

**NORTHWESTERN REGIONAL JAIL AUTHORITY  
WINCHESTER, VIRGINIA  
FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2025**

NORTHWESTERN REGIONAL JAIL AUTHORITY

Winchester, Virginia

Financial Report  
Year Ended June 30, 2025

Table of Contents

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	<u>Page</u>
<b><u>INTRODUCTORY SECTION:</u></b>	
Letter of Transmittal	i-ii
<b><u>FINANCIAL SECTION:</u></b>	
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-6
<b><u>Basic Financial Statements:</u></b>	
Statement of Net Position	7
Statement of Revenues, Expenses and Changes in Net Position	8
Statement of Cash Flows	9
Statement of Fiduciary Net Position - Fiduciary Funds	10
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	11
Notes to Financial Statements	12-36
<b><u>Required Supplementary Information:</u></b>	
Schedule of Authority's Proportionate Share of the Net Pension Liability	37
Schedule of Employer Contributions - Pension Plan	38
Notes to Required Supplementary Information - Pension Plan	39
Schedule of Authority's Share of Net OPEB Liability - Group Life Insurance Plan	40
Schedule of Employer Contributions - Group Life Insurance Plan	41
Notes to Required Supplementary Information - Group Life Insurance Plan	42
<b><u>Other Supplementary Information:</u></b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis	43
Reconciliation of the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis to the Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position	44
Schedule of Revenues	45
Schedule of Expenditures	46
Schedule of Per Diem Rates and Per Diem Revenues	47
Demographic Information of the Service Area	48
Authority Inmate Population Statistics	49
Participating Jurisdictions - Other Jail Facilities	50
Debt Service Coverage	51
<b><u>COMPLIANCE SECTION:</u></b>	
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>	52-53

**- INTRODUCTORY SECTION -**

# Northwestern Regional Adult Detention Center

Clay A. Corbin - Superintendent



141 Fort Collier Road, Winchester, VA 22603  
(540) 665-6374 (540) 665-1615 FAX

December 19, 2025

Northwestern Regional Jail Authority  
Regional Adult Detention Center  
141 Fort Collier Road  
Winchester, VA 22603

Dear Jail Authority Members:

The Northwestern Regional Adult Detention Center Annual Financial Report for fiscal year 2025 is attached. To the best of our knowledge the data is accurate and accurately represents the financial position of the Regional Adult Detention Center in a fair and objective manner.

Beginning with the June 30, 2002, Comprehensive Financial Statement, Frederick County, Virginia implemented Governmental Accounting Standards Board (GASB) Statement Number 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. GASB Statement Number 34 requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management Discussion and Analysis (MD&A). The Detention Center complies with the provisions of the Standard as a government entity under Frederick County, the Center's fiscal agent. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

## THE REPORTING ENTITY

The Northwestern Regional Adult Detention Center is a regional governmental agency, with representation from each participating jurisdiction, and is considered to be a jointly governed organization.

## ECONOMIC CONDITIONS AND OUTLOOK

The Northwestern Regional Adult Detention Center is in the Fort Collier Industrial Park, just northwest of Winchester, Virginia. Situated on a 33-acre parcel of land, the Detention Center complex consists of a Main Jail, an Annex Facility, and a Community Corrections Center.

Detention Center operations are funded by the four (4) participating jurisdictions based upon their individual utilization of facility beds over the three (3) previous complete fiscal years. In addition to local contributions, the Jail is funded by state assistance for salaries and inmate per diem, as well as collection of fees from the inmates for their associated activities.

# Northwestern Regional Adult Detention Center

Clay A. Corbin - Superintendent



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## FINANCIAL INFORMATION

Frederick County serves as the Jail's Fiscal Agent and the Jail's activities are included in the County's annual appropriated budget. The facility's internal control structure consists of a Chief Budget Manager, with two accounting personnel, who oversee accounting operations and report financial data to Frederick County, the State of Virginia, and the Regional Jail Authority.

Open encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Encumbrances generally are re-appropriated as part of the following year's budget.

The Chief Budget Manager oversees Inmate and Commissary Funds, and exercises control of the Inmate Benefit Program. Inmate funds include all monies accrued by inmates for their personal use, i.e. payment of their outside bills; family support; commissary purchases; and their telephone calls.

Commissary funds are profits accrued from inmate commissary purchases and are used to benefit inmates and their activities. These benefits include communal newspapers, television, microwaves, books, law library materials, games, sports equipment, exercise equipment, special rewards, programs designed to train, inform or educate inmates, and a myriad of other programs.

## ACKNOWLEDGEMENTS

The sound financial condition enjoyed by the Regional Detention Center results, in part, from the dedication and commitment of the Detention Center accounting staff, the Frederick County Finance Department, the Regional Jail Authority, and the support of the participating jurisdictions and their governing bodies.

Respectfully,

A handwritten signature in cursive script that reads "Clay A. Corbin".

Clay A. Corbin  
Superintendent

**- FINANCIAL SECTION -**



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**Independent Auditors' Report**

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**To the Members of the Board  
Northwestern Regional Jail Authority  
Winchester, Virginia**

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the business-type activities and aggregate remaining fund information of Northwestern Regional Jail Authority, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Northwestern Regional Jail Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and aggregate remaining fund information of Northwestern Regional Jail Authority, as of June 30, 2025, and the changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

***Change in Accounting Principles***

As described in Note 14 to the financial statements, in 2025, the Northwestern Regional Jail Authority adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

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

## ***Responsibilities of Management for the Financial Statements (Continued)***

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Northwestern 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 Northwestern Regional Jail Authority's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2025, on our consideration of Northwestern 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 Northwestern 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 Northwestern Regional Jail Authority's internal control over financial reporting and compliance.

*Robinson, Farnell, Cox Associates*

Charlottesville, Virginia  
December 30, 2025

## Management's Discussion and Analysis

The following is a discussion and analysis of Northwestern Regional Jail Authority's financial performance for the fiscal year ended June 30, 2025. This information is in conjunction with the Superintendent's transmittal letter and included with the annual audit report.

### Financial Highlights:

#### Accrual Basis Statements

At the end of the fiscal year, Northwestern Regional Jail Authority ("the Authority") reported an ending net position balance of \$20,238,693, an increase of \$1,623,025 from the prior year. Over time, increases and decreases in net position can serve as a useful indicator of whether the financial health of the Authority is improving or deteriorating.

The Authority holds long-term debt of \$8,294,764, consisting of Revenue Bonds payable in annual installments for 20 years, VRA Bonds payable in annual installments for 15 years, and lease liabilities payable in annual installments for 5 years. The Authority also has a net pension liability of \$4,211,830 and a net OPEB liability of \$748,410.

The following table shows a summary of the Statement of Net Position:

**Table 1**  
**Summary of Statement of Net Position**  
**At June 30, 2025 and June 30, 2024**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Current assets	\$ 15,127,007	\$ 14,516,538
Capital assets	18,410,985	19,566,005
Total assets	<u>\$ 33,537,992</u>	<u>\$ 34,082,543</u>
Deferred outflows of resources	\$ 5,513,628	\$ 4,901,157
Total assets and deferred outflows	<u>\$ 39,051,620</u>	<u>\$ 38,983,700</u>
Current liabilities	\$ 2,585,344	\$ 2,619,494
Noncurrent liabilities	13,406,559	14,920,629
Total liabilities	<u>\$ 15,991,903</u>	<u>\$ 17,540,123</u>
Deferred inflows of resources	\$ 2,821,024	\$ 2,827,909
Net investment in capital assets	\$ 10,484,457	\$ 10,357,002
Restricted	138,985	263,869
Unrestricted	9,615,251	7,994,797
Total net position	<u>\$ 20,238,693</u>	<u>\$ 18,615,668</u>
Total liabilities, deferred inflows, and net position	<u>\$ 39,051,620</u>	<u>\$ 38,983,700</u>

#### Modified Accrual and Budgetary Audit Statements

At the end of the fiscal year, the Authority reported an ending fund balance of \$13,861,598, an increase of \$592,396.

