decrease 1.4% with a total population of 30,248 estimated for 2022.

The inmate population for the past year was 248. The inmate population is budgeted to be 300 in fiscal year 2024.

MAJOR ACCOMPLISHMENTS AND INITIATIVES

In addition to managing staffing obstacles and mitigating the morale issues associated with such, many accomplishments were realized within Meherrin River Regional Jail Authority. We continued to provide a safe, secure and sanitary facility for staff and offenders while maintaining cost saving measures in our operation.

The Jail received the "Certificate of Achievement for Excellence in Financial Reporting" for the tenth year as well as received the "Distinguished Budget Presentation Award" for the eighth year. In an effort to retain newly hired officers, we revised our on-the-job training program to include more hands-on and one-on-one training with two seasoned staff members. As a result of these changes, within the initial three month period, we retained 92.3% of our new hires. In addition, we successfully negotiated a new contract for comprehensive medical services to include coverage up to 450 ADP, a credit of \$2.75 per offender per day if our ADP is below 250, and the availability of a psychologist to aid in our peer support program that is available to our staff and offenders during critical incidents.

Over this past fiscal year, we applied for and received grant funding to help with our response to the pandemic. We were awarded \$54,697 through two different grants.

The staff of Meherrin River Regional Jail Authority works hard each year to give back to the communities and offer assistance to our local agencies. Over the course of the past year, the charitable and community-based outreach activities have helped make the facility shine amongst the citizens of our user jurisdictions. In addition to participating in such events as The Fraternal Order of Police, South Hill Lodge #51, serving Mecklenburg and Brunswick Counties, "Cops and Kids" program, and coordinating our fifth annual Thanksgiving Food Drive, we adopted a family from one of our jurisdictions and secured staff donations to ensure the family had a wonderful Christmas. We also continued our relationship with Crater Criminal Justice Academy allowing access to our facility for all Basic Jail Academies to complete the cell search portion of their training and encouraged the participation of several employees on various committees and Advisory Boards for partnering agencies.

Moving forward, the Jail plans to certify all staff through REVIVE Narcan Training, coordinate with our medical provider, CSB and various Mental Health Institutes to conduct group therapy/counseling sessions for our offenders and start preparing for the ACA accreditation process.

RELEVANT FINANCIAL POLICIES

The Capital Reserve Fund will increase to \$2,072,573 for the year ended June 30, 2023 after the required year-end transfer. A formal Capital Reserve Fund policy was established in fiscal year 2019 to meet the future capital needs of the Jail such as vehicles, significant building improvements, etc. thus preventing an increase in the Jail Authority's operating budget. The adopted policy requires, annually at the conclusion of the annual audit, funds equal to 15% of the increase in operating net position to be transferred to the Capital Reserve Fund for the purpose of providing cash reserves for the procurement of future capital requirements.

The Rate Stabilization Fund will increase to \$1,706,136 for the year ended June 30, 2023 after the required year-end transfer. The Rate Stabilization Fund was revised in fiscal year 2021 to meet the future budget needs of the Jail. The revised policy requires, annually at the conclusion of the annual audit, funds equal to 20% of the increase in operating net position to be transferred to the Rate Stabilization Fund for the purpose of providing cash reserves to offset large increases in operational per diems.

The Operating Reserve Fund was increased to \$2,883,306 as required by the Jail Authority's service agreement. The service agreement requires that an Operating Reserve Fund be equal to not less than 60 days of the Jail Authority's projected annual operating budget for each year less debt service or such other amount as is required by the provisions of such obligations.

The Authority Board determined that it would be prudent and beneficial to the financial management of the Authority and its Member Jurisdictions to establish an additional reserve fund in excess of the legally required reserves. The Supplemental Reserve Fund Requirement is equal to 17% of the Authority's projected annual operating budget for each year, less debt service. The balance in the Supplemental Reserve Fund for the year ended June 30, 2023 was \$2,940,973.

INDEPENDENT AUDIT

The certified public accounting firm of Robinson, Farmer, Cox Associates has audited the June 30, 2023 financial statements. Their opinion on the financial statements is presented in the financial section of this report.

ACKNOWLEDGMENTS

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

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

Respectfully submitted,



Crystal Willett
Superintendent



Jennifer Derrenbacher, CPA
Finance Director

MEHERRIN RIVER REGIONAL JAIL AUTHORITY
Year Ended June 30, 2023

Officers

Chairman	W. Kevin Massengill Dinwiddie County Administrator
Vice-Chairman	Leslie R. Weddington Brunswick County Administrator
Secretary	H. Wayne Carter, III Mecklenburg County Administrator

Other Members

Sheriff Brian K. Roberts, Brunswick County Sheriff
Bernard L. Jones, Brunswick County Board of Supervisors
Sheriff “Duck” Adams, Dinwiddie County Sheriff
William D. Chavis, Dinwiddie County Board of Supervisors
Sheriff R. W. “Bobby” Hawkins, Mecklenburg County Sheriff
Tom Tanner, Mecklenburg County Board of Supervisors

Counsel

William H. Hefty, Esq.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Meherrin River Regional Jail Authority
Virginia**

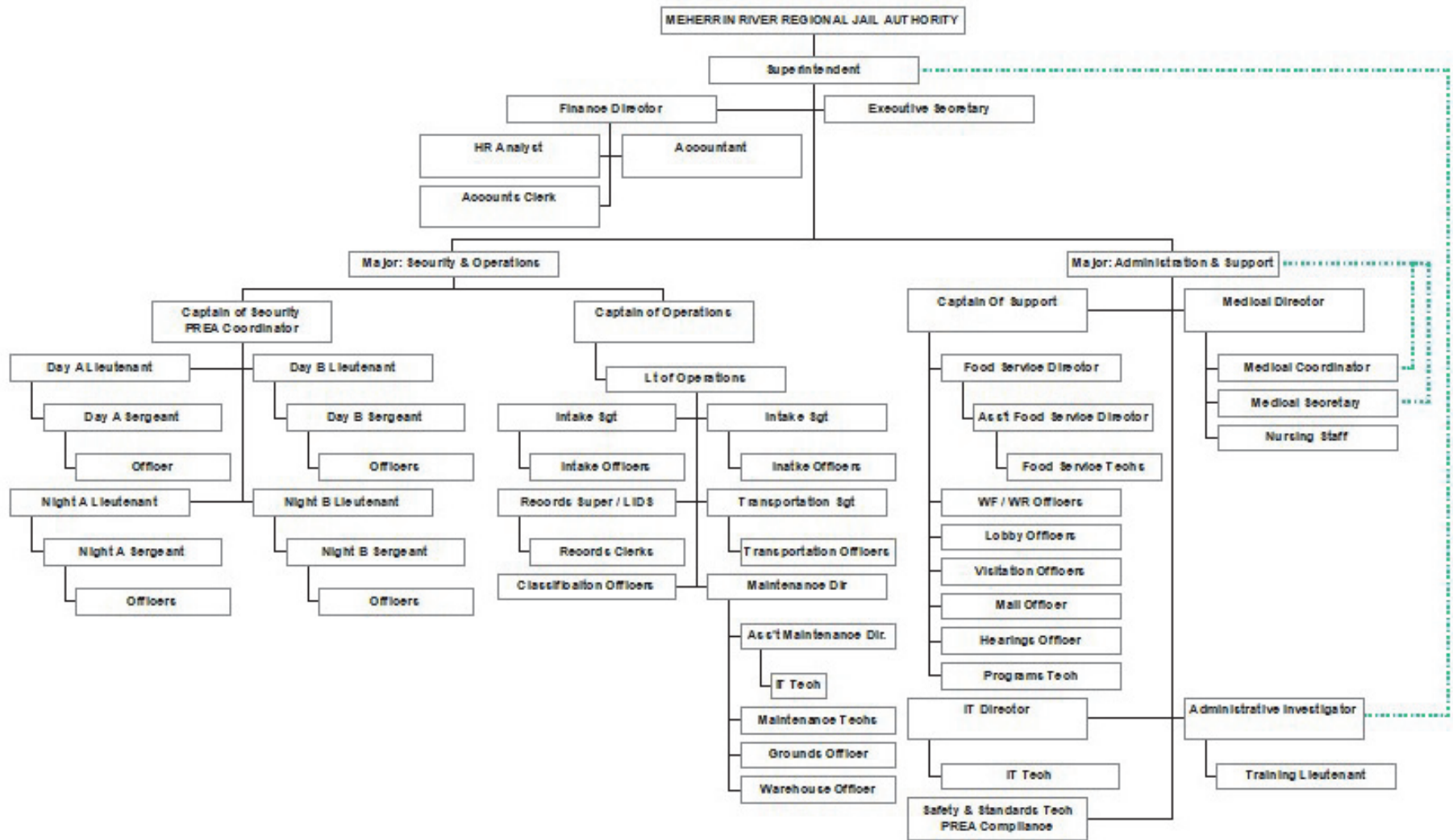
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

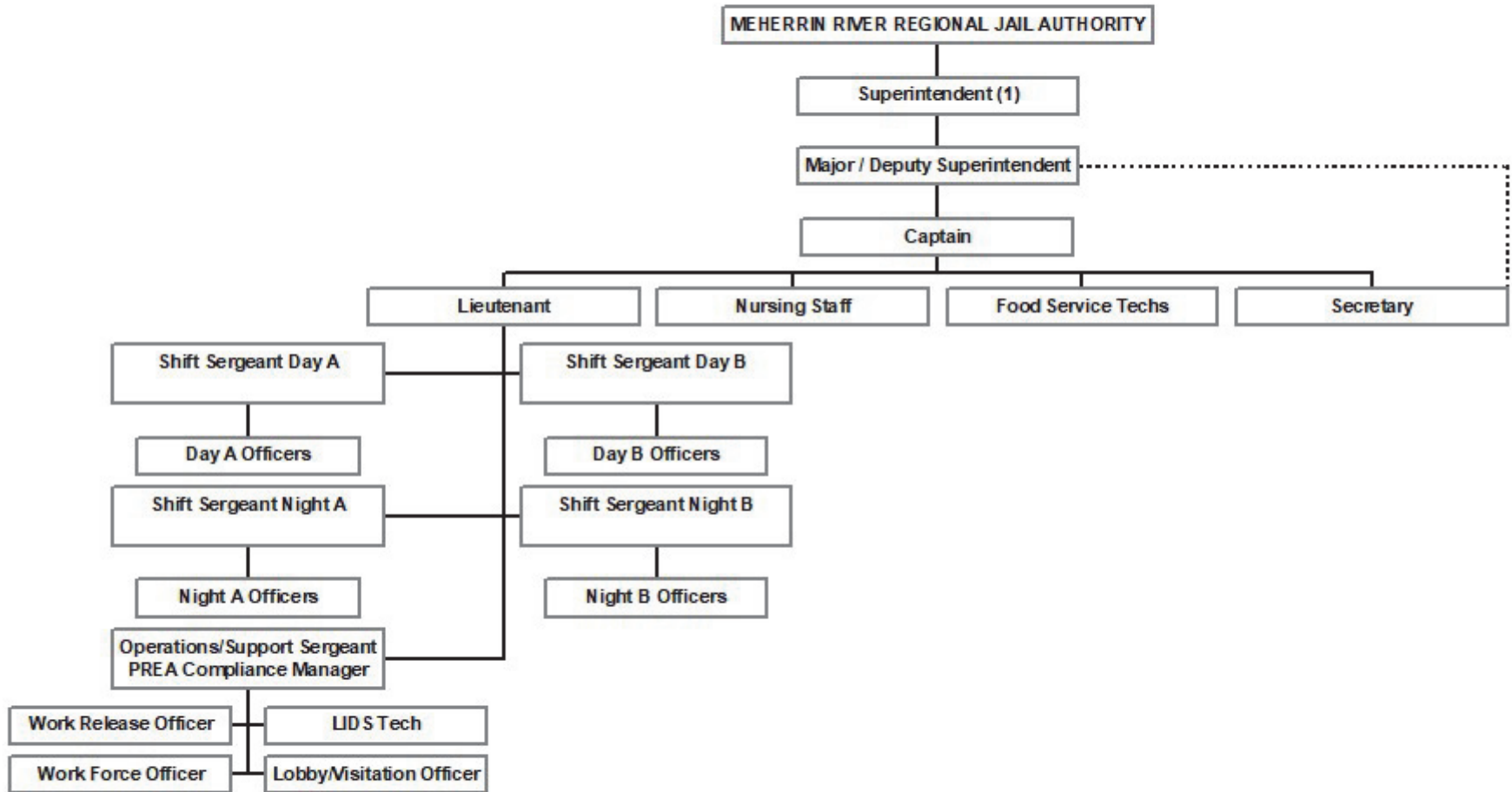
Christopher P. Morill

Executive Director/CEO

Meherrin River Regional Jail – Alberta Organizational Structure



Meherrin River Regional Jail - Mecklenburg
Organizational Structure





Independent Auditors' Report

**To the Members of
Meherrin River Regional Jail Authority
Alberta, 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 Meherrin River 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 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 Meherrin River Regional Jail Authority, as of June 30, 2023, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Meherrin River 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.

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.

Report on the Audit of the Financial Statements: (Continued)

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 Meherrin River 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' Responsibility 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 Meherrin River 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 Meherrin River 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.

Report on the Financial Statements: (Continued)

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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2023, on our consideration of Meherrin River 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 Meherrin River 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 Meherrin River Regional Jail Authority's internal control over financial reporting and compliance.

Robinson Farrow Cox Associates

Charlottesville, Virginia
October 20, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The financial statements of Meherrin River Regional Jail Authority include all business activities and include notes to the financial statements that explain and provide detailed data on information in the financial statements.

