

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

ALBERTA, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT



YEAR ENDED
JUNE 30, 2021

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

ALBERTA, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT



**YEAR ENDED
JUNE 30, 2021**

**CRYSTAL WILLETT
SUPERINTENDENT**

**BRENT WRIGHT
DEPUTY SUPERINTENDENT**

**JENNIFER DERRENBACHER, CPA
FINANCE DIRECTOR**

MEHERRIN RIVER REGIONAL JAIL AUTHORITY ANNUAL COMPREHENSIVE FINANCIAL REPORT

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MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Serving the following
Localities:

Brunswick County
Dinwiddie County
Mecklenburg
County

Crystal L. Willett
Superintendent

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

October 20, 2021

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

Dear Authority Board Members:

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the Meherrin River Regional Jail Authority (Jail Authority) for the fiscal year ended June 30, 2021. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. This letter should be read in conjunction with the Management's Discussion and Analysis, which can be found in the Financial Section of the report.

PROFILE OF THE ORGANIZATION

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

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

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

ECONOMIC CONDITIONS

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

Brunswick County's population growth rate was projected to decrease by -1.39% with a total population of 17,191 estimated for 2020. This percentage was skewed due to a prison closing during the study period and is not reflective of the actual population. Brunswick County is in fact expected to have an increase in population due to increased development in the county. Dinwiddie County's population growth rate was expected to be approximately 5.50%, with a total population of 29,542 estimated for 2020. Mecklenburg County's population growth rate was expected to be approximately 0.46%, with a total population of 32,877 estimated for 2020. The July 1, 2020 estimates will not be updated until the second half of 2021 to include the currently delayed April 1st 2020 Decennial Census Count.

The inmate population for the past year was 402. The inmate population is budgeted to be 400 in fiscal year 2022.

MAJOR ACCOMPLISHMENTS AND INITIATIVES

In addition to continuing to maintain all of our efforts in response to COVID-19, many accomplishments were realized within Meherrin River Regional Jail Authority. The Jail received the "Certificate of Achievement for Excellence in Financial Reporting" for the eighth year as well as received the "Distinguished Budget Presentation Award" for the sixth year. We continued to provide a safe, secure and sanitary facility for staff and offenders while maintaining cost saving measures in our operation.

In our efforts to maintain costs, we evaluated different divisions and contracts and realized over \$268,304 in savings as a result. Our "Just Like Home" meal program continued to grow and revenues increased 50% over the past year. In addition, we negotiated a new contract with GTL that will become effective in fiscal year 2022 as a result of the Request for Proposal process. As a result, our minimum annual guarantee doubled and many value-added services, such as software to assist with automated rounds, tablets for the offenders, mail scanning and a body scanner for the Intake division were secured.

Over this past fiscal year, we applied and received grant funding to help with our response to the pandemic. We were awarded \$134,463 through three different grants.

The staff of Meherrin River Regional Jail Authority works hard each year to give back to the communities and offer assistance to our local agencies. Over the course of the past year, the charitable and community-based outreach activities have helped make the facility shine amongst the citizens of our user jurisdictions. In addition to participating in such events as The Fraternal Order of Police, South Hill Lodge #51, serving Mecklenburg and Brunswick Counties, "Cops and Kids" program, and donating items to families in need during the holidays, we assisted Brunswick County with the packaging of personal protective equipment for their citizens. In addition, we assisted our Academy in providing instructors for the Jail Basic Academies held throughout the year as well as opened our facility to their students to complete the cell search portion of their training.

Moving forward, the Jail plans to initiate and develop a workable plan between the Community Services Board and the local hospital in regard to establishing protocol and procedures for offenders needing inpatient mental health treatment. In addition, we hope to establish a partnership with Southside Virginia Community College to allow for offenders to gain college credits and/or certifications.

RELEVANT FINANCIAL POLICIES

The Capital Reserve Fund will increase to \$1,726,443 for the year ended June 30, 2021 after the required year-end transfer. A formal Capital Reserve Fund policy was established in fiscal year 2019 to meet the future capital needs of the Jail such as vehicles, significant building improvements, etc. thus preventing an increase in the Jail Authority's operating budget. The adopted policy requires, annually at the conclusion of the annual audit, funds equal to 15% of the increase in operating net position to be transferred to the Capital Reserve Fund for the purpose of providing cash reserves for the procurement of future capital requirements.

The Rate Stabilization Fund will increase to \$715,748 for the year ended June 30, 2021 after the required year-end transfer. The Rate Stabilization Fund was revised in fiscal year 2021 to meet the future budget needs of the Jail. The revised policy requires, annually at the conclusion of the annual audit, funds equal to 20% of the increase in operating net position to be transferred to the Rate Stabilization Fund for the purpose of providing cash reserves to offset large increases in operational per diems.

The Operating Reserve Fund was increased to \$2,605,334 as required by the Jail Authority's service agreement. The service agreement requires that an Operating Reserve Fund be equal to not less than 60 days of the Jail Authority's projected annual budget for each year less debt service or such other amount as is required by the provisions of such obligations.

The Authority Board determined that it would be prudent and beneficial to the financial management of the Authority and its Member Jurisdictions to establish an additional reserve fund in excess of the legally required reserves. The Supplemental Reserve Fund Requirement is equal to 17% of the Authority's projected operating budget for each year, less debt service. The balance in the Supplemental Reserve Fund for the year ended June 30, 2021 was \$2,657,440.

INDEPENDENT AUDIT

The certified public accounting firm of Robinson, Farmer, Cox Associates has audited the June 30, 2021 financial statements. Their opinion on the financial statements is presented in the financial section of this report.

ACKNOWLEDGMENTS

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

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

Respectfully submitted,



Crystal Willett
Superintendent



Jennifer Derrenbacher, CPA
Finance Director

MEHERRIN RIVER REGIONAL JAIL AUTHORITY
Year Ended June 30, 2021

Officers

Chairman	W. Kevin Massengill Dinwiddie County Administrator
Vice-Chairman	Dr. Charlette T. Woolridge Brunswick County Administrator
Secretary	H. Wayne Carter, III Mecklenburg County Administrator

Other Members

Sheriff Brian K. Roberts, Brunswick County Sheriff

Bernard L. Jones, Brunswick County Board of Supervisors

Sheriff “Duck” Adams, Dinwiddie County Sheriff

William D. Chavis, Dinwiddie County Board of Supervisors

Sheriff R. W. “Bobby” Hawkins, Mecklenburg County Sheriff

Tom Tanner, Mecklenburg County Board of Supervisors

Counsel

William H. Hefty, Esq.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Meherrin River Regional Jail Authority
Virginia**