**Overview:**

Comparison of revenues and expenses from fiscal year 2024 to 2025 provide the following information:

**Accrual Basis Statements**

- Fiscal year 2024 revenues were \$29,127,210; fiscal year 2024 expenses were \$27,181,599, which included \$1,524,919 of depreciation expense, which is a noncash expense.
- Fiscal year 2025 revenues were \$29,906,158; fiscal year 2025 expenses were \$28,283,133, which included \$1,541,689 of depreciation expense, which is a noncash expense.

The following table shows a summary of the Statement of Revenues, Expenses, and Changes in Net Position:

**Table 2**  
**Summary of Statement of Revenues, Expenses and Changes in Net Position**  
**Years Ended June 30, 2025 and June 30, 2024**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Local and other per diems	\$ 15,476,096	\$ 15,522,700
Commonwealth of Virginia jail costs	1,526,652	1,379,917
Other operating revenues	2,177,304	2,221,398
Commonwealth of Virginia State Compensation Board	8,653,806	8,131,607
Other nonoperating revenues	<u>2,072,300</u>	<u>1,871,588</u>
Total revenues	<u>\$ 29,906,158</u>	<u>\$ 29,127,210</u>
Personnel and fringes	\$ 19,396,733	\$ 19,160,021
Other operating expenses	8,582,821	7,670,510
Other nonoperating expenses	<u>303,579</u>	<u>351,068</u>
Total expenses	<u>\$ 28,283,133</u>	<u>\$ 27,181,599</u>
Change in net position	\$ 1,623,025	\$ 1,945,611
Net position, beginning of year	<u>18,615,668</u>	<u>16,670,057</u>
Net position, end of year	<u><u>\$ 20,238,693</u></u>	<u><u>\$ 18,615,668</u></u>

**Modified Accrual and Budgetary Basis Statements**

- In fiscal year 2025, the Authority’s revenues were \$28,825,406, an increase of \$841,026 from 2024 revenues of \$27,984,380.
- In fiscal year 2025, the Authority’s expenditures were \$28,233,010, an increase of \$406,449 from 2024 expenditures of \$27,826,561.
- In fiscal year 2025, the Authority’s revenues of \$28,825,406 exceeded expenditures of \$28,233,010 by \$592,396.

Budgetary Overview

In fiscal year 2025, the Authority’s revenues of \$28,825,406 were over budgeted revenues of \$28,354,493 by \$470,913. The Authority’s expenditures of \$28,233,010 were under budgeted expenditures of \$30,251,620 by \$2,018,610.

Additional Analysis

Applying the annual inmate average daily population (ADP) rate to expenditures, an average per annum was derived for fiscal year 2024 and 2025 for comparison. With an ADP of 571 inmates per day in FY24, the per annum cost per inmate was approximately \$48,773. In FY25, the ADP was 594 and the per annum cost decreased to approximately \$47,350.

There was an increase in FY25 in the number of Out of Compliance inmates occupying beds in the Authority. Out of Compliance inmates, those state responsible inmates remaining in local custody 90 or more days after sentencing, increased from an average of 130 individuals in FY24 to 147 in FY25.

As occurred in FY24, fluctuations in the jurisdiction’s use of the Authority over the previous three (3) years created changes in the distribution of locality shares. Frederick County’s share of the cost of operations increased from 45.94% in FY24 to 46.92% in FY25. Clarke County’s share decreased from 3.25 to 3.00%, Fauquier County’s share decreased from 17.49% to 16.39%, and Winchester’s share increased from 33.32% to 33.69%.

The Frederick County Government (fiscal agent) application and method of determining capital assets changed in 2003 to include only those capital equipment expenses exceeding \$5,000. Capital assets, net of accumulated depreciation, decreased from FY24 to FY25 due to current year depreciation. See Note 5 for details.

FY2025 assets	\$18,410,985	FY2024 assets	\$19,566,005
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The long-term liabilities indicated in the audit are bonds payable less deferred charge on refunding, compensated absences, lease liabilities, net OPEB liability, and net pension liability. These liabilities decreased from FY24 to FY25, due to bond payments made during the year. See Note 6 for details.

FY2025 liabilities	\$14,865,479	FY2024 liabilities	\$16,556,656
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Additional information contained in this report applies to funds held for inmates and canteen operations. Northwestern Regional Jail Authority is the fiduciary custodian of all funds received from inmates or on behalf of inmates. Such funds are deposited and controlled on behalf of the inmate. Accountability methods adhere to generally accepted accounting practices and are subject to annual audit. Practical internal controls are established in the form of clearly detailed policies and procedures that provide a system of checks and balances to protect fiduciary funds from theft or fraud.

- Basic Financial Statements -

**NORTHWESTERN REGIONAL JAIL AUTHORITY**

**Statement of Net Position**

At June 30, 2025

(With Comparative Totals for 2024)

ASSETS	2025			2024
	Operating	Commissary	Total	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 13,720,815	\$ 138,985	\$ 13,859,800	\$ 13,286,017
Accounts receivable	163,589	-	163,589	163,324
Due from other governments	1,103,618	-	1,103,618	1,067,197
Total current assets	\$ 14,988,022	\$ 138,985	\$ 15,127,007	\$ 14,516,538
Noncurrent assets:				
Land and construction in progress	\$ 2,056,289	\$ -	\$ 2,056,289	\$ 1,972,708
Other capital assets, net of accumulated depreciation	16,354,696	-	16,354,696	17,593,297
Net capital assets	\$ 18,410,985	\$ -	\$ 18,410,985	\$ 19,566,005
Total assets	\$ 33,399,007	\$ 138,985	\$ 33,537,992	\$ 34,082,543
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	\$ 368,236	\$ -	\$ 368,236	\$ 414,266
OPEB deferrals	219,997	-	219,997	214,454
Pension deferrals	4,925,395	-	4,925,395	4,272,437
Total deferred outflows of resources	\$ 5,513,628	\$ -	\$ 5,513,628	\$ 4,901,157
Total assets and deferred outflows of resources	\$ 38,912,635	\$ 138,985	\$ 39,051,620	\$ 38,983,700
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 1,126,424	\$ -	\$ 1,126,424	\$ 983,467
Compensated absences, current portion	322,095	-	322,095	307,521
Bonds payable, current portion	1,098,750	-	1,098,750	1,277,500
Lease liabilities, current portion	15,811	-	15,811	15,598
Bond premium, current portion	22,264	-	22,264	35,408
Total current liabilities	\$ 2,585,344	\$ -	\$ 2,585,344	\$ 2,619,494
Noncurrent liabilities:				
Compensated absences, less current portion	\$ 1,288,380	\$ -	\$ 1,288,380	\$ 1,230,084
Bonds payable, less current portion	7,095,000	-	7,095,000	8,193,750
Lease liabilities, less current portion	-	-	-	15,811
Bond premium, less current portion	62,939	-	62,939	85,202
Net OPEB liability	748,410	-	748,410	813,271
Net pension liability	4,211,830	-	4,211,830	4,582,511
Total noncurrent liabilities	\$ 13,406,559	\$ -	\$ 13,406,559	\$ 14,920,629
Total liabilities	\$ 15,991,903	\$ -	\$ 15,991,903	\$ 17,540,123
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension deferrals	\$ 2,687,165	\$ -	\$ 2,687,165	\$ 2,703,878
OPEB deferrals	133,859	-	133,859	124,031
Total deferred inflows of resources	\$ 2,821,024	\$ -	\$ 2,821,024	\$ 2,827,909
<b>NET POSITION</b>				
Net investment in capital assets	\$ 10,484,457	\$ -	\$ 10,484,457	\$ 10,357,002
Restricted:				
For benefit of inmates	-	138,985	138,985	263,869
Unrestricted	9,615,251	-	9,615,251	7,994,797
Total net position	\$ 20,099,708	\$ 138,985	\$ 20,238,693	\$ 18,615,668
Total liabilities, deferred inflows of resources, and net position	\$ 38,912,635	\$ 138,985	\$ 39,051,620	\$ 38,983,700

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

NORTHWESTERN REGIONAL JAIL AUTHORITY

Statement of Revenues, Expenses and Changes in Net Position  
Year Ended June 30, 2025  
(With Comparative Totals for 2024)