The following is management's discussion and analysis of the Jail Authority's financial performance for the year ended June 30, 2023. It should be read in conjunction with the letter of transmittal in the Introductory Section, the Jail Authority's financial statements and supplemental information included in the Financial Section and financial performance in the Statistical Section.

FINANCIAL HIGHLIGHTS

Fiscal Year 2023:

- The Jail Authority's net position increased \$1,785,699 in FY 2023.
- Total revenues of the Jail for FY 2023 were \$18,106,626.
- Total expenses of the Jail for FY 2023 were \$16,320,927.

Fiscal Year 2022:

- The Jail Authority's net position increased \$3,143,773 in FY 2022.
- Total revenues of the Jail for FY 2022 were \$17,692,707.
- Total expenses of the Jail for FY 2022 were \$14,548,934.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Jail's basic financial statements. The Jail Authority's basic financial statements consist of the statement of net position, the statement of revenues, expenses and changes in net position, and the statement of cash flows. The jail also presents fiduciary statements for its custodial funds. The first two statements report the Jail Authority's net position and how it has changed. Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Jail Authority's financial condition.

The following table summarizes the net position of the Jail at June 30, 2023 and 2022:

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

**Statements of Net Position
At June 30, 2023 and 2022**

NET POSITION	2023	2022
Current and other assets	\$ 32,842,027	\$ 28,391,052
Capital assets, net	52,517,101	54,004,027
Total assets	\$ 85,359,128	\$ 82,395,079
Deferred outflows of resources	\$ 2,413,006	\$ 2,907,852
Long-term liabilities, net	\$ 33,838,557	\$ 35,253,355
Other liabilities	6,257,888	3,843,860
Total liabilities	\$ 40,096,445	\$ 39,097,215
Deferred inflows of resources	\$ 1,643,446	\$ 1,959,172
Net position:		
Net investment in capital assets	\$ 24,380,843	\$ 24,643,351
Restricted for net pension asset	4,207,727	3,453,205
Restricted for net OPEB asset	89,630	42,949
Restricted for inmate benefits	388,863	446,384
Unrestricted	16,965,180	15,660,655
Total net position	\$ 46,032,243	\$ 44,246,544

Overall net position increased 4.04% in 2023, with unrestricted net position increasing 8.33% for 2023. Comparatively, overall net position increased 7.65% in 2022, with unrestricted net position increasing 7.62% for 2022.

The increase in unrestricted net position in FY 2023 is primarily attributable to vacancy savings from Compensation Board funded positions.

The increase in unrestricted net position in FY 2022 is also primarily attributable to vacancy savings from Compensation Board funded positions.

REVENUES

Operating and nonoperating revenues for the Jail Authority totaled \$18,106,626 for the year ended June 30, 2023, which represents a \$413,919 increase over fiscal year 2022. This amount is primarily attributable to increased Compensation Board revenues in FY 2023. Of this total, per-diem billings to member jurisdictions totaled \$5,635,778 or 37.52 percent of total operating revenues. The revenues received from the state totaled \$8,539,020 or 56.85 percent of total operating revenues. Inmate and other revenues totaled \$845,014 or 5.63 percent of total operating revenues.

A summary of revenues for the years ended June 30, 2023 and 2022 is presented in the following computation:

<u>REVENUE SOURCE</u>	<u>2023</u>	<u>2022</u>
Operating Revenue:		
Member Jurisdictions		
Brunswick County	\$ 1,568,283	\$ 1,870,669
Dinwiddie County	1,600,987	1,477,569
Mecklenburg County	2,466,508	2,410,667
Subtotal	<u>\$ 5,635,778</u>	<u>\$ 5,758,905</u>
State Share of Jail Operations		
Compensation Board	\$ 8,539,020	\$ 7,917,239
Subtotal	<u>\$ 8,539,020</u>	<u>\$ 7,917,239</u>
Charges for Services		
Work Release	\$ 32,175	\$ 13,370
Weekender Fees	9,191	12,079
Home Incarceration	9,190	11,060
Medical Co-Pays	8,144	10,194
Medical Reimbursement	1,356	75,621
Daily Fees	91,655	114,724
Inmate Phones	439,400	425,283
Internet Visitation	-	2,087
Bed Rentals	300	79,120
Dining Operations	120,033	233,007
Miscellaneous Revenue	133,570	167,048
Subtotal	<u>\$ 845,014</u>	<u>\$ 1,143,593</u>
Total Operating Revenue	<u>\$ 15,019,812</u>	<u>\$ 14,819,737</u>
Nonoperating Revenue:		
Local Share of Debt Service	\$ 2,505,956	\$ 2,504,897
Grant Income	54,697	364,702
Interest and investment earnings (losses)	526,161	3,371
Total Nonoperating Revenue	<u>\$ 3,086,814</u>	<u>\$ 2,872,970</u>
Total Revenue	<u><u>\$ 18,106,626</u></u>	<u><u>\$ 17,692,707</u></u>

EXPENSES

Operating expenses totaled \$12,794,006 for the year ended June 30, 2023. Of this amount, salaries and employee benefits totaled \$6,501,670, medical services and supplies totaled \$2,293,549, and food service and supplies totaled \$471,642. Although salary increases were provided during the year, the one-time bonus given in fiscal year 2022 and staff vacancies resulted in a decline in salaries and wages.

Operating expenses totaled \$13,190,177 for the year ended June 30, 2022. Of this amount, salaries and employee benefits totaled \$6,999,674, medical services and supplies totaled \$2,305,846, and food service and supplies totaled \$538,663.

Summary data for the years ended June 30, 2023 and 2022 are presented in the following computation:

EXPENSE CLASSIFICATION

	<u>2023</u>	<u>2022</u>
Operating Expenses:		
Salaries and Wages	\$ 4,938,757	\$ 5,224,037
Fringe Benefits	1,562,913	1,775,637
Professional Services	121,363	64,703
Medical Services and Supplies	2,293,549	2,305,846
Materials and Supplies	1,259,172	1,119,651
Food Services and Supplies	471,642	538,663
Utilities	556,196	578,144
Depreciation	<u>1,590,414</u>	<u>1,583,496</u>
Total Operating Expenses	\$ <u>12,794,006</u>	\$ <u>13,190,177</u>
Nonoperating Expenses:		
Interest Expense	\$ 1,302,412	\$ 1,358,757
Member Surplus Payout	<u>2,224,509</u>	<u>-</u>
Total Nonoperating Expense	\$ <u>3,526,921</u>	\$ <u>1,358,757</u>
Total Expense	<u>\$ 16,320,927</u>	<u>\$ 14,548,934</u>

SUMMARY OF OPERATIONS & CHANGE IN NET POSITION

Net Position increased by \$1,785,699 for the year ended June 30, 2023. This amount includes (\$440,107) in nonoperating revenues and expenses, including a one-time member surplus payout of \$2,224,509.

Summary data is presented in the following computation:

SUMMARY OF OPERATIONS & CHANGE IN NET POSITION

	<u>2023</u>	<u>2022</u>
Operating:		
Revenues	\$ 15,019,812	\$ 14,819,737
Expenses	<u>12,794,006</u>	<u>13,190,177</u>
Net operating income (loss)	<u>\$ 2,225,806</u>	<u>\$ 1,629,560</u>
Nonoperating:		
Revenues	\$ 3,086,814	\$ 2,872,970
Expenses	<u>3,526,921</u>	<u>1,358,757</u>
Net nonoperating income (loss)	<u>\$ (440,107)</u>	<u>\$ 1,514,213</u>
Increase (decrease) in net position	<u>\$ 1,785,699</u>	<u>\$ 3,143,773</u>
Net position, beginning of year	<u>\$ 44,246,544</u>	<u>\$ 41,102,771</u>
Net position, end of year	<u><u>\$ 46,032,243</u></u>	<u><u>\$ 44,246,544</u></u>

FINANCIAL ANALYSIS OF JAIL FUNDS

The financial statements are prepared on the accrual basis, recognizing revenue when earned and expenses when incurred, and include all of the business activities of the Jail Authority.

Jail operations ended fiscal year 2023 with a \$1,785,699 increase in total net position. Jail operations ended fiscal year 2022 with a \$3,143,773 increase in total net position.

The Operating Reserve Fund totals \$2,883,306, which equates to 60 days of the Jail Authority's annual operating budget less debt service as required by the Jail Authority's service agreement. The Rate Stabilization Fund totals \$1,706,136 at the end of FY 2023 and includes an annual transfer as required by the Rate Stabilization Fund policy. The Capital Reserve Fund totaling \$2,072,573 represents proceeds from VRA Bonds remaining after construction along with interest and an annual transfer as required by the Capital Reserve Fund policy. The Supplemental Reserve Fund totals \$2,940,973, which equates to 17% of the Jail Authority's annual budget less debt service.

The Jail Authority's cash position remains strong with \$24,796,510 in unrestricted funds.

DEBT ADMINISTRATION

The Jail Authority had total long-term bonds outstanding of \$34,521,120 on June 30, 2023. This amount is comprised of a Series 2016 VRA bond which is the result of an advance refunding of the Series 2010 VRA bond. In addition, the Jail Authority has two leases with outstanding balances of \$53,555 at year-end. For more detailed information on long-term debt activity refer to Note 6 of the notes to these financial statements.

CAPITAL ASSETS

Capital assets with a unit cost of \$5,000 or more are capitalized and depreciated over their useful lives using the straight-line method. As of June 30, 2023, capital assets, accumulated depreciation and depreciation expense totaled \$69,689,907, \$17,172,806 and \$1,590,414, respectively. For more detailed information on capital assets activity refer to Note 5 of the notes to these financial statements.

JAIL AUTHORITY'S PER DIEM RATES

The debt service component and the operating component of the per diem charge is invoiced quarterly by the Jail Authority in advance of service and is payable no later than the last day of the first month of each calendar quarter. The Member Jurisdictions agree to pay their ratable share of the per diem charge as budgeted by the Jail Authority in accordance with the percentages established annually, notwithstanding the actual number of inmates committed or expected to be committed to the system, subject to a fiscal year-end adjustment to reflect annual use of the system. The operational per diem rates were \$38.60 and \$39.44 for 2023 and 2022, respectively. The debt service per diem rates were \$17.16 and \$17.16 for 2023 and 2022, respectively. The Authority Board approved a one-time member surplus payout of \$2,224,509 in fiscal year 2023. This payout was allocated to each Member Jurisdiction based on their actual percentage of usage in fiscal year 2023.

REQUEST FOR INFORMATION

This financial report is designed to provide interested parties with a general overview of the Jail Authority's finances. Should you have any questions about this report or need additional information, please contact the Finance Director, 9000 Boydton Plank Road, Alberta, VA 23821.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

**Statement of Net Position
June 30, 2023**

ASSETS	Operating	Commissary	Total
Current assets:			
Cash and cash equivalents	\$ 24,796,510	\$ -	\$ 24,796,510
Held in escrow with trustee	42,120	-	42,120
Accounts receivable	165,094	-	165,094
Grants receivable	40,837	-	40,837
Prepaid expense	131,628	-	131,628
Due from state	488,576	-	488,576
Due from federal government	75	-	75
Cash held for employees - restricted	631	-	631
Cash held for inmates - restricted	-	388,863	388,863
	\$ 25,665,471	\$ 388,863	\$ 26,054,334
Noncurrent assets:			
Restricted cash and cash equivalents	\$ 516,105	\$ -	\$ 516,105
Restricted investments	1,974,231	-	1,974,231
Net pension asset	4,207,727	-	4,207,727
Net OPEB asset	89,630	-	89,630
Capital assets:			
Land	1,061,626	-	1,061,626
Other capital assets, net of accumulated depreciation	51,455,475	-	51,455,475
Net capital assets	\$ 52,517,101	\$ -	\$ 52,517,101
Total noncurrent assets	59,304,794	-	59,304,794
Total assets	\$ 84,970,265	\$ 388,863	\$ 85,359,128
 DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pension	\$ 557,253	\$ -	\$ 557,253
Deferred outflows of resources related to OPEB	83,165	-	83,165
Deferred charge on refunding	1,772,588	-	1,772,588
Total deferred outflows of resources	\$ 2,413,006	\$ -	\$ 2,413,006

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Statement of Net Position (Continued)
June 30, 2023

LIABILITIES	<u>Operating</u>	<u>Commissary</u>	<u>Total</u>
Current liabilities:			
Accounts payable	\$ 226,739	\$ -	\$ 226,739
Claims payable	193,971	-	193,971
Due to localities	3,534,716	-	3,534,716
Due to members	454,015	-	454,015
Accrued payroll	6,343	-	6,343
Current portion of compensated absences	44,445	-	44,445
Current portion of long-term debt	1,448,089	-	1,448,089
Interest payable	349,570	-	349,570
Total current liabilities	<u>\$ 6,257,888</u>	<u>\$ -</u>	<u>\$ 6,257,888</u>
Noncurrent liabilities:			
Bonds, loan and leases payable, net of current portion	\$ 33,126,586	\$ -	\$ 33,126,586
Compensated absences, net of current portion	400,005	-	400,005
Net OPEB liabilities	311,966	-	311,966
Total noncurrent liabilities	<u>\$ 33,838,557</u>	<u>\$ -</u>	<u>\$ 33,838,557</u>
 Total liabilities	 <u>\$ 40,096,445</u>	 <u>\$ -</u>	 <u>\$ 40,096,445</u>
 DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pension	\$ 1,448,365	\$ -	\$ 1,448,365
Deferred inflows of resources related to OPEB	195,081	-	195,081
Total deferred inflows of resources	<u>\$ 1,643,446</u>	<u>\$ -</u>	<u>\$ 1,643,446</u>
 NET POSITION			
Net investment in capital assets	\$ 24,380,843	\$ -	\$ 24,380,843
Restricted for net pension asset	4,207,727	-	4,207,727
Restricted for net OPEB asset	89,630	-	89,630
Restricted for inmate benefits	-	388,863	388,863
Unrestricted	16,965,180	-	16,965,180
Total net position	<u>\$ 45,643,380</u>	<u>\$ 388,863</u>	<u>\$ 46,032,243</u>