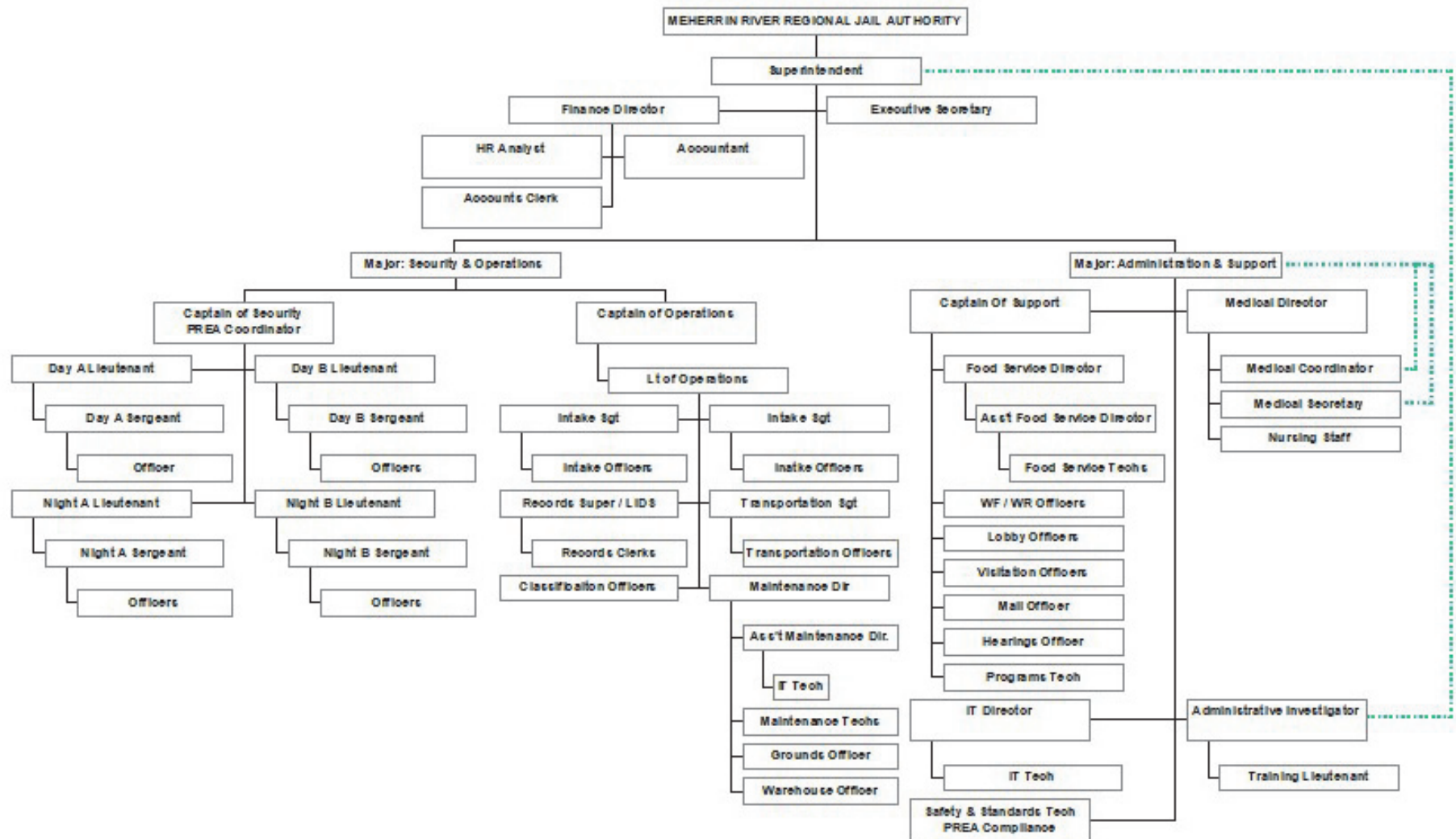
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

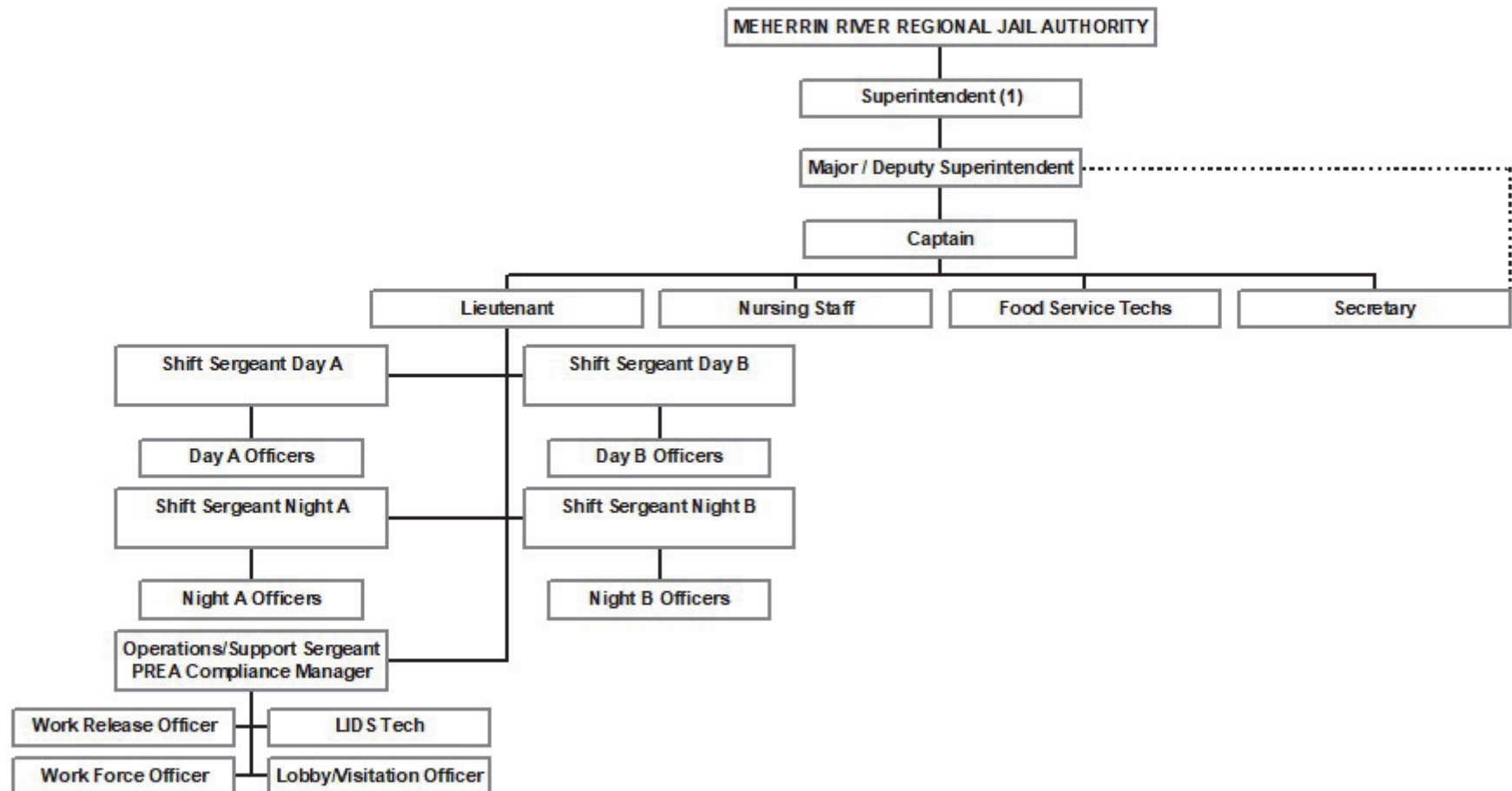
Christopher P. Morrell

Executive Director/CEO

Meherrin River Regional Jail – Alberta Organizational Structure



Meherrin River Regional Jail - Mecklenburg
Organizational Structure





ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

**To the Members of
Meherrin River Regional Jail Authority
Alberta, Virginia**

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and remaining fund information of Meherrin River Regional Jail Authority, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Meherrin River Regional Jail Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and remaining fund information of Meherrin River Regional Jail Authority, as of June 30, 2021, and the changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 14 to the financial statements, in 2021, Meherrin River Regional Jail Authority adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 14 to the financial statements, in 2021, Meherrin River Regional Jail Authority restated beginning balances to reflect the requirements of GASB Statement No. 84. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-9 and schedules related to pension and OPEB funding on pages 62-72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Meherrin River Regional Jail Authority's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2021, on our consideration of Meherrin River Regional Jail Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Meherrin River Regional Jail Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Meherrin River Regional Jail Authority's internal control over financial reporting and compliance.