	2025			2024
	Operating	Commissary	Total	Total
Operating revenues:				
Care of prisoners:				
Local and other per diems	\$ 15,476,096	\$ -	\$ 15,476,096	\$ 15,522,700
Commonwealth of Virginia jail costs	1,526,652	-	1,526,652	1,379,917
Federal	28,160	-	28,160	9,625
Work release	305,329	-	305,329	308,386
Commissary sales and profit	-	1,080,752	1,080,752	1,142,830
Other	763,063	-	763,063	760,557
Total operating revenues	<u>\$ 18,099,300</u>	<u>\$ 1,080,752</u>	<u>\$ 19,180,052</u>	<u>\$ 19,124,015</u>
Operating expenses:				
Personnel	\$ 13,523,407	\$ -	\$ 13,523,407	\$ 13,029,828
Fringes	5,873,326	-	5,873,326	6,130,193
Contractual	2,175,917	-	2,175,917	1,335,411
Other charges	3,659,579	-	3,659,579	3,320,133
Commissary supplies (food, etc.)	-	474,513	474,513	509,469
Inmate supplies	-	731,123	731,123	980,578
Depreciation	1,541,689	-	1,541,689	1,524,919
Total operating expenses	<u>\$ 26,773,918</u>	<u>\$ 1,205,636</u>	<u>\$ 27,979,554</u>	<u>\$ 26,830,531</u>
Net operating income (loss)	<u>\$ (8,674,618)</u>	<u>\$ (124,884)</u>	<u>\$ (8,799,502)</u>	<u>\$ (7,706,516)</u>
Nonoperating revenues (expenses):				
Commonwealth of Virginia State Compensation Board	\$ 8,653,806	\$ -	\$ 8,653,806	\$ 8,131,607
Other State grants	1,129,314	-	1,129,314	1,108,430
Coronavirus Relief and ARPA Funds	333,262	-	333,262	255,000
Interest income	609,724	-	609,724	508,158
Interest expense	(303,579)	-	(303,579)	(351,068)
Net nonoperating revenues (expenses)	<u>\$ 10,422,527</u>	<u>\$ -</u>	<u>\$ 10,422,527</u>	<u>\$ 9,652,127</u>
Change in net position	\$ 1,747,909	\$ (124,884)	\$ 1,623,025	\$ 1,945,611
Net position, beginning of year	<u>18,351,799</u>	<u>263,869</u>	<u>18,615,668</u>	<u>16,670,057</u>
Net position, end of year	<u>\$ 20,099,708</u>	<u>\$ 138,985</u>	<u>\$ 20,238,693</u>	<u>\$ 18,615,668</u>

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

NORTHWESTERN REGIONAL JAIL AUTHORITY

Statement of Cash Flows  
Year Ended June 30, 2025  
(With Comparative Totals for 2024)

	2025			2024
	Operating	Commissary	Total	Total
Cash flows from operating activities:				
Receipts from customers	\$ 18,135,986	\$ 1,080,752	\$ 19,216,738	\$ 19,025,449
Payments to suppliers	(5,692,539)	(1,205,636)	(6,898,175)	(6,040,278)
Payments to and for employees	(20,424,791)	-	(20,424,791)	(19,903,628)
Net cash flows provided by (used for) operating activities	<u>\$ (7,981,344)</u>	<u>\$ (124,884)</u>	<u>\$ (8,106,228)</u>	<u>\$ (6,918,457)</u>
Cash flows from noncapital and related financing activities:				
Government grants	\$ 10,116,382	-	\$ 10,116,382	\$ 9,495,037
Cash flows from capital and related financing activities:				
Purchase of capital assets	\$ (386,669)	-	\$ (386,669)	\$ (1,664,906)
Principal payments on debt	(1,293,098)	-	(1,293,098)	(1,249,557)
Interest paid on debt	(292,956)	-	(292,956)	(352,925)
Net cash flows provided by (used for) capital and related financing activities	<u>\$ (1,972,723)</u>	<u>\$ -</u>	<u>\$ (1,972,723)</u>	<u>\$ (3,267,388)</u>
Cash flows from investing activities:				
Interest income	\$ 609,724	-	\$ 609,724	\$ 508,158
Net increase (decrease) in cash and cash equivalents	\$ 772,039	\$ (124,884)	\$ 647,155	\$ (182,650)
Cash and cash equivalents, beginning of year	13,022,149	263,869	13,286,018	13,468,668
Cash and cash equivalents, end of year	<u>\$ 13,794,188</u>	<u>\$ 138,985</u>	<u>\$ 13,933,173</u>	<u>\$ 13,286,018</u>
Reconciliation of net operating income (loss) to net cash provided by (used for) operating activities:				
Net operating income (loss)	\$ (8,674,618)	\$ (124,884)	\$ (8,799,502)	\$ (7,706,516)
Adjustments to reconcile net operating income (loss) to cash used in operating activities:				
Depreciation	1,541,689	-	1,541,689	1,524,919
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
Accounts receivable and due from other governments	36,686	-	36,686	(98,566)
Pension deferrals - deferred outflows	(652,958)	-	(652,958)	(55,384)
OPEB deferrals - deferred outflows	(5,543)	-	(5,543)	(8,176)
Accounts payable	142,957	-	142,957	105,313
Compensated absences	72,870	-	72,870	15,480
Net pension liability	(370,681)	-	(370,681)	886,876
Net OPEB liability	(64,861)	-	(64,861)	1
OPEB deferrals - deferred inflows	9,828	-	9,828	(51,779)
Pension deferrals - deferred inflows	(16,713)	-	(16,713)	(1,530,625)
Net cash flows provided by (used for) operating activities	<u>\$ (7,981,344)</u>	<u>\$ (124,884)</u>	<u>\$ (8,106,228)</u>	<u>\$ (6,918,457)</u>

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

NORTHWESTERN REGIONAL JAIL AUTHORITY

FIDUCIARY FUNDS

Statement of Fiduciary Net Position  
At June 30, 2025

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	<u>Custodial Funds</u> <u>Inmate Fund</u>
<hr/> <b>ASSETS</b> <hr/>	
Current assets:	
Cash and cash equivalents	\$ <u>230,890</u>
 <hr/> <b>NET POSITION</b> <hr/>	
Restricted for inmates	\$ <u>230,890</u>

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

NORTHWESTERN REGIONAL JAIL AUTHORITY

FIDUCIARY FUNDS

Statement of Changes in Fiduciary Net Position  
Year Ended June 30, 2025

	Custodial Funds
	Inmate Fund
<b>ADDITIONS</b>	
Contributions	
Inmate deposits	\$ <u>2,196,815</u>
Investment Earnings	
Interest	\$ <u>8,485</u>
Total Additions	\$ <u>2,205,300</u>
<b>DEDUCTIONS</b>	
Canteen payments (phone usage, commissary)	\$ 1,419,833
Paid to inmates (released/release of funds)	691,072
Other	<u>27,754</u>
Total Deductions	\$ <u>2,138,659</u>
Net increase (decrease) in fiduciary net position	\$ <u>66,641</u>
Net position, beginning of year	\$ <u>164,249</u>
Net position, end of year	\$ <u><u>230,890</u></u>

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

# NORTHWESTERN REGIONAL JAIL AUTHORITY

## Notes to Financial Statements At June 30, 2025

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### **NOTE 1 - FINANCIAL REPORTING ENTITY:**

Northwestern Regional Jail Authority (“the Authority”) was organized on May 26, 2005 pursuant to provisions of Chapter 3 of Title 53.1 of the Code of Virginia (1950), as amended. The Authority serves as a regional jail for the Counties of Clarke, Fauquier, and Frederick and the City of Winchester. The Authority is considered a jointly governed organization of the participant localities. The Authority is the successor organization to the former Clarke, Fauquier, Frederick, Winchester Regional Adult Detention Center.

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

#### Financial Statement Presentation:

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board (GASB). The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

#### 1. Basis of Accounting:

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

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.

The Operating Fund is the primary operating fund of the Authority and accounts for all revenues and expenses applicable to the general operations of the Jail. Additionally, the Authority reports the Commissary Fund, which is restricted for the benefit of inmates. Expenses paid with Commissary funds include canteen food and supplies, educational supplies, and other items benefiting inmates.