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

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

	<u>Operating</u>	<u>Commissary</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 711,444	\$ -	\$ 711,444
Local share of jail operations	5,635,778	-	5,635,778
State share of jail operations	8,539,020	-	8,539,020
Miscellaneous	70,845	62,725	133,570
	<u>14,957,087</u>	<u>62,725</u>	<u>15,019,812</u>
Total operating revenues	\$ 14,957,087	\$ 62,725	\$ 15,019,812
Operating expenses:			
Personnel	\$ 4,938,757	\$ -	\$ 4,938,757
Fringes	1,562,913	-	1,562,913
Contractual	2,394,629	20,283	2,414,912
Other charges	2,186,836	100,174	2,287,010
Depreciation	1,590,414	-	1,590,414
	<u>12,673,549</u>	<u>120,457</u>	<u>12,794,006</u>
Total operating expenses	\$ 12,673,549	\$ 120,457	\$ 12,794,006
Net operating income (loss)	\$ 2,283,538	\$ (57,732)	\$ 2,225,806
Nonoperating revenues (expenses):			
Local share of debt service	\$ 2,505,956	\$ -	\$ 2,505,956
Member surplus payout	(2,224,509)	-	(2,224,509)
Interest and investment earnings (losses)	525,950	211	526,161
Grant income	54,697	-	54,697
Interest expense	(1,302,412)	-	(1,302,412)
	<u>(440,318)</u>	<u>211</u>	<u>(440,107)</u>
Net nonoperating revenues (expenses)	\$ (440,318)	\$ 211	\$ (440,107)
Change in net position	\$ 1,843,220	\$ (57,521)	\$ 1,785,699
Net position, beginning of year	\$ 43,800,160	\$ 446,384	\$ 44,246,544
Net position, end of year	\$ 45,643,380	\$ 388,863	\$ 46,032,243

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

**Statement of Cash Flows
Year Ended June 30, 2023**

	<u>Operating</u>	<u>Commissary</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Charges for services	\$ 787,011	\$ 62,725	\$ 849,736
Receipts from localities	5,635,778	-	5,635,778
Receipts from state	8,556,704	-	8,556,704
Payments to suppliers	(4,462,461)	(120,457)	(4,582,918)
Payments to employees	(7,099,880)	-	(7,099,880)
Net cash provided by (used for) operating activities	<u>\$ 3,417,152</u>	<u>\$ (57,732)</u>	<u>\$ 3,359,420</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Government grants	<u>\$ 115,635</u>	<u>\$ -</u>	<u>\$ 115,635</u>
Net cash provided by (used for) noncapital financing activities	<u>\$ 115,635</u>	<u>\$ -</u>	<u>\$ 115,635</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES			
Local share of debt service	\$ 2,505,956	\$ -	\$ 2,505,956
Principal paid on capital debt	(1,080,000)	-	(1,080,000)
Principal paid on leases	(82,089)	-	(82,089)
Interest paid on capital debt, loan and leases	(1,431,643)	-	(1,431,643)
Purchase of capital assets	(50,423)	-	(50,423)
Debt service paid to escrow agent	(42,120)	-	(42,120)
Net cash provided by (used for) capital & related financing activities	<u>\$ (180,319)</u>	<u>\$ -</u>	<u>\$ (180,319)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and investment earnings	\$ 525,950	\$ 211	\$ 526,161
Money market mutual fund activity	(997,162)	-	(997,162)
Net cash provided by (used for) investing activities	<u>\$ (471,212)</u>	<u>\$ 211</u>	<u>\$ (471,001)</u>
Net increase (decrease) in cash and cash equivalents	\$ 2,881,256	\$ (57,521)	\$ 2,823,735
Cash and cash equivalents at beginning of year (including restricted)	<u>22,431,990</u>	<u>446,384</u>	<u>22,878,374</u>
Cash and cash equivalents at end of year (including restricted)	<u>\$ 25,313,246</u>	<u>\$ 388,863</u>	<u>\$ 25,702,109</u>

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Statement of Cash Flow
Year Ended June 30, 2023 (Continued)

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
 CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:

	<u>Operating</u>	<u>Commissary</u>	<u>Total</u>
Operating Income (Loss)	\$ 2,283,538	\$ (57,732)	\$ 2,225,806
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	1,590,414	-	1,590,414
Member surplus payout	(2,224,509)	-	(2,224,509)
Change in operating assets and liabilities and deferred outflows and inflows:			
(Increase) decrease in:			
Accounts receivable	135,527	-	135,527
Prepaid expense	(7,392)	-	(7,392)
Due from state	23,375	-	23,375
Due from federal government	796	-	796
Net pension asset	(754,522)	-	(754,522)
Net OPEB asset	(46,681)	-	(46,681)
Deferred outflows - pension related	278,679	-	278,679
Deferred outflows - OPEB related	27,391	-	27,391
Increase (decrease) in:			
Accounts payable	126,396	-	126,396
Claims payable	87,486	-	87,486
Due to localities/members	2,224,509	-	2,224,509
Compensated absences	19,957	-	19,957
Accrued payroll	1,708	-	1,708
Net OPEB liabilities	(33,794)	-	(33,794)
Deferred inflows - pension related	(291,775)	-	(291,775)
Deferred inflows - OPEB related	(23,951)	-	(23,951)
Net cash provided by (used for) operating activities	<u>\$ 3,417,152</u>	<u>\$ (57,732)</u>	<u>\$ 3,359,420</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Assets acquired through lease	\$ 53,065	\$ -	\$ 53,065

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

**Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023**

	<u>Custodial Inmate Trust Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>135,731</u>
Total assets	\$ <u>135,731</u>
LIABILITIES	
Accounts payable	\$ <u>33,990</u>
Total liabilities	\$ <u>33,990</u>
NET POSITION	
Restricted for inmates	\$ <u>101,741</u>
Total net position	\$ <u><u>101,741</u></u>

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

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

	Custodial Inmate Trust Funds
ADDITIONS	
Contributions:	
Inmate deposits	\$ 624,606
Total contributions	\$ 624,606
Investment earnings:	
Interest	\$ 53
Total investment earnings	\$ 53
Total additions	\$ 624,659
DEDUCTIONS	
Commissary payments	\$ 209,485
Inmate phone payments	110,331
Paid to vendors on behalf of inmates	50
Fund sweep to Meherrin River Regional Jail	145,111
Paid to inmates (release/stipend/mail funds request)	88,104
Court payments for inmates	5,472
Other	75
Total deductions	\$ 558,628
Net increase (decrease) in fiduciary net position	\$ 66,031
Net position, beginning of year	\$ 35,710
Net position, end of year	\$ 101,741

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2023

NOTE 1 – BASIS OF PRESENTATION:

The Financial Reporting Entity

The Brunswick-Dinwiddie-Mecklenburg Regional Jail Authority was created pursuant to Article 3.1, Chapter 3, Title 53.1, Code of Virginia (1950), as amended by resolutions duly adopted by the governing bodies of the Counties of Brunswick, Dinwiddie, and Mecklenburg for the purpose of developing a new regional jail to be operated on behalf of the Member Jurisdictions by the Jail Authority. On June 24, 2008, the Jail Authority's name was changed to the Meherrin River Regional Jail Authority. The Board is governed by three members (including the County Administrator and Sheriff) from each of the participating localities and conforms to the statutory provisions of the Code of Virginia (1950), as amended. The Jail Authority is considered to be a Jointly Governed Organization of the above localities because each locality is equally represented on the Board. Construction of the main facility in Alberta, Virginia was completed in early July 2012 at which time the participating localities began sending inmates to the facility. In addition, construction of the satellite facility in Boydton, Virginia was completed in January 2013. The Jail Authority is responsible for operational and debt services costs. Operational costs are paid quarterly and a true-up is done at year end based on actual inmate populations for each locality. The Regional Jail bills each locality a per diem rate based upon the number of inmates sent to the facility. The per diem rates include components for both operating and debt service expenses.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Meherrin River Regional Jail Authority 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 Jail Authority uses 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 defined as those items that result from providing services and include all transactions and events which are not capital and related financing, noncapital financing or investing activities. Nonoperating revenues are defined as grants, investment and other income. Nonoperating expenses are defined as capital and noncapital related financing and other expenses.

Commissary funds are restricted for the benefit of inmates. Expenses paid with these funds include recreational and educational supplies, taxi services, counseling, and other items benefiting the inmates.

Fiduciary Funds (Trust and Custodial Funds) account for assets held by the Jail Authority in a trustee capacity or as custodian for individuals, private organizations, other governmental units, or other funds. These funds include Custodial Funds, which consist of the Inmate Trust Funds. Fiduciary funds are not included in the enterprise financial statements.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2023 (Continued)

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

B. Cash and Cash Equivalents:

The Jail Authority's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

For the purposes of the statement of cash flows, the Jail Authority considers demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Restricted cash and investments represent required debt service reserves for VRA Bonds, as well as cash held for employees and inmate benefits.

C. Investments:

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments (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. Capital Assets:

Capital assets are recorded at cost. Donated capital assets are recorded at acquisition value at the date of gift. The Jail Authority's capitalization threshold is \$5,000.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Costs of construction include legal, bond and loan closing costs, plus interest costs less interest earned on construction funds during the period of construction.

Depreciation is provided using the straight-line method over the estimated useful lives of each asset class as follows:

Buildings and improvements	50 years
Land/site improvements	20 years
Equipment, furniture and fixtures	5 to 20 years
Vehicles	5 years
Intangibles	5 years
Lease equipment	5 years

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2023 (Continued)

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

E. 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.

F. Bond Premium:

A premium of \$4,908,336 resulted from the refunding of bonds issued in association with the financing of jail construction. The premium is being amortized using the effective interest method over the life of the bond issue of 25 years. Amortization for FY 2023 totaled \$304,170. The balance of the unamortized bond premium at June 30, 2023 is \$2,856,120.

G. 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.
- 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.

H. Net Position Flow Assumption:

Sometimes the Jail 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 Jail Authority's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

I. Vacation, Sick, and Holiday Leave:

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2023 (Continued)

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

J. Budget:

The Superintendent must submit a balanced budget to the Jail Authority on or before January 1st each year. The budget denotes per diem rates charged to member jurisdictions, and line item revenues and expenses. The Jail Authority must adopt a final budget on or before June 30th each year.

K. 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 resource, 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/expenditure) until then. The Jail Authority has multiple items that qualify for reporting in this category. One item is the deferred charge on refunding. A deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resource, 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. The Jail Authority has one type of item that qualifies for reporting in this category. Certain items related to pension and OPEB are reported as deferred inflows of resources. For more detailed information on this item, reference the related notes.

L. Pensions:

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Jail Authority's Retirement Plan and the additions to/deductions from the Jail 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.

M. Other Postemployment Benefits (OPEB)

For purposes of measuring the VRS related net OPEB asset and 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 and HIC 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.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 3 – DEPOSITS AND INVESTMENTS:

Deposits:

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

Investments:

Statutes authorize the Jail 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 Investor Service, Inc.; A-1 by Standard & Poor’s; or F1 by Fitch Ratings, Inc., banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Credit Risk of Investments:

The Jail Authority does not have a policy related to the credit risk of investments.

Credit Risk of Debt Securities:

The Jail Authority’s rated debt investments as of June 30, 2023 were rated by Moody’s and the ratings are presented below using Moody’s rating scale.

<u>Rated Debt Investments Value</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Money market mutual funds	\$ 1,001,261
State Non-Arbitrage Pool	516,105
Local Government Investment Pool	12,206,730
Total	\$ <u>13,724,096</u>

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 3 – DEPOSITS AND INVESTMENTS: (CONTINUED)

Interest Rate Risk:

The Jail Authority does not have a policy related to interest rate risk.

	Investment Maturities (in years)		
	Value	Less than 1 Year	1-5 Years
U. S. Treasury Securities	\$ 972,970	\$ -	\$ 972,970
State Non-Arbitrage Pool	516,105	516,105	-
Local Government Investment Pool	12,206,730	12,206,730	-
Total	<u>\$ 13,695,805</u>	<u>\$ 12,722,835</u>	<u>\$ 972,970</u>

External Investment Pools:

The value of the positions in the external investment pools (Local Government Investment Pool (LGIP) and State Non-Arbitrage Pool (SNAP)) is the same as the values of the pool shares. As LGIP and SNAP are not SEC registered, regulatory oversight of the pools rest with the Virginia State Treasury. LGIP and SNAP are amortized cost basis portfolios. There are no withdrawal limitations or restrictions imposed on participants.