Robinson Farn Cox Associates

Charlottesville, Virginia
October 20, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following is management's discussion and analysis of the Jail Authority's financial performance for the year ended June 30, 2021. It should be read in conjunction with the letter of transmittal in the Introductory Section, the Jail Authority's financial statements and supplemental information included in the Financial Section and financial performance in the Statistical Section.

FINANCIAL HIGHLIGHTS

Fiscal Year 2021:

- The Jail Authority's net position increased \$3,084,166 in FY 2021.
- Total revenues of the Jail for FY 2021 were \$17,910,997.
- Total expenses of the Jail for FY 2021 were \$14,826,831.

Fiscal Year 2020:

- The Jail Authority's net position increased \$2,462,984 in FY 2020.
- Total revenues of the Jail for FY 2020 were \$17,761,720.
- Total expenses of the Jail for FY 2020 were \$15,298,736.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The following table summarizes the net position of the Jail at June 30, 2021 and 2020:

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

**Statements of Net Position
At June 30, 2021 and 2020**

NET POSITION	2021	2020
Current and other assets	\$ 23,782,493	\$ 20,827,511
Capital assets, net	55,375,867	56,880,223
Total assets	\$ 79,158,360	\$ 77,707,734
Deferred outflows of resources	\$ 3,191,429	\$ 3,309,965
Long-term liabilities, net	\$ 36,876,026	\$ 38,570,390
Other liabilities	3,948,067	4,065,530
Total liabilities	\$ 40,824,093	\$ 42,635,920
Deferred inflows of resources	\$ 422,925	\$ 733,786
Net position:		
Net investment in capital assets	\$ 24,740,913	\$ 24,943,926
Restricted for debt service	18,682	74,425
Restricted for net pension asset	1,367,526	1,663,120
Restricted for net OPEB asset	12,648	18,258
Restricted for inmate benefits	411,328	-
Unrestricted	14,551,674	10,948,264
Total net position	\$ 41,102,771	\$ 37,647,993

Overall net position increased 9.18% in 2021, with unrestricted net position increasing 32.91% for 2021. Comparatively, overall net position increased 7.00% in 2020, with unrestricted net position increasing 9.67% for 2020.

The increase in unrestricted net position in FY 2021 is primarily attributable to vacancy savings from Compensation Board funded positions and a \$370,612 restatement of net position related to the implementation of GASB 84.

The increase in unrestricted net position in FY 2020 is primarily attributable to vacancy savings from Compensation Board funded positions.

REVENUES

Operating and nonoperating revenues for the Jail Authority totaled \$17,910,997 for the year ended June 30, 2021, which equates to a \$149,277 increase from fiscal year 2020. This amount is primarily attributable to several grants that were awarded to the Jail. Of this total, per-diem billings to member jurisdictions totaled \$6,241,795 or 41.11 percent of total operating revenues. Per-diem billings to non-member jurisdictions totaled \$522,561 and accounted for 3.44 percent of total operating revenues. The revenues received from the state totaled \$7,347,308 or 48.39 percent of total operating revenues. Inmate and other revenues totaled \$1,070,885 or 7.06 percent of total operating revenues.

A summary of revenues for the years ended June 30, 2021 and 2020 is presented in the following computation:

<u>REVENUE SOURCE</u>	<u>2021</u>	<u>2020</u>
Operating Revenue:		
Member Jurisdictions		
Brunswick County	\$ 1,969,881	\$ 2,001,849
Dinwiddie County	1,288,679	1,223,587
Mecklenburg County	2,983,235	2,906,960
Subtotal	<u>\$ 6,241,795</u>	<u>\$ 6,132,396</u>
State Share of Jail Operations		
Compensation Board	<u>\$ 7,347,308</u>	<u>\$ 7,038,397</u>
Subtotal	<u>\$ 7,347,308</u>	<u>\$ 7,038,397</u>
Charges for Services		
Work Release	\$ 22,130	\$ 33,610
Weekender Fees	12,489	10,919
Home Incarceration	7,130	8,395
Medical Co-Pays	13,606	12,110
Medical Reimbursement	45,134	12,999
Daily Fees	129,828	98,614
Inmate Phones	270,000	270,000
Internet Visitation	25,040	13,581
Bed Rentals	522,561	1,180,955
Dining Operations	302,900	204,779
Miscellaneous Revenue	242,628	90,622
Subtotal	<u>\$ 1,593,446</u>	<u>\$ 1,936,584</u>
Total Operating Revenue	<u>\$ 15,182,549</u>	<u>\$ 15,107,377</u>
Nonoperating Revenue:		
Local Share of Debt Service	\$ 2,552,643	\$ 2,550,043
Grant Income	134,463	5,811
Interest and investment earnings (losses)	41,342	98,489
Total Nonoperating Revenue	<u>\$ 2,728,448</u>	<u>\$ 2,654,343</u>
Total Revenue	<u><u>\$ 17,910,997</u></u>	<u><u>\$ 17,761,720</u></u>

EXPENSES

Operating expenses totaled \$13,420,086 for the year ended June 30, 2021. Of this amount, salaries and employee benefits totaled \$7,164,546, medical services and supplies totaled \$2,213,213, and food service and supplies totaled \$536,789. Salaries and wages decreased as a result of staff vacancies.

Operating expenses totaled \$13,856,953 for the year ended June 30, 2020. Of this amount, salaries and employee benefits totaled \$8,052,856, medical services and supplies totaled \$2,120,117, and food service and supplies totaled \$479,546.

Summary data for the years ended June 30, 2021 and 2020 are presented in the following computation:

EXPENSE CLASSIFICATION

	<u>2021</u>	<u>2020</u>
Operating Expenses:		
Salaries and Wages	\$ 5,041,488	\$ 5,654,081
Fringe Benefits	2,123,058	2,398,775
Professional Services	81,331	65,177
Medical Services and Supplies	2,213,213	2,120,117
Materials and Supplies	1,258,701	942,122
Food Services and Supplies	536,789	479,546
Utilities	576,313	598,500
Depreciation	<u>1,589,193</u>	<u>1,598,635</u>
Total Operating Expenses	\$ <u>13,420,086</u>	\$ <u>13,856,953</u>
Nonoperating Expenses:		
Interest Expense	\$ <u>1,406,745</u>	\$ <u>1,441,783</u>
Total Nonoperating Expense	\$ <u>1,406,745</u>	\$ <u>1,441,783</u>
Total Expense	\$ <u><u>14,826,831</u></u>	\$ <u><u>15,298,736</u></u>

SUMMARY OF OPERATIONS & CHANGE IN NET POSITION

Net Position increased by \$3,084,166 for the year ended June 30, 2021. This amount includes \$1,321,703 in nonoperating revenues and expenses.

Summary data is presented in the following computation:

SUMMARY OF OPERATIONS & CHANGE IN NET POSITION

	<u>2021</u>	<u>2020</u>
Operating:		
Revenues	\$ 15,182,549	\$ 15,107,377
Expenses	<u>13,420,086</u>	<u>13,856,953</u>
Net operating income (loss)	\$ <u>1,762,463</u>	\$ <u>1,250,424</u>
Nonoperating:		
Revenues	\$ 2,728,448	\$ 2,654,343
Expenses	<u>1,406,745</u>	<u>1,441,783</u>
Net nonoperating income (loss)	\$ <u>1,321,703</u>	\$ <u>1,212,560</u>
Increase (decrease) in net position	\$ <u>3,084,166</u>	\$ <u>2,462,984</u>
Net position, beginning of year	\$ <u>37,647,993</u>	\$ <u>35,185,009</u>
Restatement	<u>370,612</u>	<u>-</u>
Net position, beginning of year, as restated	\$ <u>38,018,605</u>	\$ <u>35,185,009</u>
Net position, end of year	<u>\$ 41,102,771</u>	<u>\$ 37,647,993</u>

FINANCIAL ANALYSIS OF JAIL FUNDS

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

Jail operations ended fiscal year 2021 with a \$3,084,166 increase in total net position. Jail operations ended fiscal year 2020 with a \$2,462,984 increase in total net position.