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

#### 2. Cash and Cash Equivalents:

Cash and cash equivalents are reported at cost, which approximates market value. Cash and cash equivalents include cash on hand, checking and savings accounts, and short-term, highly liquid investments (including repurchase agreements) with maturities of three months or less from the date of acquisition. The Authority maintains cash accounts with financial institutions in accordance with the Virginia Security for Public Deposits Act of the Code of Virginia. The Act requires financial institutions to meet specific collateralization requirements.

#### 3. Investments:

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

**NORTHWESTERN REGIONAL JAIL AUTHORITY**

**Notes to Financial Statements  
At June 30, 2025 (Continued)**

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

**4. Capital Assets:**

Capital assets are recorded at cost. Donated capital assets are recorded at their acquisition value at the date of gift. At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. A lease liability and an intangible right-to-use lease asset (leased asset) is recognized in the financial statements. The Authority's capitalization threshold is \$5,000.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation is provided using the straight-line method over the estimated useful lives. Leased assets are amortized on a straight-line basis over the shorter of the lease term or their estimated useful lives.

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

Building and improvements	40 to 50 years
Leased equipment	3 to 5 years
Equipment	5 to 10 years
Vehicles	5 to 7 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.

**5. Compensated Absences:**

The Authority's employees accrue compensated absences (paid time off, annual and sick leave benefits) when vested. The amounts include all balances earned by employees for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. The Authority has accrued the liability arising from all outstanding compensated absences. The liability for future leave benefits is accrued when such benefits meet the following conditions:

The Authority's policy is to pay employees accrued paid time off upon termination/retirement. The maximum amount of hours employees are permitted to accumulate is based on years of service. Annual leave termination payments are limited only by maximum accumulation policies. The Authority also has an individual disability account that is paid out at \$3 per hour up to a maximum of \$6,000. However, a liability for estimated value of individual disability account that will be used by employees as time off was considered in the liability for compensated absences.

The liabilities for annual and sick leave have been recorded in accordance with policies. Accordingly, the amount of leave recognized as expense is the amount earned during the year.

## NORTHWESTERN REGIONAL JAIL AUTHORITY

### Notes to Financial Statements At June 30, 2025 (Continued)

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#### 6. Revenue Recognition:

Revenues for charges for services to participant localities are based on inmate days for each locality and are recorded when due. Year-end settlements are made with each participant locality. Amounts due are reported as receivables and amounts overpaid are reported as unearned revenues.

The Commonwealth of Virginia provides funding for operations and also provides funding for state inmates held on a per-diem basis.

#### 7. 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.

NORTHWESTERN REGIONAL JAIL AUTHORITY

Notes to Financial Statements  
At June 30, 2025 (Continued)

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

8. Allowance for Uncollectible Accounts:

The Authority calculates its allowance for specific accounts using historical collection data and, in certain cases, specific account analysis. Historical collection data indicates that any uncollectible amounts would be negligible. Management believes that any accounts that may be written off would not be significant. Accordingly, no allowance for uncollectible accounts has been established.

9. Comparative Totals:

Comparative totals are presented for informational purposes only.

10. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has multiple items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the statement of net position. 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 resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has one type of item that qualifies for reporting in this category. Certain items related to pension, OPEB, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

11. Net Position:

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation 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.

## NORTHWESTERN REGIONAL JAIL AUTHORITY

### Notes to Financial Statements At June 30, 2025 (Continued)

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

##### 11. Net Position: (Continued)

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

##### 12. Pensions:

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

##### 13. Other Postemployment Benefits (OPEB):

For purposes of measuring the net VRS related OPEB 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 OPEB Plan 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.

#### **NOTE 3 - DEPOSITS AND INVESTMENTS:**

Frederick County acts as a fiscal agent and provides accounting for the general operating accounts of the Authority. The Authority's operating cash is included in the pooled cash and investments of Frederick County. The Authority is reported in the Frederick County Financial Report as a custodial fund. In addition, the Authority maintains separate bank accounts for Canteen and Inmate funds. In previous years, the Authority issued long-term debt and received funds for a jail expansion project. The remaining funds are in the custody of the City of Winchester which is the fiscal agent for the jail expansion project.

##### Deposits:

At year-end, the carrying value of the Authority's deposits with banks and savings institutions as part of the Frederick County pooled cash and investments was \$12,172,841. The bank balances are not separately determinable. Deposits held by the City of Winchester in a BNY Mellon account were \$1,547,975.

**NORTHWESTERN REGIONAL JAIL AUTHORITY**

**Notes to Financial Statements  
At June 30, 2025 (Continued)**

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**NOTE 3 - DEPOSITS AND INVESTMENTS: (CONTINUED)**

Deposits: (Continued)

At June 30, 2025, all of the Authority's bank balances were covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loans. Of the pooled bank balances, no funds were uninsured and uncollateralized in banks or savings and loans not qualifying under the Act at June 30, 2025.

Investments:

As described above, the Authority's cash is included in the Frederick County pooled cash and Frederick County utilizes the Local Government Investment Pool, which consists of highly liquid unclassified investments. The amount of the Authority's equity in the pooled investment funds is not separately determinable.

Credit Risks:

Credit risk is the risk that a borrower will not be able to make payments and default on debt. Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard & Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Authority currently has no formal policy relating to interest rate risk.

<b>Authority's Rated Debt Investments' Values</b>	
<b><u>Rated Debt Investments</u></b>	<b><u>Fair Quality Ratings</u></b>
	<b><u>AAAm</u></b>
Money Market Mutual Fund	\$ <u>1,547,975</u>
Total	\$ <u><u>1,547,975</u></u>

NORTHWESTERN REGIONAL JAIL AUTHORITY

Notes to Financial Statements  
At June 30, 2025 (Continued)

**NOTE 3 - DEPOSITS AND INVESTMENTS: (CONTINUED)**

External Investment Pool:

The value of the position in the external investment pool is the same as the value of the pool shares. LGIP is an amortized cost basis portfolio. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. There are no withdrawal limitations or restrictions imposed on participants.

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 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 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

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.

The Jail has the following recurring fair value measurements as of June 30, 2025:

Investment	6/30/2025	Fair Value Measurements Using		
		Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Mutual Fund	\$ 1,547,975	\$ 1,547,975	\$ -	\$ -
	\$ 1,547,975	\$ 1,547,975	\$ -	\$ -

NORTHWESTERN REGIONAL JAIL AUTHORITY

Notes to Financial Statements  
At June 30, 2025 (Continued)

**NOTE 4 - ACCOUNTS RECEIVABLE AND DUE FROM OTHER GOVERNMENTS:**

	<u>Accounts Receivable</u>	<u>Due from Other Governments</u>
Commonwealth of Virginia	\$ -	\$ 1,100,868
Federal government	-	2,750
Other	163,589	-
Total	<u>\$ 163,589</u>	<u>\$ 1,103,618</u>

**NOTE 5 - CAPITAL ASSETS:**

A summary of changes in capital assets is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 600,375	\$ -	\$ -	\$ 600,375
Construction in progress	1,372,333	165,887	82,306	1,455,914
Total capital assets not being depreciated	<u>\$ 1,972,708</u>	<u>\$ 165,887</u>	<u>\$ 82,306</u>	<u>\$ 2,056,289</u>
Capital assets being depreciated:				
Building and improvements	\$ 42,497,759	\$ 136,505	\$ -	\$ 42,634,264
Leased equipment	85,801	-	-	85,801
Equipment and vehicles	2,378,803	166,583	93,242	2,452,144
Total capital assets being depreciated	<u>\$ 44,962,363</u>	<u>\$ 303,088</u>	<u>\$ 93,242</u>	<u>\$ 45,172,209</u>
Less: Accumulated depreciation:				
Building and improvements	\$ 25,569,475	\$ 1,316,998	\$ -	\$ 26,886,473
Leased equipment	54,888	18,296	-	73,184
Equipment and vehicles	1,744,703	206,395	93,242	1,857,856
Total accumulated depreciation	<u>\$ 27,369,066</u>	<u>\$ 1,541,689</u>	<u>\$ 93,242</u>	<u>\$ 28,817,513</u>
Net capital assets being depreciated	<u>\$ 17,593,297</u>	<u>\$ (1,238,601)</u>	<u>\$ -</u>	<u>\$ 16,354,696</u>
Net capital assets	<u>\$ 19,566,005</u>	<u>\$ (1,072,714)</u>	<u>\$ 82,306</u>	<u>\$ 18,410,985</u>

**NORTHWESTERN REGIONAL JAIL AUTHORITY**

**Notes to Financial Statements  
At June 30, 2025 (Continued)**

**NOTE 6 - LONG-TERM OBLIGATIONS:**

The following is a summary of long-term obligations activity for the year.