NOTE 4 – FAIR VALUE MEASUREMENTS:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Jail Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The Jail Authority maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date
- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

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

NOTE 4 – FAIR VALUE MEASUREMENTS: (CONTINUED)

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

Change in Fair Value of Investments:

Fair value at 6/30/23	\$	1,974,231
Less: Money market mutual fund activity		986,524
Add: Proceeds for investments sold		-
Less: Cost of Investments purchased		-
Less: Fair value at 6/30/22		977,070
		<u>977,070</u>
 Change in fair value of investments	 \$	 <u>10,637</u>

The Jail Authority has the following recurring fair value measurements as of June 30, 2023:

<u>Investment</u>	<u>6/30/2023</u>	<u>Fair Value Measurement Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
U. S. Treasury Securities	\$ 972,970	\$ 972,970	\$ -	\$ -
Money Market Mutual Funds	1,001,261	1,001,261	-	-
Total	<u>\$ 1,974,231</u>	<u>\$ 1,974,231</u>	<u>\$ -</u>	<u>\$ -</u>

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

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

NOTE 5 – CAPITAL ASSETS:

The following is a summary of changes in capital assets for the year ended June 30, 2023:

	<u>Balance July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2023</u>
Capital assets not being depreciated:				
Land	\$ 1,061,626	\$ -	\$ -	\$ 1,061,626
Total capital assets not being depreciated	<u>\$ 1,061,626</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,061,626</u>
Capital assets being depreciated:				
Land/site improvements - fencing	\$ 20,504	\$ -	\$ -	\$ 20,504
Buildings and improvements	65,203,786	-	-	65,203,786
Equipment, furniture, and fixtures	1,819,747	50,423	-	1,870,170
Vehicles	864,003	-	57,098	806,905
Intangibles	362,253	-	-	362,253
Lease equipment	311,598	53,065	-	364,663
Total capital assets being depreciated	<u>\$ 68,581,891</u>	<u>\$ 103,488</u>	<u>\$ 57,098</u>	<u>\$ 68,628,281</u>
Less: Accumulated depreciation				
Land/site improvements - fencing	\$ 11,276	\$ 1,025	\$ -	\$ 12,301
Buildings and improvements	13,063,601	1,308,536	-	14,372,137
Equipment, furniture, and fixtures	1,266,175	142,316	-	1,408,491
Vehicles	714,958	58,529	57,098	716,389
Intangibles	362,253	-	-	362,253
Lease equipment	221,227	80,008	-	301,235
Total accumulated depreciation	<u>\$ 15,639,490</u>	<u>\$ 1,590,414</u>	<u>\$ 57,098</u>	<u>\$ 17,172,806</u>
Net capital assets being depreciated	<u>\$ 52,942,401</u>	<u>\$ (1,486,926)</u>	<u>\$ -</u>	<u>\$ 51,455,475</u>
Total capital assets	<u>\$ 54,004,027</u>	<u>\$ (1,486,926)</u>	<u>\$ -</u>	<u>\$ 52,517,101</u>

Reconciliation of Net Investment in Capital Assets:

Net Capital Assets	\$ 52,517,101
Outstanding Bonds, Loan and Leases	(34,574,675)
Deferred Charge on Refunding	1,772,588
Unspent Proceeds - DSRF Deposit	2,532,031
Proceeds Spent on Operations	2,133,798
Net Investment in Capital Assets	<u>\$ 24,380,843</u>

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 6 – LONG-TERM OBLIGATIONS:

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

	Balance July 1, 2022	Issuances	Reductions	Balance June 30, 2023	Due Within One Year
Direct borrowings and placements:					
Revenue bonds	\$ 32,745,000	\$ -	\$ 1,080,000	\$ 31,665,000	\$ 1,135,000
Add:					
Unamortized bond premium	3,160,290	-	304,170	2,856,120	292,063
Total direct borrowings and placements	\$ 35,905,290	\$ -	\$ 1,384,170	\$ 34,521,120	\$ 1,427,063
Lease liabilities	82,579	53,065	82,089	53,555	21,026
Compensated absences	424,493	432,822	412,865	444,450	44,445
Net OPEB liabilities	345,760	225,785	259,579	311,966	-
Total Long-Term Obligations	\$ 36,758,122	\$ 711,672	\$ 2,138,703	\$ 35,331,091	\$ 1,492,534

Default Provisions

The outstanding notes from direct borrowings and direct placements contain a provision that in an event of default, the entire unpaid principal and interest amounts become immediately due if the Jail Authority is unable to make payment, but only from the collateral and other funds specifically pledged. If any installment of principal of and interest on is not paid to the registered owner within ten days after its due date, the Jail Authority shall pay a late payment charge in an amount equal to five percent (5.0%) of the overdue installment.

If any failure of the Authority to pay all or any portion of any required payment of the principal of or premium, if any, or interest results in a withdrawal from or a drawing on any Reserve (as defined in the Financing Agreement), the applicable interest rates shall be increased to interest rates sufficient to reimburse the Reserve for any foregone investment earnings on the funds withdrawn therefrom and pay any interest, fees or penalties assessed as a result of the withdrawal from or drawing on the Reserve.

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30,	Direct Borrowings and Placements				Total	
	Revenue Bonds		Lease Liabilities		Principal	Interest
	Principal	Interest	Principal	Interest		
2024	\$ 1,135,000	\$ 1,369,197	\$ 21,026	\$ 3,484	\$ 1,156,026	\$ 1,372,681
2025	1,195,000	1,309,491	18,015	2,008	1,213,015	1,311,499
2026	1,255,000	1,246,709	14,514	502	1,269,514	1,247,211
2027	1,325,000	1,180,597	-	-	1,325,000	1,180,597
2028	1,390,000	1,111,025	-	-	1,390,000	1,111,025
2029-2033	8,135,000	4,385,453	-	-	8,135,000	4,385,453
2034-2038	10,140,000	2,373,394	-	-	10,140,000	2,373,394
2039-2041	7,090,000	413,681	-	-	7,090,000	413,681
Total	\$ 31,665,000	\$ 13,389,547	\$ 53,555	\$ 5,994	\$ 31,718,555	\$ 13,395,541

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 6 – LONG-TERM OBLIGATIONS: (CONTINUED)

Details of long-term obligations are as follows:

	<u>Total</u>
Direct Borrowings and Placements:	
Revenue Bonds Payable:	
\$33,770,000 VRA refunding bonds, Series 2016 issued November 16, 2016, interest at rates ranging from 3.375% to 5.125%, maturing in various quarterly installments ranging from \$23,798 to \$1,251,298 through October 10, 2040.	\$ 31,665,000
Add: Unamortized bond premium	<u>2,856,120</u>
Total direct borrowings and placements	<u>\$ 34,521,120</u>
Lease Liabilities:	
\$47,400 IBM lease agreement for a server, dated 11/30/18, due in 60 monthly installments of \$898 beginning December 31, 2018, with an interest rate of 5.15%.	\$ 4,431
\$53,065 lease agreement for nine copiers, dated 4/11/23, due in varying monthly installments ranging from \$62 to \$290 beginning April 2023, with an implicit interest rate of 8.23%.	<u>49,124</u>
Total lease liabilities	<u>\$ 53,555</u>
Compensated Absences	\$ 444,450
Net OPEB liabilities	<u>311,966</u>
Total long-term obligations	<u><u>\$ 35,331,091</u></u>

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 6 – LONG-TERM OBLIGATIONS: (CONTINUED)

Advance Refunding

In November 2016, the Jail Authority issued a \$33,770,000 revenue bond with interest rates ranging from 3.88% to 5.125%. The proceeds were used to advance refund \$33,790,000 of an outstanding VRA Series 2010B, revenue bond which had interest rates ranging from 2.25% to 5.20%. The net proceeds of \$38,816,034 (including a \$4,908,336 premium, \$137,699 Debt Service Reserve Fund release, and after payment of \$294,031 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded portion of the bond. As a result, this portion of the VRA Series 2010B revenue bond is considered defeased and the liability for those bonds has been removed from the statement of net position. The VRA Series 2010B remaining unrefunded portion of \$2,990,000 was being paid until the callable maturity date in 2020, with final payment made in fiscal year 2021.

The reacquisition price exceeded the net carrying amount of the old debt by \$3,046,250. This amount is reported as the deferred charge on refunding and amortized over the remaining life of the refunding debt. The jail advance refunded the VRA Series 2010B revenue bond to reduce its total debt service payments over 25 years by \$4,364,753 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2,901,052.

NOTE 7 – CONTRIBUTIONS FROM OTHERS:

The member localities of Brunswick County, Dinwiddie County, and Mecklenburg County contributed \$2,493,477 for the construction of the Mecklenburg satellite facility. The remaining balance of \$454,015 is shown as Due to Members on the Statement of Net Position.

The member localities of Brunswick County, Dinwiddie County, and Mecklenburg County contributed \$2,505,956 for debt service during FY 2023.

	<u>Amount</u>
Member Contributions Boydton	\$ -
Local Share of Debt Service	<u>2,505,956</u>
Total	<u>\$ 2,505,956</u>

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 8 – PENSION PLAN:

Plan Description

All full-time, salaried permanent employees of the Jail 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.
- 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.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 8 – PENSION PLAN: (CONTINUED)

Benefit Structures: (Continued)

- 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.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 8 – 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	16
Inactive members:	
Vested inactive members	24
Non-vested inactive members	160
Inactive members active elsewhere in VRS	<u>72</u>
Total inactive members	256
Active members	<u>99</u>
Total covered employees	<u><u>371</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 Jail Authority's contractually required employer contribution rate for the year ended June 30, 2023 was 9.07% 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 Jail Authority were \$406,398 and \$516,525 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Asset

The net pension asset or liability (NPA or 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 Jail Authority, the net pension asset was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2021, rolled forward to the measurement date of June 30, 2022.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 8 – PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Meherrin River Regional Jail Authority 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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

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

NOTE 8 – 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 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

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Meherrin River Regional Jail Authority 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% – 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

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

NOTE 8 – PENSION PLAN: (CONTINUED)

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

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

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, 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) – 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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

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

NOTE 8 – PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>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 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 rate of return of 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate 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%.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

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

NOTE 8 – PENSION PLAN: (CONTINUED)

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 state and teacher employer contributions; the Meherrin River Regional Jail 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 Asset

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balances at June 30, 2021	\$ 8,079,798	\$ 11,533,003	\$ (3,453,205)
Changes for the year:			
Service cost	\$ 805,787	\$ -	\$ 805,787
Interest	592,574	-	592,574
Differences between expected and actual experience	(1,449,563)	-	(1,449,563)
Contributions - employer	-	516,068	(516,068)
Contributions - employee	-	223,740	(223,740)
Net investment income	-	(29,901)	29,901
Benefit payments, including refunds of employee contributions	(213,425)	(213,425)	-
Administrative expenses	-	(6,870)	6,870
Other changes	-	283	(283)
Net changes	\$ (264,627)	\$ 489,895	\$ (754,522)
Balances at June 30, 2022	\$ 7,815,171	\$ 12,022,898	\$ (4,207,727)

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

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

NOTE 8 – PENSION PLAN: (CONTINUED)

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

The following presents the net pension asset of the Jail Authority using the discount rate of 6.75%, as well as what the Jail Authority’s net pension 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:

	<u>1.00% Decrease (5.75%)</u>	<u>Rate Current Discount Rate (6.75%)</u>	<u>1.00% Increase (7.75%)</u>
Meherrin River Regional Jail's Net Pension Liability (Asset)	(\$2,816,517)	(\$4,207,727)	(\$5,306,378)

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

For the year ended June 30, 2023, the Jail Authority recognized pension expense of (\$361,677). At June 30, 2023, the Jail Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,155,488
Changes of assumptions	150,855	-
Net difference between projected and actual earnings on pension plan investments	-	292,877
Employer contributions subsequent to the measurement date	<u>406,398</u>	<u>-</u>
Total	<u>\$ 557,253</u>	<u>\$ 1,448,365</u>

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

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

NOTE 8 – PENSION PLAN: (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

\$406,398 reported as deferred outflows of resources related to pensions resulting from the Jail Authority’s contributions subsequent to the measurement date will be recognized as a component of the Net Pension Asset 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	\$ (715,771)
2025	(541,904)
2026	(205,021)
2027	165,186
2028	-
Thereafter	-

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 <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 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB):

HEALTH INSURANCE CREDIT (HIC) PLAN:

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 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 participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree’s death.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

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

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

Plan Description: (Continued)

The specific information about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The Political Subdivision Retiree HIC Plan was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

Benefit Amounts

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Employees Covered by Benefit Terms

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>2</u>
Inactive members:	
Vested inactive members	<u>2</u>
Total inactive members	<u>4</u>
Active members	<u>99</u>
Total covered employees	<u><u>103</u></u>

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) 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. The Jail Authority's contractually required employer contribution rate for the year ended June 30, 2023 was .07% 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 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 Jail Authority to the HIC Plan were \$3,222 and \$6,872 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net HIC OPEB Asset

The Jail Authority's net HIC OPEB asset was measured as of June 30, 2022. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions

The total HIC 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.

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

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

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates – Non-Largest Ten Locality Employers – General 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, 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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

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

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

Actuarial Assumptions: (Continued)

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

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

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

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

HEALTH INSURANCE CREDIT (HIC) 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%.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

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

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

Discount Rate

The discount rate used to measure the total HIC 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 at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2022, the rate contributed by the entity for the HIC OPEB 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 HIC 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 HIC OPEB liability.