The Operating Reserve Fund totals \$2,605,334, which equates to 60 days of the Jail Authority's annual budget less debt service as required by the Jail Authority's service agreement. The Rate Stabilization Fund totals \$715,748 at the end of FY 2021 and includes an annual transfer as required by the Rate Stabilization Fund policy. The Capital Reserve Fund totaling \$1,726,443 represents proceeds from VRA Bonds remaining after construction along with interest and an annual transfer as required by the Capital Reserve Fund policy. The Supplemental Reserve Fund totals \$2,657,440, which equates to 17% of the Jail Authority's annual budget less debt service.

The Jail Authority's cash position remains strong with \$18,148,671 in unrestricted funds.

DEBT ADMINISTRATION

The Jail Authority had total long-term bonds outstanding of \$37,245,967 on June 30, 2021. This amount is comprised of a Series 2016 VRA bond which is the result of an advance refunding of the Series 2010 VRA bond. In addition, the Jail Authority has two leases, with outstanding balances of \$113,298 at year-end and an equipment loan with an outstanding balance of \$98,800. For more detailed information on long-term debt activity refer to Note 6 of the notes to these financial statements.

CAPITAL ASSETS

Capital assets with a unit cost of \$5,000 or more are capitalized and depreciated over their useful lives using the straight-line method. As of June 30, 2021, capital assets, accumulated depreciation and depreciation expense totaled \$69,456,399, \$14,080,532 and \$1,589,193, respectively. For more detailed information on capital assets activity refer to Note 5 of the notes to these financial statements.

JAIL AUTHORITY'S PER DIEM RATES

The debt service component and the operating component of the per diem charge is invoiced quarterly by the Jail Authority in advance of service and is payable no later than the last day of the first month of each calendar quarter. The Member Jurisdictions agree to pay their ratable share of the per diem charge as budgeted by the Jail Authority in accordance with the percentages established annually, notwithstanding the actual number of inmates committed or expected to be committed to the system, subject to a fiscal year-end adjustment to reflect annual use of the system. The operational per diem rates were \$42.75 and \$42.00 for 2021 and 2020 respectively. The debt service per diem rates were \$17.48 and \$17.47 for 2021 and 2020 respectively.

REQUEST FOR INFORMATION

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Statement of Net Position

June 30, 2021

ASSETS	<u>Operating</u>	<u>Commissary</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 18,148,671	\$ -	\$ 18,148,671
Held in escrow with trustee	45,380	-	45,380
Accounts receivable	96,735	-	96,735
Grants receivable	21,288	-	21,288
Prepaid expense	130,789	-	130,789
Due from localities	408,390	-	408,390
Due from state	572,729	-	572,729
Due from federal government	15,361	-	15,361
Cash held for employees - restricted	935	-	935
Cash held for inmates - restricted	<u>-</u>	<u>411,328</u>	<u>411,328</u>
Total current assets	\$ <u>19,440,278</u>	\$ <u>411,328</u>	\$ <u>19,851,606</u>
Noncurrent assets:			
Restricted cash and cash equivalents	\$ 1,549,383	\$ -	\$ 1,549,383
Restricted investments	1,001,330	-	1,001,330
Net pension asset	1,367,526	-	1,367,526
Net OPEB asset	12,648	-	12,648
Capital assets:			
Land	1,061,626	-	1,061,626
Other capital assets, net of accumulated depreciation	<u>54,314,241</u>	<u>-</u>	<u>54,314,241</u>
Net capital assets	\$ <u>55,375,867</u>	\$ <u>-</u>	\$ <u>55,375,867</u>
Total noncurrent assets	<u>59,306,754</u>	<u>-</u>	<u>59,306,754</u>
Total assets	\$ <u>78,747,032</u>	\$ <u>411,328</u>	\$ <u>79,158,360</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pension	\$ 895,373	\$ -	\$ 895,373
Deferred outflows of resources related to OPEB	138,774	-	138,774
Deferred charge on refunding	<u>2,157,282</u>	<u>-</u>	<u>2,157,282</u>
Total deferred outflows of resources	\$ <u>3,191,429</u>	\$ <u>-</u>	\$ <u>3,191,429</u>

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Statement of Net Position (Continued)

June 30, 2021

	<u>Operating</u>	<u>Commissary</u>	<u>Total</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 216,229	\$ -	\$ 216,229
Claims payable	53,379	-	53,379
Due to localities	1,310,207	-	1,310,207
Due to members	454,015	-	454,015
Accrued payroll	1,036	-	1,036
Current portion of compensated absences	44,049	-	44,049
Current portion of long-term debt	1,492,611	-	1,492,611
Interest payable	376,541	-	376,541
Total current liabilities	\$ <u>3,948,067</u>	\$ <u>-</u>	\$ <u>3,948,067</u>
Noncurrent liabilities:			
Bonds, loan and leases payable, net of current portion	\$ 35,965,454	\$ -	\$ 35,965,454
Compensated absences, net of current portion	396,444	-	396,444
Net OPEB liabilities	514,128	-	514,128
Total noncurrent liabilities	\$ <u>36,876,026</u>	\$ <u>-</u>	\$ <u>36,876,026</u>
Total liabilities	\$ <u>40,824,093</u>	\$ <u>-</u>	\$ <u>40,824,093</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pension	\$ 338,614	\$ -	\$ 338,614
Deferred inflows of resources related to OPEB	84,311	-	84,311
Total deferred inflows of resources	\$ <u>422,925</u>	\$ <u>-</u>	\$ <u>422,925</u>
NET POSITION			
Net investment in capital assets	\$ 24,740,913	\$ -	\$ 24,740,913
Restricted for debt service	18,682	-	18,682
Restricted for net pension asset	1,367,526	-	1,367,526
Restricted for net OPEB asset	12,648	-	12,648
Restricted for inmate benefits	-	411,328	411,328
Unrestricted	14,551,674	-	14,551,674
Total net position	\$ <u>40,691,443</u>	\$ <u>411,328</u>	\$ <u>41,102,771</u>

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Statement of Revenues, Expenses and Changes in Net Position Year Ended June 30, 2021