	<u>Balance July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2025</u>
Direct Borrowings and Placements:				
Revenue Bonds	\$ 8,990,000	\$ -	\$ 930,000	\$ 8,060,000
VRA Bonds	481,250	-	347,500	133,750
Bond Premium	120,610	-	35,407	85,203
Lease liabilities	31,409	-	15,598	15,811
Other obligations:				
Compensated absences	1,537,605	380,391	307,521	1,610,475
<b>Total</b>	<b>\$ 11,160,874</b>	<b>\$ 380,391</b>	<b>\$ 1,636,026</b>	<b>\$ 9,905,239</b>

The amounts required to amortize long-term debt are as follows:

Fiscal Year	<u>Direct Borrowings and Placements</u>					
	<u>Revenue Bonds</u>		<u>VRA Bonds</u>		<u>Lease liabilities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 965,000	\$ 266,100	\$ 133,750	\$ 4,930	\$ 15,811	\$ 86
2027	995,000	237,150	-	-	-	-
2028	1,020,000	207,300	-	-	-	-
2029	950,000	175,425	-	-	-	-
2030	980,000	144,550	-	-	-	-
2031-2034	3,150,000	223,300	-	-	-	-
<b>Total</b>	<b>\$ 8,060,000</b>	<b>\$ 1,253,825</b>	<b>\$ 133,750</b>	<b>\$ 4,930</b>	<b>\$ 15,811</b>	<b>\$ 86</b>

**NORTHWESTERN REGIONAL JAIL AUTHORITY**

**Notes to Financial Statements  
At June 30, 2025 (Continued)**

**NOTE 6 - LONG-TERM OBLIGATIONS: (CONTINUED)**

Details of long-term obligations are as follows:

	<u>Total</u>	<u>Amount Due Within One Year</u>
Direct Borrowings and Placements:		
\$495,000, Virginia Resources Authority Infrastructure and State Moral Obligation Revenue bonds series 2011A, issued May 18, 2011, maturing in various annual installments through October 1, 2025, interest paid semiannually at rates from 2.125% to 5.125%.	\$ 60,000	\$ 60,000
\$16,400,000, Revenue and Refunding bonds series 2013, issued April 9, 2013, maturing in various annual installments through July 1, 2033, interest paid semiannually at rates from 2.00% to 4.00%.	8,060,000	965,000
\$2,210,000, Virginia Resources Authority Infrastructure and State Moral Obligation Revenue bonds series 2016A, issued May 25, 2016, maturing in various annual installments through October 1, 2025, interest paid semiannually at rates from 4.506% to 5.125%.	<u>73,750</u>	<u>73,750</u>
Total direct borrowings and placements	\$ 8,193,750	\$ 1,098,750
Lease liabilities:		
Various leases for equipment payable in various monthly payments through June 2024. Discount rate at 1.00%.	<u>15,811</u>	<u>15,811</u>
Total long-term debt	\$ 8,209,561	\$ 1,114,561
Add: Bond premiums	<u>85,203</u>	<u>22,264</u>
Net long-term debt	<u>\$ 8,294,764</u>	<u>\$ 1,136,825</u>

**NOTE 7 - COMPENSATED ABSENCES:**

In accordance with GASB accounting principles, the Authority has accrued the liability arising from all compensated absences. The amount of accrued vacation, compensatory time and sick pay totaled \$1,610,475 at June 30, 2025. This is an increase of \$72,870 from the prior year.

## NORTHWESTERN REGIONAL JAIL AUTHORITY

### Notes to Financial Statements At June 30, 2025 (Continued)

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#### **NOTE 8 - PENSION PLAN:**

##### *Plan Description*

All full-time, salaried permanent employees of the Authority are automatically covered by a VRS Retirement Plan upon employment, through the County of Frederick, Virginia. 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. However, several entities participate in the VRS plan through the County of Frederick, Virginia and the participating entities report their proportionate information on the basis of a cost-sharing plan. 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.
- 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.

## NORTHWESTERN REGIONAL JAIL AUTHORITY

### Notes to Financial Statements At June 30, 2025 (Continued)

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#### **NOTE 8 - PENSION PLAN: (CONTINUED)**

##### ***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.

##### ***Contributions***

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

The Authority's contractually required employer contribution rate for the year ended June 30, 2025 was 13.78% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were \$2,425,141 and \$2,222,836 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid Plan includes member and employer mandatory and voluntary contributions. The Hybrid Plan member contributes a mandatory rate of 1% of their covered payroll. The employer also contributes a mandatory rate of 1% of this covered payroll, which totaled \$43,572 for the year ended June 30, 2025. Hybrid Plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$45,204 for the year ended June 30, 2025. The total Hybrid Plan participant covered payroll totaled \$4,357,180 for the year ended June 30, 2025.

**NORTHWESTERN REGIONAL JAIL AUTHORITY**

**Notes to Financial Statements  
At June 30, 2025 (Continued)**

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**NOTE 8 - PENSION PLAN: (CONTINUED)**

***Net Pension Liability***

At June 30, 2025, the Authority reported a liability of \$4,211,830 for its proportionate share of the net pension liability. The Authority's net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. The Authority's proportionate share of the same was calculated using creditable compensation as of June 30, 2024 and 2023 as a basis for allocation. At June 30, 2024 and 2023, the Authority's proportion was 30.1585% and 30.1585%, respectively.

***Actuarial Assumptions - General Employees***

The total pension liability for General Employees in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

Inflation	2.5%
Salary increases, including inflation	3.5% - 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 Improvements:**

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

**NORTHWESTERN REGIONAL JAIL AUTHORITY**

**Notes to Financial Statements  
At June 30, 2025 (Continued)**

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**NOTE 8 - PENSION PLAN: (CONTINUED)**

***Actuarial Assumptions - General Employees (Continued)***

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study 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 County of Frederick, Virginia’s Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

**NORTHWESTERN REGIONAL JAIL AUTHORITY**

**Notes to Financial Statements  
At June 30, 2025 (Continued)**

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**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% of 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 Improvements:

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study 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

NORTHWESTERN REGIONAL JAIL AUTHORITY

Notes to Financial Statements  
At June 30, 2025 (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:

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	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%

\* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). 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 7.10%, including expected inflation of 2.50%.

\*\* On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

***Discount Rate***

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. For the year ended June 30, 2024, the employer contribution rate was 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations.

NORTHWESTERN REGIONAL JAIL AUTHORITY

Notes to Financial Statements  
At June 30, 2025 (Continued)

**NOTE 8 - PENSION PLAN: (CONTINUED)**

*Discount Rate: (Continued)*

From July 1, 2024 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.

***Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Net Pension Liability (Asset)	\$ 14,506,619	\$ 4,211,830	\$ (4,188,256)

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

For the year ended June 30, 2025, the Authority recognized pension expense of \$1,502,430. Since there was a change in proportionate share between measurement dates, a portion of pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,157,335	\$ 817,087
Change in assumptions	342,919	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	94,234
Net difference between projected and actual earnings on pension plan investments	-	1,775,844
Employer contributions subsequent to the measurement date	2,425,141	-
Total	\$ 4,925,395	\$ 2,687,165

NORTHWESTERN REGIONAL JAIL AUTHORITY

Notes to Financial Statements  
At June 30, 2025 (Continued)

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**NOTE 8 - PENSION PLAN: (CONTINUED)**

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

\$2,425,141 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2026. 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>	
2026	\$ (1,067,832)
2027	994,147
2028	180,869
2029	(294,095)

***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2024-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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

***Plan Description***

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

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

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

***Eligible Employees***

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

NORTHWESTERN REGIONAL JAIL AUTHORITY

Notes to Financial Statements  
At June 30, 2025 (Continued)

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

***Benefit Amounts***

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,532 as of June 30, 2025.