Changes in Net HIC OPEB Asset

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 79,170	\$ 122,119	\$ (42,949)
Changes for the year:			
Service cost	\$ 5,832	\$ -	\$ 5,832
Interest	5,697	-	5,697
Assumption changes	(32,715)	-	(32,715)
Differences between expected and actual experience	(18,633)	-	(18,633)
Contributions - employer	-	6,853	(6,853)
Net investment income	-	15	(15)
Benefit payments	(1,211)	(1,211)	-
Administrative expenses	-	(226)	226
Other changes	-	220	(220)
Net changes	<u>\$ (41,030)</u>	<u>\$ 5,651</u>	<u>\$ (46,681)</u>
Balances at June 30, 2022	<u>\$ 38,140</u>	<u>\$ 127,770</u>	<u>\$ (89,630)</u>

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

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

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

Sensitivity of the Jail Authority’s HIC Net OPEB Asset to Changes in the Discount Rate

The follow presents the Jail Authority’s HIC Plan net HIC OPEB asset using the discount rate of 6.75%, as well as what the Jail Authority’s net HIC OPEB 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:

	<u>Rate</u>		
	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
Jail Authority's Net HIC OPEB Asset	\$ (84,233)	\$ (89,630)	\$ (94,098)

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB

For the year ended June 30, 2023, the Jail Authority recognized HIC Plan OPEB expense of (\$4,284). At June 30, 2023, the Jail Authority reported deferred outflows of resources and deferred inflows of resources related to the Jail Authority’s HIC Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,282	\$ 30,593
Net difference between projected and actual earnings on HIC OPEB plan investments	-	2,698
Change in assumptions	2,599	30,503
Employer contributions subsequent to the measurement date	<u>3,222</u>	<u>-</u>
Total	<u>\$ 11,103</u>	<u>\$ 63,794</u>

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

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

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

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

\$3,222 reported as deferred outflows of resources related to the HIC OPEB resulting from the Jail Authority’s contributions subsequent to the measurement date will be recognized as a component of the Net HIC OPEB 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 HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2024	\$	(7,382)
2025		(7,432)
2026		(8,253)
2027		(4,214)
2028		(5,515)
Thereafter		(23,117)

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan 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.

GROUP LIFE INSURANCE (GLI) 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 is described below:

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

GROUP LIFE INSURANCE (GLI) PLAN: (CONTINUED)

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.

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 Group Life Insurance Plan from the entity were \$24,783 and \$24,682 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 Jail Authority reported a liability of \$254,666 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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

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

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

GROUP LIFE INSURANCE (GLI) 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)

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 .02110% as compared to .02260% at June 30, 2021.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of (\$12,365). 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	\$ 20,166	\$ 10,217
Net difference between projected and actual earnings on GLI OPEB plan investments	-	15,913
Change in assumptions	9,499	24,806
Changes in proportionate share	17,614	80,351
Employer contributions subsequent to the measurement date	24,783	-
Total	<u>\$ 72,062</u>	<u>\$ 131,287</u>

\$24,783 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	\$ (21,376)
2025	(16,711)
2026	(29,473)
2027	(11,277)
2028	(5,171)
Thereafter	-

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

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

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

GROUP LIFE INSURANCE (GLI) 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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

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

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

GROUP LIFE INSURANCE (GLI) PLAN: (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

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.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

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

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

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

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

GROUP LIFE INSURANCE (GLI) PLAN: (CONTINUED)

NET GLI OPEB Liability: (Continued)

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

Long-Term Expected Rate of Return

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

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%.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

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

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

GROUP LIFE INSURANCE (GLI) 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 Jail Authority 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%)
Jail Authority's proportionate share of the GLI Plan Net OPEB Liability	\$ 370,569	\$ 254,666	\$ 161,001

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 <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.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

LINE OF DUTY ACT (LODA)

The Line of Duty Act (LODA) provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by title 9.1 Chapter 4 of the Code of Virginia. Funding of LODA benefits is provided by employers in one of two ways: (a) participation in the Line of Duty and Health Benefits Trust Fund (LODA Fund), administered by the Virginia Retirement System (VRS) or (b) self-funding by the employer or through an insurance company.

The Jail Authority has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the Jail Authority to VACORP. VACORP assumes all liability for the Jail Authority's LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The Jail Authority's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The Jail Authority's LODA premium for the year ended June 30, 2023 was \$43,080.

MEHERRIN RIVER REGIONAL JAIL RETIREE MEDICAL PLAN

Plan Description

In addition to the pension benefits described in Note 8 and VRS OPEB benefits already discussed, the Jail Authority administers a single-employer defined benefit healthcare plan, The Meherrin River Regional Jail Retiree Medical Plan. The plan provides health insurance benefits to retired employees and their beneficiaries through an employer plan established July 1, 2013. This plan is limited to retirees that were hired on or before July 1, 2012, with a minimum retiree age of 55 and a minimum of 15 years of service. The plan does not issue a publicly available financial report.

Benefits Provided

Post-employment benefits provided to eligible retirees include Medical, Dental, and Vision insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. Retirees are responsible for paying 100% of their monthly premiums. Retirees will be covered based on the level of coverage they had while employed at the jail. The jail may change or terminate any portion of this plan at any time. The plan is closed to new entrants.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

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

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

MEHERRIN RIVER REGIONAL JAIL RETIREE MEDICAL PLAN: (CONTINUED)

Plan Membership

At July 1, 2022 (valuation date), the following employees were covered by the benefit terms:

Inactive members or their beneficiaries currently receiving benefits	2
Active members	-
Total	<u>2</u>

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Jail Authority Board. The amount paid by the Jail Authority for OPEB as the benefits came due during the year ended June 30, 2023 was \$0.

Total OPEB Liability

The Jail Authority's total OPEB liability was measured as of July 1, 2022. The total OPEB liability was determined by an actuarial valuation performed as of July 1, 2022.

Actuarial Assumptions

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.69%
Healthcare Trend Rate	1.81% for fiscal year 2023, then 7.00% for fiscal year 2024, decreasing .25% per year to an ultimate rate of 5.00%
Salary Increases	2.50%

Mortality rates are based on RP-2014 Fully Generational Mortality Table, with base year 2006, projected using two-dimensional mortality improvement scale MP-2021.

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

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

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

MEHERRIN RIVER REGIONAL JAIL RETIREE MEDICAL PLAN: (CONTINUED)

Discount Rate

Since the plan has no assets, the discount rate is equal to the Fidelity Index's "20-year Municipal GO AA Index" as of the measurement date.

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances at June 30, 2021	\$ <u>83,100</u>
Changes for the year:	
Interest	\$ 1,600
Difference between expected and actual experience	(26,100)
Changes in assumptions	<u>(1,300)</u>
Net changes	\$ <u>(25,800)</u>
Balances at June 30, 2022	\$ <u><u>57,300</u></u>

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

The following amounts present the total OPEB liability of the Jail Authority, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.69%) or one percentage point higher (4.69%) than the current discount rate:

<u>1% Decrease (2.69%)</u>	<u>Current Discount Rate (3.69%)</u>	<u>1% Increase (4.69%)</u>
\$ 58,200	\$ 57,300	\$ 56,500

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

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

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

MEHERRIN RIVER REGIONAL JAIL RETIREE MEDICAL PLAN: (CONTINUED)

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

The following presents the total OPEB liability of the Jail Authority, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.00% decreasing to 4.00%) or one percentage point higher (8.00% decreasing to 6.00%) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (6.00% to 4.00%)	Healthcare Cost Trend Rates (7.00% to 5.00%)	1% Increase (8.00% to 6.00%)
\$	56,800	\$ 57,300	\$ 57,900

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

For the year ended June 30, 2023, the Jail Authority recognized OPEB expense in the amount of (\$21,500). At June 30, 2023, the Jail Authority reported no deferred outflows of resources or deferred inflows of resources related to this plan.

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

OPEB AGGREGATE TOTALS:

	Net OPEB Asset	Deferred Outflows of Resources	Net OPEB Liabilities	Deferred Inflows of Resources	Expense
HIC	\$ 89,630	\$ 11,103	\$ -	\$ 63,794	\$ (4,284)
GLI	-	72,062	254,666	131,287	(12,365)
Retiree Plan	-	-	57,300	-	(21,500)
Totals	<u>\$ 89,630</u>	<u>\$ 83,165</u>	<u>\$ 311,966</u>	<u>\$ 195,081</u>	<u>\$ (38,149)</u>

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 10 – COMPENSATED ABSENCES:

Jail Authority employees are granted vacation and sick leave in varying amounts. In addition, certain employees accrue compensation time for overtime hours worked. In the event of termination, employees are reimbursed for their unused accumulated vacation and compensation time.

The Jail Authority had outstanding vacation and compensation time pay totaling \$444,450 as of June 30, 2023 and considers 10% of the balance to be a current liability.

NOTE 11 – RISK MANAGEMENT / SELF INSURANCE:

The Jail Authority's risk management program involves maintaining comprehensive insurance coverage and identifying and monitoring loss exposure. The Jail Authority's comprehensive property, boiler and machinery, automobile, business interruption, inland marine and worker's compensation insurance is provided through the Virginia Association of Counties (VACO). The purpose of the association is to create and administer group self-insurance pools for political subdivisions of the Commonwealth of Virginia pursuant to the authority provided in Chapter 11.1 of Title 15.1 of the Code of Virginia. The association is managed by a seven-member supervisory Board, who is elected by members at their annual meeting. Annual rates are based on estimated claims and reserve requirements. Pool deficits, should they materialize, will be eliminated through the levying of an additional assessment upon association members.

General liability and faithful performance of duty bond coverages are provided by the Commonwealth of Virginia, Department of General Services, and Division of Risk Management. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Employee Health Insurance:

Health Insurance coverage is provided to Jail employees through the Jail Authority's self-insured health insurance program. The Jail Authority changed to a self-insured Health Insurance program as of July 1, 2014. The Jail has contracted with private carriers to administer this activity. Health Insurance expenses represent premium payments to the private carrier. The premium payments are based on the number insured and benefits.

Claims liability is reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Incurred but not reported claims have been accrued as a liability based upon prior history and estimates from the insurance carrier. Changes in the estimated claims liability for fiscal years 2023, 2022 and 2021 are listed as follows:

<u>Fiscal Year Ended</u>	<u>Estimated Claims Liability Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Estimated Claims Liability End of Fiscal Year</u>
June 30, 2023	\$ 106,485	\$ 1,509,923	\$ 1,422,437	\$ 193,971
June 30, 2022	53,379	939,714	886,608	106,485
June 30, 2021	129,838	1,042,484	1,118,943	53,379

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 11 – RISK MANAGEMENT / SELF INSURANCE: (CONTINUED)

Unemployment Insurance:

The Jail Authority is fully self-insured for unemployment claims. The Virginia Employment Commission bills the Jail Authority for all unemployment claims. As of June 30, 2023, the Jail Authority has incurred no liability for billed but unpaid claims. No liability has been recorded for estimated unreported claims. The amount of estimated unreported claims is not expected to be significant.

NOTE 12 – LITIGATION:

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

NOTE 13 – DUE FROM (TO) OTHER GOVERNMENTS:

Amounts due from (to) other governments at June 30, 2023 are as follows:

Localities	
Member Jurisdictions	
Brunswick County-per diem	\$ (1,382,708)
Dinwiddie County-per diem	(272,943)
Mecklenburg County-per diem	(1,879,065)
Member Contributions Boydton	<u>(454,015)</u>
Total due from (to) localities	<u>(3,988,731)</u>
Due from State	
Virginia Compensation Board	488,469
Virginia Department of Corrections	77
Virginia Department of Rehab Services	<u>30</u>
Total due from state	<u>488,576</u>
Due from federal government	
US Marshalls Service	<u>75</u>
Total	<u>\$ (3,500,080)</u>

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 14 – 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 Asset and Related Ratios
VRS Pension Plan
For the Measurement Dates of June 30, 2014 through June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability				
Service cost	\$ 805,787	\$ 833,317	\$ 943,053	\$ 853,038
Interest	592,574	479,059	401,756	336,211
Differences between expected and actual experience	(1,449,563)	(585,390)	(1,988)	(153,246)
Changes in assumptions	-	379,421	-	227,474
Benefit payments	(213,425)	(247,552)	(147,646)	(81,449)
Net change in total pension liability	\$ (264,627)	\$ 858,855	\$ 1,195,175	\$ 1,182,028
Total pension liability - beginning	8,079,798	7,220,943	6,025,768	4,843,740
Total pension liability- ending (a)	<u>\$ 7,815,171</u>	<u>\$ 8,079,798</u>	<u>\$ 7,220,943</u>	<u>\$ 6,025,768</u>
Plan fiduciary net position				
Contributions - employer	\$ 516,068	\$ 522,717	\$ 638,171	\$ 685,196
Contributions - employee	223,740	227,056	260,933	279,796
Net investment income	(29,901)	2,447,521	152,688	472,398
Benefit payments	(213,425)	(247,552)	(147,646)	(81,449)
Administrative expense	(6,870)	(5,445)	(4,371)	(3,480)
Other	283	237	(194)	(307)
Net change in plan fiduciary net position	\$ 489,895	\$ 2,944,534	\$ 899,581	\$ 1,352,154
Plan fiduciary net position - beginning	11,533,003	8,588,469	7,688,888	6,336,734
Plan fiduciary net position - ending (b)	<u>\$ 12,022,898</u>	<u>\$ 11,533,003</u>	<u>\$ 8,588,469</u>	<u>\$ 7,688,888</u>
Authority's net pension asset - ending (b) - (a)	\$ (4,207,727)	\$ (3,453,205)	\$ (1,367,526)	\$ (1,663,120)
Plan fiduciary net position as a percentage of the total pension liability	153.84%	142.74%	118.94%	127.60%
Covered payroll	\$ 4,569,284	\$ 4,618,376	\$ 5,297,968	\$ 5,681,359
Authority's net pension asset as a percentage of covered payroll	-92.09%	-74.77%	-25.81%	-29.27%

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 Asset and Related Ratios
VRS Pension Plan
For the Measurement Dates of June 30, 2014 through June 30, 2022