	<u>Operating</u>	<u>Commissary</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 1,350,818	\$ -	\$ 1,350,818
Local share of jail operations	6,241,795	-	6,241,795
State share of jail operations	7,347,308	-	7,347,308
Miscellaneous	<u>110,347</u>	<u>132,281</u>	<u>242,628</u>
Total operating revenues	\$ <u>15,050,268</u>	\$ <u>132,281</u>	\$ <u>15,182,549</u>
Operating expenses:			
Personnel	\$ 5,041,488	\$ -	\$ 5,041,488
Fringes	2,123,058	-	2,123,058
Contractual	2,263,961	30,583	2,294,544
Other charges	2,310,859	60,944	2,371,803
Depreciation	<u>1,589,193</u>	<u>-</u>	<u>1,589,193</u>
Total operating expenses	\$ <u>13,328,559</u>	\$ <u>91,527</u>	\$ <u>13,420,086</u>
Net operating income (loss)	\$ <u>1,721,709</u>	\$ <u>40,754</u>	\$ <u>1,762,463</u>
Nonoperating revenues (expenses):			
Local share of debt service	\$ 2,552,643	\$ -	\$ 2,552,643
Interest and investment earnings (losses)	41,302	40	41,342
Grant income	134,463	-	134,463
Interest expense	<u>(1,406,745)</u>	<u>-</u>	<u>(1,406,745)</u>
Net nonoperating revenues (expenses)	\$ <u>1,321,663</u>	\$ <u>40</u>	\$ <u>1,321,703</u>
Change in net position	\$ <u>3,043,372</u>	\$ <u>40,794</u>	\$ <u>3,084,166</u>
Net position, beginning of year	\$ 37,647,993	\$ -	\$ 37,647,993
Restatement for GASB 84 Implementation	<u>78</u>	<u>370,534</u>	<u>370,612</u>
Net position, beginning of year, as restated	\$ <u>37,648,071</u>	\$ <u>370,534</u>	\$ <u>38,018,605</u>
Net position, end of year	<u><u>\$ 40,691,443</u></u>	<u><u>\$ 411,328</u></u>	<u><u>\$ 41,102,771</u></u>

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

**Statement of Cash Flows
Year Ended June 30, 2021**

	<u>Operating</u>	<u>Commissary</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Charges for services	\$ 1,505,047	\$ 132,281	\$ 1,637,328
Revenue from localities	6,241,796	-	6,241,796
Revenue from state	7,253,875	-	7,253,875
Payments to suppliers	(4,504,225)	(91,527)	(4,595,752)
Payments to employees	<u>(7,508,060)</u>	<u>-</u>	<u>(7,508,060)</u>
Net cash provided by (used for) operating activities	<u>\$ 2,988,433</u>	<u>\$ 40,754</u>	<u>\$ 3,029,187</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Government grants	<u>\$ 116,252</u>	<u>\$ -</u>	<u>\$ 116,252</u>
Net cash provided by (used for) noncapital financing activities	<u>\$ 116,252</u>	<u>\$ -</u>	<u>\$ 116,252</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES			
Local share of debt service	\$ 2,552,643	\$ -	\$ 2,552,643
Release of funds by escrow agent	686	-	686
Principal paid on capital debt	(1,030,000)	-	(1,030,000)
Principal paid on equipment loan	(98,800)	-	(98,800)
Principal paid on leases	(50,659)	-	(50,659)
Interest paid on capital debt, loan and leases	(1,536,869)	-	(1,536,869)
Purchase of capital assets	<u>(84,837)</u>	<u>-</u>	<u>(84,837)</u>
Net cash provided by (used for) capital & related financing activities	<u>\$ (247,836)</u>	<u>\$ -</u>	<u>\$ (247,836)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and investment earnings	\$ 97,158	\$ 40	\$ 97,198
Purchase of investments	(1,003,482)	-	(1,003,482)
Proceeds from sale of investments	<u>2,500,000</u>	<u>-</u>	<u>2,500,000</u>
Net cash provided by (used for) investing activities	<u>\$ 1,593,676</u>	<u>\$ 40</u>	<u>\$ 1,593,716</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 4,450,525</u>	<u>\$ 40,794</u>	<u>\$ 4,491,319</u>
Cash and cash equivalents at beginning of year (including restricted), as restated	<u>15,248,464</u>	<u>370,534</u>	<u>15,618,998</u>
Cash and cash equivalents at end of year (including restricted)	<u><u>\$ 19,698,989</u></u>	<u><u>\$ 411,328</u></u>	<u><u>\$ 20,110,317</u></u>

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Statement of Cash Flow Year Ended June 30, 2021 (Continued)

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

	<u>Operating</u>	<u>Commissary</u>	<u>Total</u>
Operating Income (Loss)	\$ 1,721,709	\$ 40,754	\$ 1,762,463
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	1,589,193	-	1,589,193
Change in operating assets and liabilities and deferred outflows and inflows:			
(Increase) decrease in:			
Accounts receivable	38,362	-	38,362
Prepaid expense	(5,926)	-	(5,926)
Due from localities	(408,390)	-	(408,390)
Due from state	(107,048)	-	(107,048)
Due from federal government	64,006	-	64,006
Net pension asset	295,594	-	295,594
Net OPEB asset	5,610	-	5,610
Deferred outflows - pension related	(87,473)	-	(87,473)
Deferred outflows - OPEB related	6,614	-	6,614
Increase (decrease) in:			
Accounts payable	76,521	-	76,521
Claims payable	(76,459)	-	(76,459)
Due to localities/members	403,983	-	403,983
Compensated absences	(103,860)	-	(103,860)
Accrued payroll	(4,863)	-	(4,863)
Net OPEB liabilities	(108,279)	-	(108,279)
Deferred inflows - pension related	(323,078)	-	(323,078)
Deferred inflows - OPEB related	12,217	-	12,217
Net cash provided by (used for) operating activities	<u>\$ 2,988,433</u>	<u>\$ 40,754</u>	<u>\$ 3,029,187</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Assets donated to other agencies	\$ 28,549	\$ -	\$ 28,549

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

**Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021**

	Custodial Inmate Trust Funds
ASSETS	
Cash and cash equivalents	\$ <u>80,686</u>
Total assets	\$ <u>80,686</u>
LIABILITIES	
Accounts payable	\$ <u>73,918</u>
Total liabilities	\$ <u>73,918</u>
NET POSITION	
Restricted for inmates	\$ <u>6,768</u>
Total net position	\$ <u><u>6,768</u></u>

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

**Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2021**

	<u>Custodial Inmate Trust Funds</u>
ADDITIONS	
Contributions:	
Inmate deposits	\$ 935,255
Total contributions	<u>\$ 935,255</u>
Investment earnings:	
Interest	\$ 12
Total investment earnings	<u>\$ 12</u>
Total additions	<u>\$ 935,267</u>
DEDUCTIONS	
Commissary payments	\$ 418,288
Inmate phone payments	228,104
Paid to vendors on behalf of inmates	277
Fund sweep to Meherrin River Regional Jail	175,659
Paid to inmates (release/stipend/mail funds request)	123,130
Court payments for inmates	<u>2,260</u>
Total deductions	<u>\$ 947,718</u>
Net increase (decrease) in fiduciary net position	<u>\$ (12,451)</u>
Net position, beginning of year, as restated	<u>\$ 19,219</u>
Net position, end of year	<u><u>\$ 6,768</u></u>

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021

NOTE 1 – BASIS OF PRESENTATION:

The Financial Reporting Entity

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Basis of Accounting:

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

Operating revenues and expenses are defined as those items that result from providing services and include all transactions and events which are not capital and related financing, noncapital financing or investing activities. Nonoperating revenues are defined as grants, investment and other income. Nonoperating expenses are defined as capital and noncapital related financing and other expenses.

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

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

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

B. Cash and Cash Equivalents:

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

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

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

C. Investments:

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

D. Capital Assets:

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

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

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

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

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

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

E. Use of Estimates:

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

F. Bond Premium:

A premium of \$4,908,336 resulted from the refunding of bonds issued in association with the financing of jail construction. The premium is being amortized using the effective interest method over the life of the bond issue of 25 years. Amortization for FY 2021 totaled \$321,279. The balance of the unamortized bond premium at June 30, 2021 is \$3,475,967.

G. Net Position:

Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

H. Net Position Flow Assumption:

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

I. Vacation, Sick, and Holiday Leave:

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

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

J. Budget:

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

K. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Jail Authority has multiple items that qualify for reporting in this category. One item is the deferred charge on refunding. A deferred charge on refunding results from the difference in 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 the measurement of the net pension asset, the net OPEB asset, the net OPEB liabilities, and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension asset, net OPEB asset, and net OPEB liabilities measurement dates. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Jail Authority has one type of item that qualifies for reporting in this category. Certain items related to the measurement of the net pension asset, net OPEB asset, and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on this item, reference the related notes.