***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 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% 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, 2025 was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$84,569 and \$92,988 for the years ended June 30, 2025 and June 30, 2024, respectively.

***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, 2025, the entity reported a liability of \$748,410 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. 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, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was 0.0671% as compared to 0.0678% at June 30, 2023.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$23,992. 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.

NORTHWESTERN REGIONAL JAIL AUTHORITY

Notes to Financial Statements  
At June 30, 2025 (Continued)

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

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

At June 30, 2025, 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	\$ 118,041	\$ 18,281
Net difference between projected and actual earnings on GLI OPEB program investments	-	63,083
Change in assumptions	4,266	37,090
Changes in proportion	13,121	15,405
Employer contributions subsequent to the measurement date	<u>84,569</u>	<u>-</u>
Total	<u>\$ 219,997</u>	<u>\$ 133,859</u>

\$84,569 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, 2026. 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>	
2026	\$ (30,837)
2027	12,393
2028	953
2029	8,785
2030	10,275
Thereafter	-

***Actuarial Assumptions***

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2023, 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, 2024. 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.

**NORTHWESTERN REGIONAL JAIL AUTHORITY**

**Notes to Financial Statements  
At June 30, 2025 (Continued)**

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

***Actuarial Assumptions (Continued)***

Inflation	2.5%
Salary increases, including inflation:	
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study 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

**NORTHWESTERN REGIONAL JAIL AUTHORITY**

**Notes to Financial Statements  
At June 30, 2025 (Continued)**

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**NOTE 9 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB 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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study 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

**NORTHWESTERN REGIONAL JAIL AUTHORITY**

**Notes to Financial Statements  
At June 30, 2025 (Continued)**

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

***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, 2024, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	<u>GLI OPEB Plan</u>
Total GLI OPEB Liability	\$ 4,196,055
Plan Fiduciary Net Position	3,080,133
Employers' Net GLI OPEB Liability (Asset)	<u>\$ 1,115,922</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	73.41%

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

***Long-Term Expected Rate of Return***

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

<u>Asset Class (Strategy)</u>	<u>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	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
MAPS - Multi-Asset Public Strategies			
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	<u>100.00%</u>		<u>7.07%</u>

NORTHWESTERN REGIONAL JAIL AUTHORITY

Notes to Financial Statements  
At June 30, 2025 (Continued)

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

***Long-Term Expected Rate of Return (Continued)***

\* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). 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 7.10%, including expected inflation of 2.50%.

\*\* On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

***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, 2024, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2024 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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Authority's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 1,163,874	\$ 748,410	\$ 412,769

NORTHWESTERN REGIONAL JAIL AUTHORITY

Notes to Financial Statements  
At June 30, 2025 (Continued)

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

*GLI Plan Fiduciary Net Position*

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2024-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**NOTE 10 - COMMITMENTS AND CONTINGENCIES:**

At June 30, 2025, there were no matters of litigation involving the Authority that have an adverse material effect on the financial position of the Authority.

**NOTE 11 - OPERATING RESERVE FUND:**

As a requirement of the jail expansion bond issue, the Authority is required to fund an operating reserve. At June 30, 2025, this fund totaled \$3,418,397.

**NOTE 12 - PROBATION PROGRAM AND PRETRIAL EXPANSION:**

The financial activity for the Probation Program and Pretrial Expansion is included in the Authority's financial statements. The revenues and expenditures for the Probation Program and Pretrial Expansion for Fiscal Year 2025 are summarized below:

<b>Revenues:</b>	
Supervision fees	\$ 25,996
Drug testing fees	0
Miscellaneous	408
Revenue from the Commonwealth-Probation	483,317
Revenue from the Commonwealth	333,262
Total revenues	<u>\$ 842,983</u>
<b>Expenditures:</b>	
Personnel	\$ 308,398
Fringes	154,206
Contractual	7,798
Pretrial expansion	333,539
Other charges	34,558
Total expenditures	<u>\$ 838,499</u>
Excess of revenues over expenditures	<u>\$ 4,484</u>

NORTHWESTERN REGIONAL JAIL AUTHORITY

Notes to Financial Statements  
At June 30, 2025 (Continued)

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**NOTE 13 - UPCOMING PRONOUNCEMENTS:**

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

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

**NOTE 14 - ADOPTION OF ACCOUNTING PRINCIPLES**

During the current year, the County implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the County now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences.

- REQUIRED SUPPLEMENTARY INFORMATION -

**NORTHWESTERN REGIONAL JAIL AUTHORITY**

**Schedule of Authority's Proportionate Share of the Net Pension Liability  
Measurement Dates of June 30, 2015 through June 30, 2024**

Share of County of Frederick, Virginia's VRS Plan (a cost-sharing multiple employer plan administered by the VRS):

<b>Measurement Date</b>	<b>Proportion of of the Net Pension Liability (NPL)</b>	<b>Proportionate Share of the NPL</b>	<b>Covered Payroll</b>	<b>Proportionate Share of the NPL as a Percentage of Covered Payroll</b>	<b>Pension Plan's Fiduciary Net Position as a Total Pension Liability</b>
June 30, 2024	28.6892% \$	4,211,830 \$	16,351,896	25.7574%	94.2488%
June 30, 2023	28.6892%	4,582,511	15,981,221	28.6743%	93.1910%
June 30, 2022	30.1585%	3,695,635	14,652,263	25.2223%	94.3429%
June 30, 2021	30.4792%	1,599,551	14,664,916	10.9073%	97.5003%
June 30, 2020	31.8007%	11,360,343	15,346,243	74.0269%	81.7668%
June 30, 2019	33.1162%	7,532,316	14,707,823	51.2130%	87.3410%
June 30, 2018	33.8559%	5,593,056	14,285,071	39.1532%	89.8807%
June 30, 2017	34.6270%	5,105,950	13,594,320	37.5594%	90.2248%
June 30, 2016	33.9888%	7,936,530	9,110,219	87.1168%	83.7640%
June 30, 2015	34.7340%	5,451,457	8,872,450	61.4425%	88.1531%

**NORTHWESTERN REGIONAL JAIL AUTHORITY**

**Schedule of Employer Contributions - Pension Plan  
Years Ended June 30, 2016 through June 30, 2025**

<u>Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2025	\$ 2,425,141	\$ 2,425,141	\$ -	\$ 17,095,726	14.1857%
2024	2,222,836	2,222,836	-	16,351,896	13.5938%
2023	2,069,892	2,069,892	-	15,981,221	12.9520%
2022	1,832,817	1,832,817	-	14,652,263	12.5088%
2021	1,781,245	1,781,245	-	14,664,916	12.1463%
2020	1,623,376	1,623,376	-	15,346,243	10.5783%
2019	1,593,556	1,593,556	-	14,707,823	10.8348%
2018	1,469,413	1,469,413	-	14,285,071	10.2864%
2017	1,422,730	1,422,730	-	13,594,320	10.4656%
2016	1,512,778	1,512,778	-	9,110,219	16.6053%

**NORTHWESTERN REGIONAL JAIL AUTHORITY**

**Notes to Required Supplementary Information - Pension Plan  
Year Ended June 30, 2025**

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**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, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study 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

**NORTHWESTERN REGIONAL JAIL AUTHORITY**

Schedule of Authority's Share of Net OPEB Liability

Group Life Insurance Plan

Measurement Dates Ending June 30, 2017 through June 30, 2024

**Share of County of Frederick, Virginia's VRS Group Life Insurance Plan:**

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2024	0.0671%	\$ 748,410	\$ 17,220,006	4.35%	73.41%
2023	0.0678%	813,271	15,973,279	5.09%	69.30%
2022	0.0668%	813,270	14,692,092	5.54%	67.21%
2021	0.0683%	829,463	14,708,808	5.64%	67.45%
2020	0.0717%	1,246,072	15,366,655	8.11%	52.64%
2019	0.0734%	1,221,071	14,388,668	8.49%	52.00%
2018	0.0735%	1,115,552	13,967,001	7.99%	51.22%
2017	0.0737%	1,109,103	13,594,320	8.16%	48.86%

**NORTHWESTERN REGIONAL JAIL AUTHORITY**

Schedule of Employer Contributions

Group Life Insurance Plan

Years Ended June 30, 2017 through June 30, 2025

<u>Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2025	\$ 84,569	\$ 84,569	\$ -	\$ 17,993,352	0.47%
2024	92,988	92,988	-	17,220,006	0.54%
2023	86,256	86,256	-	15,973,279	0.54%
2022	79,337	79,337	-	14,692,092	0.54%
2021	79,428	79,428	-	14,708,808	0.54%
2020	79,907	79,907	-	15,366,655	0.52%
2019	74,821	74,821	-	14,388,668	0.52%
2018	72,628	72,628	-	13,967,001	0.52%
2017	69,387	69,387	-	13,594,320	0.51%

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.