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability					
Service cost	\$ 877,929	\$ 951,239	\$ 951,308	\$ 997,772	\$ 949,467
Interest	283,344	243,788	187,566	112,780	45,837
Differences between expected and actual experience	(310,771)	(398,750)	(259,747)	(12,193)	-
Changes in assumptions	-	(116,033)	-	-	-
Benefit payments, including refunds of employee contributions	(109,059)	(121,253)	(30,675)	(29,297)	(48,652)
Net change in total pension liability	\$ 741,443	\$ 558,991	\$ 848,452	\$ 1,069,062	\$ 946,652
Total pension liability - beginning	4,102,297	3,543,306	2,694,854	1,625,792	679,140
Total pension liability- ending (a)	<u>\$ 4,843,740</u>	<u>\$ 4,102,297</u>	<u>\$ 3,543,306</u>	<u>\$ 2,694,854</u>	<u>\$ 1,625,792</u>
Plan fiduciary net position					
Contributions - employer	\$ 579,289	\$ 583,584	\$ 628,942	\$ 638,952	\$ 652,301
Contributions - employee	244,748	247,096	264,372	270,366	273,876
Net investment income	406,623	536,453	79,790	118,736	213,835
Benefit payments, including refunds of employee contributions	(109,059)	(121,253)	(30,675)	(29,297)	(48,652)
Administrative expense	(2,837)	(2,350)	(1,369)	(713)	(405)
Other	(393)	(510)	(28)	(28)	11
Net change in plan fiduciary net position	\$ 1,118,371	\$ 1,243,020	\$ 941,032	\$ 998,016	\$ 1,090,966
Plan fiduciary net position - beginning	5,218,363	3,975,343	3,034,311	2,036,295	945,329
Plan fiduciary net position - ending (b)	<u>\$ 6,336,734</u>	<u>\$ 5,218,363</u>	<u>\$ 3,975,343</u>	<u>\$ 3,034,311</u>	<u>\$ 2,036,295</u>
Authority's net pension asset - ending (b) - (a)	\$ (1,492,994)	\$ (1,116,066)	\$ (432,037)	\$ (339,457)	\$ (410,503)
Plan fiduciary net position as a percentage of the total pension liability	130.82%	127.21%	1	112.60%	125.25%
Covered payroll	\$ 4,929,397	\$ 4,956,500	\$ 5,288,557	\$ 5,372,071	\$ 5,435,712
Authority's net pension asset as a percentage of covered payroll	-30.29%	-22.52%	-8.17%	-6.32%	-7.55%

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.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Schedule of Employer Contributions

VRS 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	\$ 406,398	\$ 406,398	\$ -	\$ 4,591,610	8.85%
2022	516,525	516,525	-	4,569,284	11.30%
2021	522,236	522,236	-	4,618,376	11.31%
2020	638,162	638,162	-	5,297,968	12.05%
2019	685,197	685,197	-	5,681,359	12.06%
2018	579,064	579,064	-	4,929,397	11.75%
2017	584,374	584,374	-	4,956,500	11.79%
2016	629,338	629,338	-	5,288,557	11.90%
2015	639,279	639,279	-	5,372,071	11.90%
2014	652,286	652,286	-	5,435,712	12.00%

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Required Supplementary Information

VRS 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 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

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Schedule of Changes in the Authority's Net OPEB Asset and Related Ratios
VRS Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total HIC OPEB Liability						
Service cost	\$ 5,832	\$ 7,648	\$ 8,554	\$ 8,639	\$ 8,669	\$ 9,947
Interest	5,697	5,292	4,300	3,084	2,813	2,193
Differences between expected and actual experience	(18,633)	(13,611)	2,766	6,530	(6,815)	-
Changes in assumptions	(32,715)	1,891	-	2,034	-	(3,225)
Benefit payments	(1,211)	(927)	(900)	(388)	(1,193)	1,077
Net change in total HIC OPEB liability	<u>\$ (41,030)</u>	<u>\$ 293</u>	<u>\$ 14,720</u>	<u>\$ 19,899</u>	<u>\$ 3,474</u>	<u>\$ 9,992</u>
Total HIC OPEB Liability - beginning	<u>79,170</u>	<u>78,877</u>	<u>64,157</u>	<u>44,258</u>	<u>40,784</u>	<u>30,792</u>
Total HIC OPEB Liability - ending (a)	<u><u>\$ 38,140</u></u>	<u><u>\$ 79,170</u></u>	<u><u>\$ 78,877</u></u>	<u><u>\$ 64,157</u></u>	<u><u>\$ 44,258</u></u>	<u><u>\$ 40,784</u></u>
Plan fiduciary net position						
Contributions - employer	\$ 6,853	\$ 6,928	\$ 8,477	\$ 9,093	\$ 8,872	\$ 8,921
Net investment income	15	24,906	1,709	4,886	4,288	5,486
Benefit payments	(1,211)	(927)	(900)	(388)	(1,193)	1,077
Administrative expense	(226)	(313)	(175)	(110)	(111)	(102)
Other	220	-	(1)	(6)	(234)	234
Net change in plan fiduciary net position	<u>\$ 5,651</u>	<u>\$ 30,594</u>	<u>\$ 9,110</u>	<u>\$ 13,475</u>	<u>\$ 11,622</u>	<u>\$ 15,616</u>
Plan fiduciary net position - beginning	<u>122,119</u>	<u>91,525</u>	<u>82,415</u>	<u>68,940</u>	<u>57,318</u>	<u>41,702</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 127,770</u></u>	<u><u>\$ 122,119</u></u>	<u><u>\$ 91,525</u></u>	<u><u>\$ 82,415</u></u>	<u><u>\$ 68,940</u></u>	<u><u>\$ 57,318</u></u>
Authority's net HIC OPEB asset - ending (a) - (b)	\$ (89,630)	\$ (42,949)	\$ (12,648)	\$ (18,258)	\$ (24,682)	\$ (16,534)
Plan fiduciary net position as a percentage of the total HIC OPEB liability	335.00%	154.25%	116.04%	128.46%	155.77%	140.54%
Covered payroll	\$ 4,569,284	\$ 4,618,376	\$ 5,297,968	\$ 5,681,359	\$ 4,929,397	\$ 4,956,500
Authority's net HIC OPEB asset as a percentage of covered payroll	-1.96%	-0.93%	-0.24%	-0.32%	-0.50%	-0.33%

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.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Schedule of Authority's Share of Net OPEB Liability

VRS Group Life Insurance (GLI) Plan

For the Measurement Dates of June 30, 2017 through June 30, 2022

Date	Employer's Proportion of the Net GLI OPEB Liability (Asset)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
(1)	(2)	(3)	(4)	(5)	(6)
2022	0.02110% \$	254,666 \$	4,600,914	5.54%	67.21%
2021	0.02260%	262,660	4,657,191	5.64%	67.45%
2020	0.02584%	431,228	5,317,990	8.11%	52.64%
2019	0.02900%	471,907	5,685,685	8.30%	52.00%
2018	0.02598%	395,000	4,940,640	7.99%	51.22%
2017	0.02695%	406,000	4,956,500	8.19%	48.86%

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.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Schedule of Employer Contributions

VRS OPEB Plans

For the Years Ended June 30, 2014 through June 30, 2023

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
<i>Health Insurance Credit (HIC) Plan</i>					
2023	\$ 3,222	\$ 3,222	\$ -	\$ 4,591,610	0.07%
2022	6,872	6,872	-	4,569,284	0.15%
2021	6,932	6,932	-	4,618,376	0.15%
2020	8,484	8,484	-	5,297,968	0.16%
2019	9,096	9,096	-	5,681,359	0.16%
2018	8,876	8,876	-	4,929,397	0.18%
2017	8,920	8,920	-	4,956,500	0.18%
2016	10,577	10,577	-	5,288,557	0.20%
2015	10,747	10,747	-	5,372,071	0.20%
2014	24,572	24,572	-	5,435,712	0.45%
<i>Group Life Insurance (GLI) Plan</i>					
2023	\$ 24,783	\$ 24,783	\$ -	\$ 4,623,595	0.54%
2022	24,682	24,682	-	4,600,914	0.54%
2021	24,942	24,942	-	4,657,191	0.54%
2020	27,867	27,867	-	5,317,990	0.52%
2019	29,791	29,791	-	5,685,685	0.52%
2018	25,887	25,887	-	4,940,640	0.52%
2017	25,846	25,846	-	4,956,500	0.52%
2016	25,385	25,385	-	5,288,557	0.48%
2015	25,598	25,598	-	5,372,071	0.48%
2014	25,875	25,875	-	5,435,712	0.48%

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Required Supplementary Information

VRS OPEB Plans

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 valuations.

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:

Health Insurance Credit (HIC) Plan

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

Group Life Insurance (GLI) Plan

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

**Schedule of Changes in Total OPEB Liability and Related Ratios
Retiree Medical Plan
For the Measurement Dates of June 30, 2017 through June 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability						
Service cost	\$ -	\$ -	\$ 2,300	\$ 2,000	\$ 4,900	\$ 5,000
Interest	1,600	2,300	5,200	5,700	9,000	8,800
Changes in assumptions	(1,300)	800	1,300	2,700	(7,000)	-
Differences between expected and actual experience	(26,100)	(22,400)	(101,800)	(7,300)	(82,500)	-
Benefit payments	-	19,500	25,400	(15,700)	(15,700)	(15,700)
Net change in total OPEB liability	<u>\$ (25,800)</u>	<u>\$ 200</u>	<u>\$ (67,600)</u>	<u>\$ (12,600)</u>	<u>\$ (91,300)</u>	<u>\$ (1,900)</u>
Total OPEB liability - beginning	<u>83,100</u>	<u>82,900</u>	<u>150,500</u>	<u>163,100</u>	<u>254,400</u>	<u>256,300</u>
Total OPEB liability - ending	<u><u>\$ 57,300</u></u>	<u><u>\$ 83,100</u></u>	<u><u>\$ 82,900</u></u>	<u><u>\$ 150,500</u></u>	<u><u>\$ 163,100</u></u>	<u><u>\$ 254,400</u></u>
 Covered-employee payroll	 \$ -	 \$ -	 \$ -	 \$ 111,600	 \$ 213,000	 \$ 212,900
 Authority's total OPEB liability (asset) as a percentage of covered-employee payroll	 N/A	 N/A	 N/A	 134.86%	 76.57%	 119.49%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Schedule of Employer Contributions

Retiree Medical Plan

For the Years Ended June 30, 2014 through June 30, 2022

Date	Actuarially Determined Contribution (ADC) (1)	Contributions in Relation to ADC (2)	Contribution Deficiency (Excess) (3)	Covered- Employee Payroll (4)	Contributions as a % of Covered- Employee Payroll (5)
2022	\$ (21,500)	\$ (21,500)	\$ -	\$ -	N/A
2021	(19,500)	(19,500)	-	-	N/A
2020	(25,400)	(25,400)	-	-	N/A
2019	15,700	15,700	-	111,600	14.07%
2018	15,700	15,700	-	213,000	7.37%
2017	15,700	15,700	-	212,900	7.37%
2016	15,600	15,600	-	283,900	5.49%
2015	10,100	10,100	-	283,900	3.56%
2014	8,200	8,200	-	283,900	2.89%

Schedule is intended to show information for 10 years. Meherrin River Regional Jail opened July 1, 2012. The Retiree Medical Plan began in fiscal year 2014. Current year contributions are unavailable.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

**Notes to Required Supplementary Information
Retiree Medical Plan
For the Year Ended June 30, 2023**

Valuation Date: 7/1/2022
Measurement Date: 7/1/2022

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.69%, representing the Municipal GO AA 20-year yield curve rate
Healthcare Trend Rate	1.81% for fiscal year 2023, then 7.00% for fiscal year 2024, decreasing .25% per year to an ultimate rate of 5.00%
Salary Increase Rates	The salary increase rate is a constant rate of 2.50%
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021

STATISTICAL INFORMATION

The statistical section is a required part of the Annual Comprehensive Financial Report (ACFR). The statistical section presents detailed information in ten-year trends, which assists users in utilizing the basic financial statements, notes to the basic financial statements, and required supplementary information to assess the economic condition of an organization.

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

The financial trend data is comprised of tables that show net position by component, changes in net position, operating expenses, other revenues and expenses, and operating revenues and expenses. The revenue capacity data looks at such things as operating revenues by source, historical trend of per diem rates, revenue and billed inmate days by customer and largest revenue source. The debt capacity data shows outstanding debt by type and revenue bond coverage ratios. The demographic and economic information is comprised of number of inmates, principal employers, population, and unemployment rates by jurisdiction. The operating information contains tables for number of employees by activities and a listing of insurance coverage.