L. Pensions:

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

M. Other Postemployment Benefits (OPEB)

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

NOTE 3 – DEPOSITS AND INVESTMENTS:

Deposits:

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

Investments:

Statutes authorize the Jail Authority to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper that has received at least two of the following ratings: P-1 by Moody’s Investor Service, Inc.; A-1 by Standard and Poor’s; or F1 by Fitch Ratings, Inc., banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

Credit Risk of Investments:

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

Credit Risk of Debt Securities:

The Jail Authority’s rated debt investments as of June 30, 2021 were rated by Moody’s and the ratings are presented below using Moody’s rating scale.

<u>Rated Debt Investments Value</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Money market mutual funds	\$ 1,250
State Non-Arbitrage Pool	1,549,383
Local Government Investment Pool	1,269,937
Total	<u>\$ 2,820,570</u>

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

NOTE 3 – DEPOSITS AND INVESTMENTS: (CONTINUED)

Interest Rate Risk:

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

Investment Maturities (in years)			
	Value	Less than 1 Year	1-5 Years
U. S. Treasury Securities	\$ 1,000,080	\$ -	\$ 1,000,080
State Non-Arbitrage Pool	1,549,383	1,549,383	-
Local Government Investment Pool	1,269,937	1,269,937	-
Total	<u>\$ 3,819,400</u>	<u>\$ 2,819,320</u>	<u>\$ 1,000,080</u>

External Investment Pools:

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

NOTE 4 – FAIR VALUE MEASUREMENTS:

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

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

NOTE 4 – FAIR VALUE MEASUREMENTS: (CONTINUED)

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

Change in Fair Value of Investments:

Fair value at 6/30/21	\$	1,001,330
Add: Proceeds for investments sold		2,500,000
Less: Cost of Investments purchased		1,003,482
Less: Fair value at 6/30/20		<u>2,553,700</u>
Change in fair value of investments	\$	<u>(55,852)</u>

The Jail Authority has the following recurring fair value measurements as of June 30, 2021:

Investment	6/30/2021	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U. S. Treasury Securities	\$ 1,000,080	\$ 1,000,080	\$ -	\$ -
Money Market Mutual Funds	1,250	1,250	-	-
Total	<u>\$ 1,001,330</u>	<u>\$ 1,001,330</u>	<u>\$ -</u>	<u>\$ -</u>

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

NOTE 5 – CAPITAL ASSETS:

The following is a summary of changes in capital assets for the year ended June 30, 2021:

	<u>Balance July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2021</u>
Capital assets not being depreciated:				
Land	\$ 1,061,626	\$ -	\$ -	\$ 1,061,626
Total capital assets not being depreciated	\$ 1,061,626	\$ -	\$ -	\$ 1,061,626
Capital assets being depreciated:				
Land/site improvements - fencing	\$ 20,504	\$ -	\$ -	\$ 20,504
Buildings and improvements	65,203,786	-	-	65,203,786
Equipment, furniture, and fixtures	1,690,566	84,837	-	1,775,403
Vehicles	796,530	-	28,549	767,981
Intangibles	362,253	-	-	362,253
Leased equipment	264,846	-	-	264,846
Total capital assets being depreciated	\$ 68,338,485	\$ 84,837	\$ 28,549	\$ 68,394,773
Less: Accumulated depreciation				
Land/site improvements - fencing	\$ 9,226	\$ 1,025	\$ -	\$ 10,251
Buildings and improvements	10,446,529	1,308,536	-	11,755,065
Equipment, furniture, and fixtures	944,501	174,488	-	1,118,989
Vehicles	651,441	52,175	28,549	675,067
Intangibles	362,253	-	-	362,253
Leased equipment	105,938	52,969	-	158,907
Total accumulated depreciation	\$ 12,519,888	\$ 1,589,193	\$ 28,549	\$ 14,080,532
Net capital assets being depreciated	\$ 55,818,597	\$ (1,504,356)	\$ -	\$ 54,314,241
Total capital assets	\$ 56,880,223	\$ (1,504,356)	\$ -	\$ 55,375,867

Reconciliation of Net Investment in Capital Assets:

Net Capital Assets	\$ 55,375,867
Outstanding Bonds, Loan and Leases	(37,458,065)
Deferred Charge on Refunding	2,157,282
Unspent Proceeds - DSRF Deposit	2,532,031
Proceeds Spent on Operations	2,133,798
Net Investment in Capital Assets	\$ 24,740,913

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

NOTE 6 – LONG-TERM OBLIGATIONS:

The following is a summary of changes in long-term obligations for the year ended June 30, 2021:

	Balance July 1, 2020	Issuances	Reductions	Balance June 30, 2021	Due Within One Year
Direct borrowings and placements:					
Revenue bonds	\$ 34,800,000	\$ -	\$ 1,030,000	\$ 33,770,000	\$ 1,025,000
Add:					
Unamortized bond premium	3,797,246	-	321,279	3,475,967	315,676
Equipment loan	197,600	-	98,800	98,800	98,800
Total direct borrowings and placements	\$ 38,794,846	\$ -	\$ 1,450,079	\$ 37,344,767	\$ 1,439,476
Lease liabilities	163,957	-	50,659	113,298	53,135
Compensated absences	544,353	305,329	409,189	440,493	44,049
Net OPEB liabilities	622,407	200,662	308,941	514,128	-
Total Long-Term Obligations	\$ 40,125,563	\$ 505,991	\$ 2,218,868	\$ 38,412,686	\$ 1,536,660

Default Provisions

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

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

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

Year Ending June 30,	Direct Borrowings and Placements							
	Revenue Bonds		Equipment Loan		Lease Liabilities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 1,025,000	\$ 1,479,897	\$ 98,800	\$ 6,451	\$ 53,135	\$ 5,300	\$ 1,176,935	\$ 1,491,648
2023	1,080,000	1,425,956	-	-	55,732	2,702	1,135,732	1,428,658
2024	1,135,000	1,369,197	-	-	4,431	58	1,139,431	1,369,255
2025	1,195,000	1,309,491	-	-	-	-	1,195,000	1,309,491
2026	1,255,000	1,246,709	-	-	-	-	1,255,000	1,246,709
2027-2031	7,350,000	5,169,725	-	-	-	-	7,350,000	5,169,725
2032-2036	9,330,000	3,182,381	-	-	-	-	9,330,000	3,182,381
2037-2041	11,400,000	1,112,044	-	-	-	-	11,400,000	1,112,044
Total	\$ 33,770,000	\$ 16,295,400	\$ 98,800	\$ 6,451	\$ 113,298	\$ 8,060	\$ 33,982,098	\$ 16,309,911

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

NOTE 6 – LONG-TERM OBLIGATIONS: (CONTINUED)

Details of long-term obligations are as follows:

	<u>Total</u>
Direct Borrowings and Placements:	
Revenue Bonds Payable:	
\$33,770,000 VRA refunding bonds, Series 2016 issued November 16, 2016, interest at rates ranging from 3.375% to 5.125%, maturing in various quarterly installments ranging from \$23,798 to \$1,251,298 through October 10, 2040.	\$ 33,770,000
Add: Unamortized bond premium	<u>3,475,967</u>
Total revenue bonds payable	<u>\$ 37,245,967</u>
Equipment Loan:	
\$296,400 MTS agreement for a Pelco video enterprise video surveillance system, dated 1/10/19, due in three annual installments of \$118,465, including service fees and interest beginning April 30, 2020, with an interest rate of 5.40%.	\$ <u>98,800</u>
Total direct borrowings and placements	<u>\$ 37,344,767</u>
Lease Liabilities:	
\$47,400 IBM lease agreement for a server, dated 11/30/18, due in 60 monthly installments of \$898 beginning December 31, 2018, with an interest rate of 5.15%.	\$ 24,426
\$217,446 Dell lease agreement for computer equipment, dated 10/9/18, due in annual installments of \$47,662 beginning January 2019, with an interest rate of 4.70%. There is an option to purchase the equipment at the end of the lease for \$1.	<u>88,872</u>
Total lease liabilities	<u>\$ 113,298</u>
Compensated Absences	\$ 440,493
Net OPEB liabilities	<u>514,128</u>
Total long-term obligations	<u><u>\$ 38,412,686</u></u>

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

NOTE 6 – LONG-TERM OBLIGATIONS: (CONTINUED)

Advance Refunding

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

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

NOTE 7 – CONTRIBUTIONS FROM OTHERS:

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

The member localities of Brunswick County, Dinwiddie County, and Mecklenburg County contributed \$2,552,643 for debt service during FY 2021.

	<u>Amount</u>
Member Contributions Boydton	\$ -
Local Share of Debt Service	<u>2,552,643</u>
Total	<u><u>\$ 2,552,643</u></u>

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

NOTE 8 – PENSION PLAN:

Plan Description

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

Benefit Structures

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

NOTE 8 – PENSION PLAN: (CONTINUED)

Benefit Structures: (Continued)

- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

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

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

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

NOTE 8 – PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	11
Inactive members:	
Vested inactive members	12
Non-vested inactive members	123
Inactive members active elsewhere in VRS	<u>62</u>
Total inactive members	197
Active members	<u>139</u>
Total covered employees	<u><u>347</u></u>

Contributions

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

The Jail Authority's contractually required employer contribution rate for the year ended June 30, 2021 was 11.45% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from Jail Authority were \$522,236 and \$638,162 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Asset

The net pension asset or liability (NPA or NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For Jail Authority, the net pension asset was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2019 rolled forward to the measurement date of June 30, 2020.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

NOTE 8 – PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Meherrin River Regional Jail Authority Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

NOTE 8 – PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees: (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Meherrin River Regional Jail Authority Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

NOTE 8 – PENSION PLAN: (CONTINUED)

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

Mortality rates:

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS board action are as follows:

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (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	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

* The above allocation provides a one-year return of 7.14%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

NOTE 8 – PENSION PLAN: (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Meherrin River Regional Jail Authority was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2020 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balances at June 30, 2019	\$ 6,025,768	\$ 7,688,888	\$ (1,663,120)
Changes for the year:			
Service cost	\$ 943,053	\$ -	\$ 943,053
Interest	401,756	-	401,756
Differences between expected and actual experience	(1,988)	-	(1,988)
Contributions - employer	-	638,171	(638,171)
Contributions - employee	-	260,933	(260,933)
Net investment income	-	152,688	(152,688)
Benefit payments, including refunds of employee contributions	(147,646)	(147,646)	-
Administrative expenses	-	(4,371)	4,371
Other changes	-	(194)	194
Net changes	\$ 1,195,175	\$ 899,581	\$ 295,594
Balances at June 30, 2020	\$ 7,220,943	\$ 8,588,469	\$ (1,367,526)

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

NOTE 8 – PENSION PLAN: (CONTINUED)

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

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

	Rate		
	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Meherrin River Regional Jail Net Pension Liability (Asset)	(\$159,157)	(\$1,367,526)	(\$2,328,842)

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

For the year ended June 30, 2021, the Jail Authority recognized pension expense of \$407,289. At June 30, 2021, the Jail 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	\$ -	\$ 314,305
Changes of assumptions	112,004	24,309
Net difference between projected and actual earnings on pension plan investments	261,133	-
Employer contributions subsequent to the measurement date	522,236	-
Total	\$ 895,373	\$ 338,614

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

NOTE 8 – PENSION PLAN: (CONTINUED)

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

\$522,236 reported as deferred outflows of resources related to pensions resulting from the Jail Authority's contributions subsequent to the measurement date will be recognized as a component of the Net Pension Asset in the fiscal year ending June 30, 2022. 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>	
2022	\$ (169,494)
2023	47,310
2024	78,403
2025	78,304
2026	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB):

HEALTH INSURANCE CREDIT (HIC) PLAN:

Plan Description

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

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

HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

Plan Description: (Continued)

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>3</u>
Active members	<u>139</u>
Total covered employees	<u>142</u>

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

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

HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The Jail Authority's contractually required employer contribution rate for the year ended June 30, 2021 was .15% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Jail Authority to the HIC Plan were \$6,932 and \$8,484 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net HIC OPEB Asset

The Jail Authority's net HIC OPEB asset was measured as of June 30, 2020. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

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

HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

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

HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

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

HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	2.50%
	*Expected arithmetic nominal return		<u>7.14%</u>

*The above allocation provides a one-year return of 7.14%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

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

HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Asset

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 64,157	\$ 82,415	\$ (18,258)
Changes for the year:			
Service cost	\$ 8,554	\$ -	\$ 8,554
Interest	4,300	-	4,300
Differences between expected and actual experience	2,766	-	2,766
Contributions - employer	-	8,477	(8,477)
Net investment income	-	1,709	(1,709)
Benefit payments	(900)	(900)	-
Administrative expenses	-	(175)	175
Other changes	-	(1)	1
Net changes	\$ 14,720	\$ 9,110	\$ 5,610
Balances at June 30, 2020	\$ 78,877	\$ 91,525	\$ (12,648)

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

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

HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

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

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
Jail Authority's Net HIC OPEB Asset	\$	(1,508) \$	(12,648) \$	(21,842)

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

For the year ended June 30, 2021, the Jail Authority recognized HIC Plan OPEB expense of \$7,848. At June 30, 2021, the Jail Authority reported deferred outflows of resources and deferred inflows of resources related to the Jail Authority's HIC Plan from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	7,452	\$ 4,514
Net difference between projected and actual earnings on HIC OPEB plan investments		2,977	-
Change in assumptions		1,560	1,837
Employer contributions subsequent to the measurement date		6,932	-
Total	\$	18,921	\$ 6,351

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

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

HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

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

\$6,932 reported as deferred outflows of resources related to the HIC OPEB resulting from the Jail Authority's contributions subsequent to the measurement date will be recognized as a component of the Net HIC OPEB Asset in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2022	\$	629
2023		1,074
2024		1,078
2025		1,028
2026		208
Thereafter		1,621

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

GROUP LIFE INSURANCE (GLI) PLAN:

Plan Description

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

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

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

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

GROUP LIFE INSURANCE (GLI) PLAN: (CONTINUED)

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the entity were \$24,942 and \$27,867 for the years ended June 30, 2021 and June 30, 2020, 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, 2021, the Jail Authority reported a liability of \$431,228 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

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

GROUP LIFE INSURANCE (GLI) PLAN: (CONTINUED)

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

June 30, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was .02584% as compared to .02900% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$7,626. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, 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	\$ 27,659	\$ 3,873
Net difference between projected and actual earnings on GLI OPEB plan investments	12,954	-
Change in assumptions	21,566	9,004
Changes in proportionate share	32,732	65,083
Employer contributions subsequent to the measurement date	24,942	-
Total	<u>\$ 119,853</u>	<u>\$ 77,960</u>

\$24,942 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, 2022. 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>	
2022	\$ (2,324)
2023	1,335
2024	8,258
2025	12,951
2026	(1,739)
Thereafter	(1,530)

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

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

GROUP LIFE INSURANCE (GLI) PLAN: (CONTINUED)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

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

GROUP LIFE INSURANCE (GLI) PLAN: (CONTINUED)

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

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

GROUP LIFE INSURANCE (GLI) PLAN: (CONTINUED)

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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, 2020, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,523,937
Plan Fiduciary Net Position		1,855,102
GLI Net OPEB Liability (Asset)	\$	<u>1,668,835</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.64%

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.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

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

GROUP LIFE INSURANCE (GLI) PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.14%</u>

*The above allocation provides a one-year return of 7.14%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

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

GROUP LIFE INSURANCE (GLI) PLAN: (CONTINUED)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the Jail Authority for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
Jail Authority's proportionate share				
of the GLI Plan Net OPEB Liability	\$	566,882	\$ 431,228	\$ 321,064

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

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

LINE OF DUTY ACT (LODA)

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The Jail Authority's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The Jail Authority's LODA premium for the year ended June 30, 2021 was \$42,809.