**NORTHWESTERN REGIONAL JAIL AUTHORITY**

Notes to Required Supplementary Information  
Group Life Insurance Plan  
Year Ended June 30, 2025

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**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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**Non-Largest Ten Locality Employers - General Employees**

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

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

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

- OTHER SUPPLEMENTARY INFORMATION -

**NORTHWESTERN REGIONAL JAIL AUTHORITY**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Operating Fund**  
**Budgetary Basis**  
**Year Ended June 30, 2025**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating revenues:				
Care of prisoners:				
Local and other per diems	\$ 15,471,505	\$ 15,471,505	\$ 15,476,096	\$ 4,591
Commonwealth of Virginia jail costs	1,455,063	1,455,063	1,526,652	71,589
Federal	-	-	28,160	28,160
Work release	335,000	335,000	305,329	(29,671)
Other	676,006	676,006	763,063	87,057
Total operating revenues	<u>\$ 17,937,574</u>	<u>\$ 17,937,574</u>	<u>\$ 18,099,300</u>	<u>\$ 161,726</u>
Operating expenditures:				
Personnel	\$ 20,903,483	\$ 21,192,040	\$ 13,455,715	\$ 7,736,325
Fringes	271,077	289,195	6,969,076	(6,679,881)
Contractual	1,619,712	2,305,766	2,175,918	129,848
Other charges	4,946,419	4,324,275	3,675,678	648,597
Capital outlay	72,500	537,538	386,167	151,371
Total operating expenses	<u>\$ 27,813,191</u>	<u>\$ 28,648,814</u>	<u>\$ 26,662,554</u>	<u>\$ 1,986,260</u>
Net operating income (loss)	<u>\$ (9,875,617)</u>	<u>\$ (10,711,240)</u>	<u>\$ (8,563,254)</u>	<u>\$ 2,147,986</u>
Nonoperating revenues (expenses):				
Commonwealth of Virginia State				
Compensation Board	\$ 8,694,909	\$ 8,694,909	\$ 8,653,806	\$ (41,103)
Other State grants	723,545	1,172,741	1,129,314	(43,427)
Coronavirus relief fund	349,269	349,269	333,262	(16,007)
Interest and investment earnings	200,000	200,000	609,724	409,724
Principal payment on long-term debt	(1,277,500)	(1,277,500)	(1,277,500)	-
Interest and Bond Issuance Cost	(325,306)	(325,306)	(292,956)	32,350
Net nonoperating revenues (expenses)	<u>\$ 8,364,917</u>	<u>\$ 8,814,113</u>	<u>\$ 9,155,650</u>	<u>\$ 341,537</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,510,700)</u>	<u>\$ (1,897,127)</u>	<u>\$ 592,396</u>	<u>\$ 2,489,523</u>
Change in fund balance	<u>\$ (1,510,700)</u>	<u>\$ (1,897,127)</u>	<u>\$ 592,396</u>	<u>\$ 2,489,523</u>
Fund balance, beginning of year	<u>1,510,700</u>	<u>1,897,127</u>	<u>13,269,202</u>	<u>11,372,075</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,861,598</u>	<u>\$ 13,861,598</u>

This schedule is presented on the budgetary basis which is the modified accrual basis of accounting.

**NORTHWESTERN REGIONAL JAIL AUTHORITY**

**Reconciliation of the Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Operating Fund - Budgetary Basis to the Statement of Net Position and  
Statement of Revenues, Expenses and Changes in Net Position  
Year Ended June 30, 2025**

Fund balance, end of year	\$	13,861,598
Capital assets, net of accumulated depreciation		18,410,985
Deferred charge on refunding		368,236
Pension deferrals - deferred outflows		4,925,395
OPEB deferrals - deferred outflows		219,997
Long-term debt		(8,294,764)
Net pension liability		(4,211,830)
Net OPEB liability		(748,410)
Compensated absences		(1,610,475)
OPEB deferrals - deferred inflows		(133,859)
Pension deferrals - deferred inflows		(2,687,165)
		20,099,708
Net position, per Statement of Net Position	\$	20,099,708
Reconciliation of excess (deficiency) of revenues over (under) expenditures to change in net position per the Statement of Revenues, Expenses, and Changes in Net Position:		
Change in fund balance	\$	592,396
Purchase of capital assets		386,669
Depreciation expense		(1,541,689)
Principal payment on long-term debt		1,293,098
Amortization of bond premium/refunding		(10,623)
Increase (decrease) in pension deferred outflows of resources		652,958
Increase (decrease) in OPEB deferred outflows of resources		5,543
(Increase) decrease in compensated absences		(72,870)
(Increase) decrease in net pension liability		370,681
(Increase) decrease in net OPEB liability		64,861
(Increase) decrease in OPEB deferred inflows of resources		(9,828)
(Increase) decrease in pension deferred inflows of resources		16,713
		1,747,909
Change in net position	\$	1,747,909

NORTHWESTERN REGIONAL JAIL AUTHORITY

Schedule of Revenues - Operating Fund  
Year Ended June 30, 2025  
(With Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
Interest on investments and earnings	\$ 609,724	\$ 508,158
Commonwealth of Virginia jail costs	1,526,652	1,379,917
Commonwealth of Virginia State Compensation Board	8,653,806	8,131,607
Other State grants	1,129,314	1,108,430
Coronavirus relief and ARPA funds	333,262	255,000
Prisoner Housing:		
Federal	28,160	9,625
Work release	305,329	308,386
Miscellaneous	24,558	51,137
Telephone commissions	561,328	544,479
Food and staff reimbursements	109,727	102,504
Electronic monitoring fees	41,454	39,524
Drug testing fees	-	30
Client supervision fees	25,996	22,883
Medical and health reimbursement	49,591	44,606
Local Contributions:		
Clarke	462,795	503,038
Frederick	7,238,116	7,110,636
Winchester	5,197,190	5,157,301
Fauquier	2,528,404	2,707,119
Total revenues	<u>\$ 28,825,406</u>	<u>\$ 27,984,380</u>
% of Local Contributions:		
Clarke	3.00%	3.25%
Frederick	46.92%	45.94%
Winchester	33.69%	33.32%
Fauquier	16.39%	17.49%

The schedule has been prepared on the modified accrual basis of accounting.