TABLE 1

**MEHERRIN RIVER REGIONAL JAIL AUTHORITY
NET POSITION BY COMPONENT**

Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net investment in capital assets	\$ 24,380,843	\$ 24,643,351	\$ 24,740,913	\$ 24,943,926	\$ 25,108,566	\$ 26,177,891	\$ 26,539,956	\$ 27,068,830	\$ 27,569,130	\$ 28,143,944
Restricted for debt service	-	-	18,682	74,425	93,083	-	-	-	-	-
Restricted for net pension asset	4,207,727	3,453,205	1,367,526	1,663,120	1,492,994	1,116,066	432,037	339,457	410,503	-
Restricted for net OPEB asset	89,630	42,949	12,648	18,258	24,682	16,534	-	-	-	-
Restricted for inmates	388,863	446,384	411,328	-	-	-	-	-	-	-
Unrestricted	<u>16,965,180</u>	<u>15,660,655</u>	<u>14,551,674</u>	<u>10,948,264</u>	<u>8,465,684</u>	<u>6,111,648</u>	<u>5,421,640</u>	<u>4,144,341</u>	<u>2,667,470</u>	<u>1,393,421</u>
Total Net Position	<u>\$ 46,032,243</u>	<u>\$ 44,246,544</u>	<u>\$ 41,102,771</u>	<u>\$ 37,647,993</u>	<u>\$ 35,185,009</u>	<u>\$ 33,422,139</u>	<u>\$ 32,393,633</u>	<u>\$ 31,552,628</u>	<u>\$ 30,647,103</u>	<u>\$ 29,537,365</u>

TABLE 2

**MEHERRIN RIVER REGIONAL JAIL AUTHORITY
CHANGES IN NET POSITION**

Last Ten Fiscal Years

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income (Loss)	Nonoperating Revenues	Nonoperating Expenses²	Total Capital Contributions	Change In Net Position
2023	\$ 15,019,812	\$ 12,794,006	\$ 2,225,806	\$ 3,086,814	\$ 3,526,921	\$ -	\$ 1,785,699
2022	14,819,737	13,190,177	1,629,560	2,872,970	1,358,757	-	3,143,773
2021	15,182,549	13,420,086	1,762,463	2,728,448	1,406,745	-	3,084,166
2020	15,107,377	13,856,953	1,250,424	2,654,343	1,441,783	-	2,462,984
2019	14,559,488	14,029,572	529,916	2,690,266	1,457,312	-	1,762,870
2018	14,561,267	13,942,602	618,665	2,553,429	1,482,519	-	1,689,575
2017	13,609,619	13,603,610	6,009	2,661,183	1,826,187	-	841,005
2016	13,552,970	13,833,902	(280,932)	2,867,694	1,681,237	-	905,525
2015	13,004,465	13,908,237	(903,772)	2,774,095	1,699,152	20,077	191,248
2014	12,266,456	13,776,861	(1,510,405)	1,839,601	1,772,010	30,446,672 ¹	29,003,858

¹ The large increase in capital contributions in FY 2014 is primarily due to a \$30,417,889 state reimbursement which reimbursed the Authority 50% of the cost to build the facility. The state reimbursement was used to pay off \$29,320,000 in interim financing causing an especially large decrease in liabilities.

² The FY 2023 increase in nonoperating expenses reflects the one-time member surplus payout.

TABLE 3

**MEHERRIN RIVER REGIONAL JAIL AUTHORITY
OPERATING EXPENSES**

Last Ten Fiscal Years

Year	Personnel	Fringes	Contractual	Other Charges	Depreciation	Expenses
2023	\$ 4,938,757	\$ 1,562,913	\$ 2,414,912	\$ 2,287,010	\$ 1,590,414	\$ 12,794,006
2022	5,224,037	1,775,637	2,370,549	2,236,458	1,583,496	13,190,177
2021	5,041,488	2,123,058	2,294,544	2,371,803	1,589,193	13,420,086
2020	5,654,081	2,398,775	2,185,294	2,020,168	1,598,635	13,856,953
2019	5,938,277	2,299,641	2,190,091	2,095,055	1,506,508	14,029,572
2018	5,286,912	2,291,765	2,635,717	2,274,761	1,453,447	13,942,602
2017	5,120,551	2,376,546	2,478,751	2,180,213	1,447,549	13,603,610
2016	5,437,858	2,230,394	2,525,703	2,035,067	1,604,880	13,833,902
2015	5,492,791	2,237,722	2,529,170	2,070,740	1,577,814	13,908,237
2014	5,591,719	2,327,033	2,230,265	2,051,373	1,576,471	13,776,861

TABLE 4

**MEHERRIN RIVER REGIONAL JAIL AUTHORITY
OTHER REVENUES AND EXPENSES**

Last Ten Fiscal Years

Fiscal Year	Nonoperating Revenues				Capital Contributions	Nonoperating Expenses			Total Other Revenues and Expenses
	Local Share of Debt Service	Investment Income	Grant Income	Total		Interest	Member Surplus Payout ²	Total	
2023	\$ 2,505,956	\$ 526,161	\$ 54,697	\$ 3,086,814	\$ -	\$ 1,302,412	\$ 2,224,509	\$ 3,526,921	\$ (440,107)
2022	2,504,897	3,371	364,702	2,872,970	-	1,358,787	-	1,358,787	1,514,183
2021	2,552,643	41,342	134,463	2,728,448	-	1,406,745	-	1,406,745	1,321,703
2020	2,550,043	98,489	5,811	2,654,343	-	1,441,783	-	1,441,783	1,212,560
2019	2,549,715	134,299	6,252	2,690,266	-	1,457,312	-	1,457,312	1,232,954
2018	2,550,339	3,090	-	2,553,429	-	1,482,519	-	1,482,519	1,070,910
2017	2,690,341	(29,158)	-	2,661,183	-	1,826,187	-	1,826,187	834,996
2016	2,687,138	150,246	30,310	2,867,694	-	1,681,237	-	1,681,237	1,186,457
2015	2,689,675	83,530	890	2,774,095	20,077	1,699,152	-	1,699,152	1,095,020
2014	1,527,662	311,939	-	1,839,601	30,446,672 ¹	1,772,010	-	1,772,010	30,514,263

¹ The large capital contributions in FY 2014 is primarily due to a \$30,417,889 state reimbursement which reimbursed the Authority 50% of the cost to build the facility. The state reimbursement was used to pay off \$29,320,000 in interim financing causing an especially large decrease in liabilities.

² The FY 2023 increase in nonoperating expenses reflects the one-time member surplus payout.

TABLE 5

MEHERRIN RIVER REGIONAL JAIL AUTHORITY
OPERATING REVENUES AND EXPENSES

Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:										
Member Jurisdictions	\$ 5,635,778	\$ 5,758,905	\$ 6,241,795	\$ 6,132,396	\$ 5,851,662	\$ 6,300,443	\$ 5,611,205	\$ 5,372,922	\$ 5,017,868	\$ 4,200,622
State Compensation Board	8,539,020	7,917,239	7,347,308	7,038,397	7,033,267	7,339,444	7,205,199	7,325,919	7,155,205	7,366,903
Inmate Phones	439,400	425,283	270,000	270,000	270,000	270,000	270,000	275,233	269,057	288,763
Daily Fees	91,655	114,724	129,828	98,614	94,955	111,688	120,087	148,548	170,707	153,601
Work Release	32,175	13,370	22,130	33,610	56,700	50,479	39,255	66,970	63,240	48,542
Weekender Fees	9,191	12,079	12,489	10,919	19,225	12,151	12,820	16,540	19,575	17,904
Home Incarceration	9,190	11,060	7,130	8,395	8,860	6,463	6,940	7,115	17,641	11,173
Medical Co-Pays	8,144	10,194	13,606	12,110	13,399	10,866	13,813	14,127	12,801	6,588
Medical Reimbursement	1,356	75,621	45,134	12,999	13,531	47,875	53,309	44,329	47,846	-
Internet Visitation	-	2,087	25,040	13,581	12,410	9,144	9,705	10,809	7,530	5,075
Bed Rentals	300	79,120	522,561	1,180,955	924,630	283,536	246,350	259,341	204,300	153,975
Dining Operations	120,033	233,007	302,900	204,779	180,789	51,994	-	-	-	-
Miscellaneous	133,570	167,048	242,628	90,622	80,060	67,184	20,936	11,117	18,695	13,310
Total Revenues	\$ 15,019,812	\$ 14,819,737	\$ 15,182,549	\$ 15,107,377	\$ 14,559,488	\$ 14,561,267	\$ 13,609,619	\$ 13,552,970	\$ 13,004,465	\$ 12,266,456
Expenses:										
Salaries and benefits	\$ 6,501,670	\$ 6,999,674	\$ 7,164,546	\$ 8,052,856	\$ 8,237,918	\$ 7,578,677	\$ 7,497,097	\$ 7,668,252	\$ 7,730,513	\$ 7,918,752
Professional services	121,363	64,703	81,331	65,177	69,018	80,453	56,202	65,803	79,786	74,462
Materials and supplies	1,259,172	1,119,651	1,258,701	942,122	950,753	875,873	847,201	749,097	782,525	746,491
Medical services and supplies	2,293,549	2,305,846	2,213,213	2,120,117	2,121,072	2,555,264	2,422,549	2,459,900	2,449,384	2,155,802
Food service and supplies	471,642	538,663	536,789	479,546	490,794	737,368	701,782	702,751	656,597	628,475
Utilities	556,196	578,144	576,313	598,500	653,509	661,520	631,230	583,219	631,618	676,408
Depreciation	1,590,414	1,583,496	1,589,193	1,598,635	1,506,508	1,453,447	1,447,549	1,604,880	1,577,814	1,576,471
Total expenses	\$ 12,794,006	\$ 13,190,177	\$ 13,420,086	\$ 13,856,953	\$ 14,029,572	\$ 13,942,602	\$ 13,603,610	\$ 13,833,902	\$ 13,908,237	\$ 13,776,861
Net operating income (loss)	\$ 2,225,806	\$ 1,629,560	\$ 1,762,463	\$ 1,250,424	\$ 529,916	\$ 618,665	\$ 6,009	\$ (280,932)	\$ (903,772)	\$ (1,510,405)

TABLE 6

**MEHERRIN RIVER REGIONAL JAIL AUTHORITY
OPERATING REVENUES BY SOURCE**

Last Ten Fiscal Years

Fiscal Year	County of Brunswick	County of Dinwiddie	County of Mecklenburg	Other Governments	Other	Total
2023	\$ 1,568,283	\$ 1,600,987	\$ 2,466,508	\$ 8,539,320	\$ 844,714	\$ 15,019,812
2022	1,870,669	1,477,569	2,410,667	7,996,359	1,064,473	14,819,737
2021	1,969,881	1,288,679	2,983,235	7,347,308	1,593,446	15,182,549
2020	2,001,849	1,223,587	2,906,960	7,038,397	1,936,584	15,107,377
2019	1,966,328	1,357,364	2,527,970	7,033,267	1,674,559	14,559,488
2018	2,168,894	1,496,184	2,635,365	7,339,444	921,380	14,561,267
2017	1,960,483	1,252,815	2,397,907	7,205,199	793,215	13,609,619
2016	1,669,520	1,193,185	2,510,217	7,325,919	854,129	13,552,970
2015	1,470,054	1,191,548	2,356,266	7,155,205	831,392	13,004,465
2014	1,269,013	794,993	2,136,616	7,366,903	698,931	12,266,456

TABLE 7

**MEHERRIN RIVER REGIONAL JAIL AUTHORITY
HISTORICAL TREND OF PER DIEM RATES**

Last Ten Fiscal Years

Fiscal Year	Operational Per Diem	Debt Service Per Diem	Total Per Diem
2023	\$ 38.60	\$ 17.16	\$ 55.76
2022	39.44	17.16	56.60
2021	42.75	17.48	60.23
2020	42.00	17.47	59.47
2019	39.10	17.04	56.14
2018	43.47	18.63	62.10
2017	37.50	17.98	55.48
2016	36.80	18.41	55.21
2015	30.89	16.56	47.45
2014	29.95	9.73	39.68

TABLE 8

**MEHERRIN RIVER REGIONAL JAIL AUTHORITY
REVENUES & BILLED INMATE DAYS - BY CUSTOMER**

Last Ten Fiscal Years

Fiscal Year	Brunswick County			Dinwiddie County			Mecklenburg County		
	Revenue	Per Diem	Inmate Days Billed	Revenue	Per Diem	Inmate Days Billed	Revenue	Per Diem	Inmate Days Billed
2023	\$ 1,568,283	\$ 38.60	40,629	\$ 1,600,987	\$ 38.60	41,476	\$ 2,466,508	\$ 38.60	63,899
2022	\$ 1,870,669	\$ 39.44	47,431	\$ 1,477,569	\$ 39.44	37,464	\$ 2,410,667	\$ 39.44	61,122
2021	\$ 1,969,881	\$ 42.75	46,079	\$ 1,288,679	\$ 42.75	30,145	\$ 2,983,235	\$ 42.75	69,783
2020	\$ 2,001,849	\$ 42.00	47,663	\$ 1,223,587	\$ 42.00	29,133	\$ 2,906,960	\$ 42.00	69,213
2019	\$ 1,966,328	\$ 39.10	50,290	\$ 1,357,364	\$ 39.10	34,715	\$ 2,527,970	\$ 39.10	64,654
2018	\$ 2,168,894	\$ 43.47	49,894	\$ 1,496,184	\$ 43.47	34,419	\$ 2,635,365	\$ 43.47	60,625
2017	\$ 1,960,483	\$ 37.50	52,280	\$ 1,252,815	\$ 37.50	33,408	\$ 2,397,907	\$ 37.50	63,944
2016	\$ 1,669,520	\$ 36.80	45,367	\$ 1,193,185	\$ 36.80	32,424	\$ 2,510,217	\$ 36.80	68,212
2015	\$ 1,470,054	\$ 30.89	47,590	\$ 1,191,548	\$ 30.89	38,574	\$ 2,356,266	\$ 30.89	76,279
2014	\$ 1,269,013	\$ 29.95	42,371	\$ 794,993	\$ 29.95	26,544	\$ 2,136,616	\$ 29.95	71,339

Table 9

**MEHERRIN RIVER REGIONAL JAIL AUTHORITY
LARGEST REVENUE SOURCE**

Current Year and Period Nine Years Ago

	<u>Fiscal Year 2023</u>		<u>Fiscal Year 2014</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
State Compensation Board	\$ 8,539,020	56.85%	\$ 7,366,903	58.17%
Mecklenburg County	2,466,508	16.42%	2,136,616	16.87%
Subtotal	<u>11,005,528</u>	<u>73.27%</u>	<u>9,503,519</u>	<u>75.04%</u>
Balance from other revenue sources	<u>4,014,284</u>	<u>26.73%</u>	<u>3,160,937</u>	<u>24.96%</u>
Grand Totals	<u>\$ 15,019,812</u>	<u>100.00%</u>	<u>\$ 12,664,456</u>	<u>100.00%</u>