**NORTHWESTERN REGIONAL JAIL AUTHORITY**

**Schedule of Expenditures - Operating Fund  
Year Ended June 30, 2025  
(With Comparative Totals for 2024)**

	<u>2025</u>	<u>2024</u>
Personnel	\$ 13,455,715	\$ 13,015,448
Fringes	6,969,076	6,673,554
Professional Health Services	1,788,863	1,011,673
Professional Services	52,390	57,800
Repair and Maintenance	200,912	153,165
Maintenance Service Contracts	94,745	79,190
Printing and Binding	3,791	4,522
Contractual Services	35,217	29,061
Gasoline	130	522
Electrical Service	346,637	318,092
Heating Service	36,161	30,839
Water and Sewer	288,777	351,806
Postage and Telephone	48,488	49,031
Internet Access	28,827	21,677
Boiler Insurance	6,454	6,740
Fire Insurance	32,406	31,842
Motor Vehicle Insurance	9,124	7,951
Surety Bonds and Public Officials Liability	11,578	12,125
General Liability Insurance	14,681	14,372
Line of Duty Program	44,550	43,180
Office Supplies	85,393	93,590
Food Supplies and Food Services	1,509,234	1,380,147
Food Service - Small Equipment	10,777	13,146
Agricultural Supplies	7,572	3,486
Medical and Laboratory	740,809	531,708
Laundry, Housekeeping, and Janitorial	100,691	122,806
Repair and Maintenance Supplies	62,499	74,335
Vehicle and Powered Equipment Supplies	7,685	2,184
Vehicle Fuels and Lubricants	17,312	20,585
Police Supplies	222,881	205,696
Uniforms and Wearing Apparel	72,590	59,628
Books and Subscriptions	1,107	7,157
Other Operating Supplies	41,108	37,498
Travel	156,074	123,547
Travel - Inmate Transports	1,879	8,440
Dues and Memberships	5,820	5,729
Operating and Reserve Funding	(294,628)	(95,466)
Machinery and Equipment	109,706	177,328
Motor Vehicles and Equipment	144,384	109,837
Integrated technology equipment	132,077	1,377,744
Lease/Rent of Equipment	59,062	70,671
Debt Service Payments		
Principal	1,277,500	1,231,250
Interest and Bond Issuance Cost	292,956	352,925
Total expenditures	<u>\$ 28,233,010</u>	<u>\$ 27,826,561</u>

The schedule has been prepared on the modified accrual basis of accounting.

**NORTHWESTERN REGIONAL JAIL AUTHORITY**

**Schedule of Per Diem Rates and Per Diem Revenues  
Last Five Fiscal Years**

Per Diem Rates		
Fiscal Year Ended June 30,	Non- Participating Jurisdictions (Local)	Non- Participating Jurisdictions (Federal)
2025	\$ 79.32	\$ 55.00
2024	79.32	55.00
2023	79.32	55.00
2022	79.32	55.00
2021	79.32	55.00

Per Diem Revenues						
Fiscal Year Ended June 30,	Clarke County	Fauquier County	Frederick County	City of Winchester	Participating Jurisdictions Per Diem Total	Non- Participating Jurisdictions, Including Federal
2025	\$ 462,795	\$ 2,528,404	\$ 7,238,116	\$ 5,197,190	\$ 15,426,505	\$ 28,160
2024	503,038	2,707,119	7,110,636	5,157,301	15,478,094	9,625
2023	616,757	2,858,022	7,258,753	5,626,066	16,359,598	1,760
2022	509,978	2,473,326	5,788,868	4,900,166	13,672,338	550
2021	476,172	2,357,055	5,520,958	4,872,834	13,227,019	1,760

## NORTHWESTERN REGIONAL JAIL AUTHORITY

### Demographic Information of the Service Area

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The Authority's service area is spread over the area covered by the Participating Jurisdictions, all of which are located in the northwestern part of Virginia, near Maryland and West Virginia.

The following table shows the total population of the Participating Jurisdictions during the forty-year period of 1980 to 2020.

<u>Locality</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
Clarke County	9,965	12,101	12,652	14,034	14,783
Fauquier County	35,889	48,860	55,139	65,203	72,972
Frederick County	34,150	45,723	59,209	78,305	91,419
City of Winchester	20,217	21,947	23,585	26,203	28,120
Total	<u>100,221</u>	<u>128,631</u>	<u>150,585</u>	<u>183,745</u>	<u>207,294</u>

Sources: Weldon-Cooper Center for Public Service, University of Virginia, for years 1980, 1990, 2000, 2010, and 2020

**NORTHWESTERN REGIONAL JAIL AUTHORITY**

**Authority Inmate Population Statistics  
Last Five Fiscal Years**

The tables below show the inmate population statistics for the last five fiscal years. The Authority accepts inmates from non-participating jurisdictions (including federal detainees) on a space-available basis.

**Inmate Days**

Fiscal Year Ended June 30,	From Clarke County	From Fauquier County	From Frederick County	From City of Winchester	Non- Participating Jurisdictions (other than		Total
					Federal)	Federal	
2025	5,595	35,941	88,916	82,904	2,948	545	216,849
2024	6,936	38,601	84,392	75,017	3,926	171	209,043
2023	6,529	31,725	89,391	70,151	3,457	20	201,273
2022	5,008	35,484	102,348	71,765	3,789	12	218,406
2021	7,628	37,407	107,780	73,146	3,947	15	229,923

**Average Daily Population (ADP)**

Fiscal Year Ended June 30,	From Clarke County	From Fauquier County	From Frederick County	From City of Winchester	Non- Participating Jurisdictions (other than		Total
					Federal)	Federal	
2025	15.0	98.0	244.0	227.0	8.0	2.00	594.00
2024	19.0	105.0	231.0	205.0	11.0	0.47	571.47
2023	18.0	87.0	245.0	192.0	9.0	0.00	551.00
2022	14.0	97.0	280.0	197.0	10.0	0.04	598.04
2021	21.0	103.0	295.0	200.0	11.0	0.04	630.04

**NORTHWESTERN REGIONAL JAIL AUTHORITY**

**Participating Jurisdictions - Other Jail Facilities  
Last Five Fiscal Years**

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As described in the Regional Jail Agreement, all of the Participating Jurisdictions, except Fauquier County, are required to commit their respective inmates to the Authority for housing in the Jail Facilities. Fauquier County sends its inmates to the Jail Facilities on an as-needed basis. Fauquier County maintains its own jail facilities which have a rated capacity of 56 beds. The average daily inmate population housed in the Fauquier County jail facilities for the last five fiscal years is set out in the table below.

<b>Fauquier County Adult Detention Center</b>		
<b>Fiscal Year Ended June 30,</b>	<b>Rated Inmate Capacity</b>	<b>Average Daily Inmate Population</b>
2025	56	44
2024	56	29
2023	56	27
2022	56	42
2021	56	45

**NORTHWESTERN REGIONAL JAIL AUTHORITY**

**Debt Service Coverage  
Last Ten Fiscal Years**

Fiscal Year	Gross Revenue	Other Available Credits (1)	Operating Expenses	Net revenues available for debt service	Debt Service		Coverage
					Principal	Interest	
2025	\$ 28,825,406	\$ 3,226,160	\$ 26,662,554	\$ 5,389,012	\$ 1,277,500	\$ 292,956	343.15%
2024	27,984,380	3,225,838	26,242,386	4,967,832	1,231,250	352,925	313.59%
2023	27,262,549	3,225,515	22,467,745	8,020,319	1,176,250	415,713	503.80%
2022	24,079,823	3,225,192	22,547,273	4,757,742	1,142,500	454,115	297.99%
2021	22,281,168	-	21,442,263	838,905	1,096,250	492,538	52.80%
2020	23,041,736	-	20,179,762	2,861,974	1,052,500	528,069	181.07%
2019	21,636,935	-	20,840,195	796,740	1,012,500	562,448	50.59%
2018	21,536,243	-	19,316,275	2,219,968	982,500	605,956	139.76%
2017	20,831,622	-	19,267,391	1,564,231	890,000	654,041	101.31%
2016	20,279,989	-	18,575,950	1,704,039	725,000	633,670	125.42%

(1) Other available credits reflect funds in excess of Operating Reserve Requirement and Repair and Replacement Fund Requirement per the Master Indenture that have been set aside in an Excess Reserve Account by the Authority.

**- COMPLIANCE SECTION -**



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

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To the Members of the Board  
Northwestern Regional Jail Authority  
Winchester, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities and aggregate remaining fund information of Northwestern Regional Jail Authority as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Northwestern Regional Jail Authority's basic financial statements and have issued our report thereon dated December 31, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Northwestern Regional Jail Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Northwestern Regional Jail Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Northwestern 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 Northwestern Regional Jail Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of This Report

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

*Robinson, Farnell, Cox Associates*

Charlottesville, Virginia  
December 30, 2025