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

Table 10

**MEHERRIN RIVER REGIONAL JAIL AUTHORITY
OUTSTANDING DEBT BY TYPE
AND RATIOS TO PERSONAL INCOME AND POPULATION**

Last Ten Fiscal Years

Fiscal Year	Revenue Bonds	Notes Payable	Lease Liabilities	Total	Annual Personal Income (1) (in thousands)	Debt to Personal Income	Population (1)	Debt per Capita
2023	\$ 34,521,120	\$ -	\$ 53,555	\$ 34,574,675	Unavailable	Unavailable	Unavailable	Unavailable
2022	35,905,290	-	82,579	35,987,869	\$ 5,800,525	0.62%	125,802	286.07
2021	37,245,967	98,800	113,298	37,458,065	5,264,266	0.71%	126,235	296.73
2020	38,597,246	197,600	163,957	38,958,803	4,919,104	0.79%	126,195	308.72
2019	39,913,525	-	212,258	40,125,783	4,821,454	0.83%	126,320	317.65
2018	41,199,804	-	-	41,199,804	4,715,257	0.87%	126,240	326.36
2017	42,461,083	-	-	42,461,083	4,592,002	0.92%	126,357	336.04
2016	40,325,753	-	-	40,325,753	4,554,626	0.89%	129,292	311.90
2015	41,326,563	-	-	41,326,563	4,424,652	0.93%	129,271	319.69
2014	42,313,408	-	-	42,313,408	4,350,346	0.97%	129,064	327.85

(1) Total for Member Localities - from Table 13

Table 11

**MEHERRIN RIVER REGIONAL JAIL AUTHORITY
REVENUE BOND COVERAGE**

Last Ten Fiscal Years

Fiscal Year	Operating Revenues	Operating and Capital Expenses (1)	Available Unrestricted Net Position	Net Revenue Available for Debt Service	Principal	Interest	Payments to Reserves	Total (3)	Bond Coverage
2023	\$ 15,019,812	\$ 11,203,592	\$ 16,965,180	\$ 20,781,400	\$ 1,080,000	\$ 1,425,956	\$ -	\$ 2,505,956	8.29
2022	14,819,737	11,606,681	15,660,655	18,873,711	1,025,000	1,479,897	-	2,504,897	7.53
2021	15,182,549	11,830,893	14,551,674	17,903,330	1,030,000	1,522,643	-	2,552,643	7.01
2020	15,107,377	12,258,318	10,948,264	13,797,323	995,000	1,555,043	-	2,550,043	5.41
2019	14,559,488	12,523,064	8,465,684	10,502,108	965,000	1,586,071	-	2,551,071	4.12
2018	14,561,267	12,489,155	6,111,648	8,183,760	940,000	1,610,339	-	2,550,339	3.21
2017	13,609,619	12,156,061	5,421,640	6,875,198	920,000	1,639,326	-	2,559,326	2.69
2016	13,552,970	12,229,022	4,144,341	5,468,289	895,000	1,792,138	-	2,687,138	2.03
2015	13,004,465	12,330,423	2,667,470	3,341,512	880,000	1,809,675	-	2,689,675	1.24
2014	12,266,456	12,200,390	1,393,421	1,459,487	-	1,817,030	-	1,817,030	0.80

(1) Actual operating expenses, exclusive of depreciation.

TABLE 12

MEHERRIN RIVER REGIONAL JAIL AUTHORITY
INMATE BOOKING STATISTICS

Last Ten Fiscal Years

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Brunswick										
Average Daily Population	68	104	119	115	126	137	126	114	117	125
Average Length of Stay (Days)	30	40	47	45	34	43	44	40	41	44
Average Monthly Bookings	38	39	42	42	55	54	57	62	56	62
Dinwiddie										
Average Daily Population	69	82	78	70	87	94	80	81	95	84
Average Length of Stay (Days)	34	40	46	46	39	39	41	39	39	55
Average Monthly Bookings	42	37	38	30	45	49	45	48	53	49
Mecklenburg										
Average Daily Population	106	134	180	167	162	166	154	172	187	186
Average Length of Stay (Days)	34	44	58	47	38	49	53	36	44	52
Average Monthly Bookings	63	51	70	81	90	100	93	99	91	94
Other										
Average Daily Population	5	7	25	48	42	20	17	16	14	12
Average Length of Stay (Days)	18	44	61	72	46	47	55	45	27	78
Average Monthly Bookings	13	14	16	25	28	20	20	21	18	19

TABLE 13

**MEHERRIN RIVER REGIONAL JAIL AUTHORITY
PRINCIPAL EMPLOYERS**

CURRENT YEAR AND PERIOD NINE YEARS AGO

Brunswick County			Dinwiddie County			Mecklenburg County		
2023			2023			2023		
Rank	Employer	Employees	Rank	Employer	Employees	Rank	Employer	Employees
1	Brunswick County School Board	250 - 499	1	Amazon Fulfillment Services Inc.	1000 & over	1	Mecklenburg County School Board	500 - 999
2	Geo Corrections & Detention Inc	100 - 249	2	Wal Mart	1000 & over	2	MCV Hospital	500 - 999
3	Southside Virginia Community College	100 - 249	3	Central State Hospital	500 - 999	3	Microsoft Business Solutions	250 - 499
4	County of Brunswick	100 - 249	4	Dinwiddie County School Board	500 - 999	4	Jeanswear Distribution LLC	250 - 499
5	Hyponex Corporation	50 - 99	5	Chaparral	250 - 499	5	Wal Mart	250 - 499
6	Meherrin River Regional Jail	50 - 99	6	Humana Insurance Company	250 - 499	6	Food Lion	250 - 499
7	Divine Care Hc LLC	50 - 99	7	Dinwiddie Board of Supervisors	250 - 499	7	United Call Center Solutions, Llc	100 - 249
8	Brunswick Academy	50 - 99	8	Aldi	100 - 249	8	County of Mecklenburg	100 - 249
9	Food Lion	50 - 99	9	Tindall Concrete Products	100 - 249	9	Unique Wholesale Distributors LLC	100 - 249
10	Virginia Carolina Forest	50 - 99	10	Hiram W. Davis Medical Center	100 - 249	10	Eastern Region Field Unit	100 - 249
2014			2014			2014		
Rank	Employer	Employees	Rank	Employer	Employees	Rank	Employer	Employees
1	Brunswick County School Board	250 - 499	1	Wal Mart	500 - 999	1	Mecklenburg County School Board	500 - 999
2	Geo Corrections & Detention Inc	250 - 499	2	Central State Hospital	500 - 999	2	Community Memorial Health	500 - 999
3	Southside Virginia Community College	250 - 499	3	Southside Virginia Training Center	500 - 999	3	Jones Distribution Corp	250 - 499
4	Meherrin River Regional Jail	100 - 249	4	Amazon Com KYDC Inc	500 - 999	4	Global Safety Textiles LLC	250 - 499
5	County of Brunswick	100 - 249	5	Dinwiddie County School Board	500 - 999	5	Wal Mart	250 - 499
6	Mr. Bults Inc.	50 - 99	6	Integrity Staffing Solutions	500 - 999	6	Peebles	100 - 249
7	Brunswick Academy	50 - 99	7	Chaparral	250 - 499	7	Food Lion	100 - 249
8	Hyponex Corporation	50 - 99	8	Dinwiddie Board of Supervisors	250 - 499	8	Monroe Tree Services Division	100 - 249
9	Melvin L. Davis Oil Company	50 - 99	9	Hiram W. Davis Medical Center	100 - 249	9	Lake Country Area Agency on Aging	100 - 249
10	Envoy of Lawrenceville	50 - 99	10	Tindall Concrete Products	100 - 249	10	County of Mecklenburg	100 - 249

SOURCE: Virginia Employment Commission

TABLE 14

**MEHERRIN RIVER REGIONAL JAIL AUTHORITY
DEMOGRAPHIC STATISTICS FOR MEMBER JURISDICTIONS**

LAST TEN CALENDAR YEARS

Calendar Year	Brunswick County				Dinwiddie County (1)				Mecklenburg County			
	Population	Annual Personal Income (in thousands)	Annual Per Capita Personal Income	Unemploy- ment Rate	Population	Annual Personal Income (in thousands)	Annual Per Capita Personal Income	Unemploy- ment Rate	Population	Annual Personal Income (in thousands)	Annual Per Capita Personal Income	Unemploy- ment Rate
2022	15,940	\$ 640,013	\$ 40,151	4.60%	79,614	\$ 3,768,526	\$ 47,335	3.30%	30,248	\$ 1,391,986	\$ 46,019	3.60%
2021	16,037	\$ 585,333	\$ 33,784	6.30%	79,519	\$ 3,430,510	\$ 44,938	4.50%	30,679	\$ 1,248,423	\$ 40,693	4.70%
2020	16,231	\$ 548,347	\$ 33,784	8.00%	79,377	\$ 3,193,735	\$ 41,337	6.40%	30,587	\$ 1,177,022	\$ 38,481	6.80%
2019	16,384	\$ 535,459	\$ 32,682	5.50%	79,286	\$ 3,144,588	\$ 40,352	4.50%	30,650	\$ 1,141,407	\$ 37,240	5.30%
2018	16,244	\$ 526,822	\$ 32,432	4.90%	79,310	\$ 3,083,304	\$ 39,637	3.50%	30,686	\$ 1,105,131	\$ 36,014	4.10%
2017	16,243	\$ 535,329	\$ 32,958	5.40%	79,222	\$ 2,984,012	\$ 38,356	3.90%	30,892	\$ 1,072,661	\$ 34,723	5.00%
2016	17,289	\$ 523,182	\$ 31,332	6.00%	79,186	\$ 2,970,447	\$ 38,010	4.80%	32,817	\$ 1,060,997	\$ 34,137	5.60%
2015	17,313	\$ 510,317	\$ 30,932	6.80%	79,156	\$ 2,880,056	\$ 36,787	5.30%	32,802	\$ 1,034,279	\$ 33,158	6.20%
2014	17,337	\$ 491,368	\$ 29,496	8.20%	78,940	\$ 2,852,265	\$ 36,461	6.40%	32,787	\$ 1,006,713	\$ 32,126	7.70%
2013	17,361	\$ 483,910	\$ 28,360	9.10%	78,321	\$ 2,836,555	\$ 36,470	5.90%	32,772	\$ 1,012,323	\$ 31,876	9.20%

(1) According to the U.S. Census Bureau, Dinwiddie is part of a Virginia combination area which includes Dinwiddie, Colonial Heights, and Petersburg. Combination area population is used in the table since the other data is not individually available for Dinwiddie.

SOURCE: Provided by US Census Bureau, LAUS Unit, and Bureau of Labor Statistics.

TABLE 15

**MEHERRIN RIVER REGIONAL JAIL AUTHORITY
NUMBER OF EMPLOYEES AND CAPITAL ASSET STATISTICS
BY IDENTIFIABLE ACTIVITY**

Last Ten Fiscal Years

	Number of Employees									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Civilians	25	24	25	21	21	21	16	15	15	14
Sworn Officers	66	62	75	96	125	123	119	130	138	147
Total Employees	91	86	100	117	146	144	135	145	153	161

	Number of Capital Assets									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Vehicles	27	29	27	28	27	25	25	23	21	21
Housing Units ¹	24	24	24	24	24	24	24	24	24	24
Total Capital Assets	51	53	51	52	51	49	49	47	45	45

¹ 15 Housing Units are contained within one building at the Alberta facility
9 Housing Units are contained within one building at the Boydton facility

TABLE 16

**MEHERRIN RIVER REGIONAL JAIL AUTHORITY
SCHEDULE OF INSURANCE IN FORCE**

As of June 30, 2023

Insurance Coverage	Insurance Company	Expiration Date	Coverage Limit	Deductible
Building & Personal Property	VACO	7/1/2023	As scheduled	\$ 1,000
Electronic Data Processing Equipment	VACO	7/1/2023	\$ 100,000	\$ 1,000
Earthquake/Flood	VACO	7/1/2023	As scheduled	\$ 25,000
Business Auto	VACO	7/1/2023	\$ 2,000,000	\$ 250
Schedule Equipment	VACO	7/1/2023	As scheduled	\$ 1,000
Boiler and Machinery	VACO	7/1/2023	As scheduled	\$ 1,000
Business Interruption and Extra Expense	VACO	7/1/2023	\$ 100,000	N/A
Cyber Risk	VACO	7/1/2023	\$ 2,000,000	N/A
Workers Compensation	VACO	7/1/2023	\$ 1,000,000	N/A
Faithful Performance of Duty	VACO	7/1/2023	\$ 250,000	\$ 250
Line of Duty	VACO	7/1/2023	Statutory Limit	N/A
Bond (1)	Division of Risk Management			
Constitutional Officer (1)	Commonwealth of Virginia- Division of Risk Management	7/1/2023	\$ 1,000,000	\$ 1,000

N/A - Not Applicable

(1) - Provided by the Commonwealth of Virginia



**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
Meherrin River Regional Jail Authority
Alberta, 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 remaining fund information of Meherrin River Regional Jail Authority as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Meherrin River Regional Jail Authority's basic financial statements and have issued our report thereon dated October 20, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Meherrin River 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 Meherrin River Regional Jail Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Meherrin River 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 Meherrin River Regional Jail Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Farnen Cox Associates

Charlottesville, Virginia

October 20, 2023