MEHERRIN RIVER REGIONAL JAIL RETIREE MEDICAL PLAN

Plan Description

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

Benefits Provided

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

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

MEHERRIN RIVER REGIONAL JAIL RETIREE MEDICAL PLAN: (CONTINUED)

Plan Membership

At July 1, 2020 (measurement date), the following employees were covered by the benefit terms:

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

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Jail Authority Board. The amount paid by the Jail Authority for OPEB as the benefits came due during the year ended June 30, 2020 was \$0.

Total OPEB Liability

The Jail Authority's total OPEB liability was measured as of July 1, 2020. The total OPEB liability was determined by an actuarial valuation performed as of July 1, 2020.

Actuarial Assumptions

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.45%
Healthcare Trend Rate	5.00% per year
Salary Increases	2.50%

Mortality rates are based on RP-2014 Fully Generational Mortality Table, with base year 2006, projected using two-dimensional mortality improvement scale MP-2020.

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

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

MEHERRIN RIVER REGIONAL JAIL RETIREE MEDICAL PLAN: (CONTINUED)

Discount Rate

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

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances at June 30, 2019	\$ 150,500
Changes for the year:	
Service cost	\$ 2,300
Interest	5,200
Difference between expected and actual experience	(101,800)
Contributions - employer	25,400
Other changes	1,300
Net changes	\$ (67,600)
Balances at June 30, 2020	\$ 82,900

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

The following amounts present the total OPEB liability of the Jail Authority, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.45%) or one percentage point higher (3.45%) than the current discount rate:

<u>1% Decrease (1.45%)</u>	<u>Current Discount Rate (2.45%)</u>	<u>1% Increase (3.45%)</u>
\$ 85,000	\$ 82,900	\$ 80,900

MEHERRIN RIVER REGIONAL JAIL AUTHORITY**Notes to Financial Statements
June 30, 2021 (Continued)****NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)****MEHERRIN RIVER REGIONAL JAIL RETIREE MEDICAL PLAN: (CONTINUED)*****Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates***

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

Rates		
Healthcare Cost		
1% Decrease (4.00%)	Trend Rates (5.00%)	1% Increase (6.00%)
\$ 81,300	\$ 82,900	\$ 84,600

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

For the year ended June 30, 2021, the Jail Authority recognized OPEB expense in the amount of (\$88,700). At June 30, 2021, the Jail Authority reported no deferred outflows of resources or deferred inflows of resources related to this plan.

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

OPEB AGGREGATE TOTALS:

	Net OPEB Asset	Deferred Outflows of Resources	Net OPEB Liabilities	Deferred Inflows of Resources	Expense
HIC	\$ 12,648	\$ 18,921	\$ -	\$ 6,351	\$ 7,848
GLI	-	119,853	431,228	77,960	7,626
Retiree Plan	-	-	82,900	-	(88,700)
Totals	<u>\$ 12,648</u>	<u>\$ 138,774</u>	<u>\$ 514,128</u>	<u>\$ 84,311</u>	<u>\$ (73,226)</u>

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

NOTE 10 – COMPENSATED ABSENCES:

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

The Jail Authority had outstanding vacation and compensation time pay totaling \$440,493 as of June 30, 2021 and considers 10% of the balance to be a current liability.

NOTE 11 – RISK MANAGEMENT / SELF INSURANCE:

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

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

Employee Health Insurance:

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

Claims liability is reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Incurred but not reported claims have been accrued as a liability based upon prior history and estimates from the insurance carrier. Changes in the estimated claims liability for fiscal years 2021, 2020 and 2019 are listed as follows:

Fiscal Year Ended	Estimated Claims Liability Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claim Payments	Estimated Claims Liability End of Fiscal Year
June 30, 2021	\$ 129,838	\$ 1,042,484	\$ 1,118,943	\$ 53,379
June 30, 2020	126,695	1,697,084	1,693,941	129,838
June 30, 2019	101,270	1,631,793	1,606,368	126,695

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

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

Unemployment Insurance:

The Jail Authority is fully self-insured for unemployment claims. The Virginia Employment Commission bills the Jail Authority for all unemployment claims. As of June 30, 2021, the Jail Authority has incurred no liability for billed but unpaid claims. No liability has been recorded for estimated unreported claims. The amount of estimated unreported claims is not expected to be significant.

NOTE 12 – LITIGATION:

At June 30, 2021, there were no matters of litigation involving the Jail Authority which would materially affect the Jail Authority's financial position should any court decisions on pending matters not be favorable.

NOTE 13 – DUE FROM (TO) OTHER GOVERNMENTS:

Amounts due from (to) other governments at June 30, 2021 are as follows:

Localities	
Member Jurisdictions	
Brunswick County-per diem	\$ (446,533)
Dinwiddie County-per diem	(744,332)
Mecklenburg County-per diem	284,641
Member Contributions Boydton	(454,015)
Total due from (to) member jurisdictions	<u>(1,360,239)</u>
Other jurisdictions	<u>4,407</u>
Total due from (to) localities	<u>(1,355,832)</u>
Due from State	
Virginia Compensation Board	552,805
Virginia Department of Corrections	<u>19,924</u>
Total due from state	<u>572,729</u>
Due from federal government	
US Marshalls Service	<u>15,361</u>
Total	<u>\$ (767,742)</u>

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

NOTE 14 – ADOPTION OF ACCOUNTING PRINCIPLE:

The Jail Authority implemented provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The implementation of this Statement resulted in the following restatement of net position:

	Enterprise Funds			Fiduciary Funds
	Operating	Commissary	Total	Custodial
Net Position, July 1, 2020, as previously stated	\$ 37,647,993	\$ -	\$ 37,647,993	-
GASB 84 Implementation:				
Employee fund	78	-	78	-
Inmate welfare (Commissary)	-	370,534	370,534	-
Inmate trust	-	-	-	19,219
Net Position, July 1, 2020, as restated	<u>\$ 37,648,071</u>	<u>\$ 370,534</u>	<u>\$ 38,018,605</u>	<u>19,219</u>

NOTE 15 – COVID-19 PANDEMIC:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the Jail Authority, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs to assist with responding to the increased costs related to COVID-19. The funds were used to purchase PPE, laptops to accommodate teleworking arrangements, sanitizing supplies, and other items to curb the spread and return to operations. Management believes the Jail Authority is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

NOTE 16 – UPCOMING PRONOUNCEMENTS:

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

NOTE 16 – UPCOMING PRONOUNCEMENTS: (CONTINUED)

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

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

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net Pension Asset and Related Ratios

VRS Pension Plan

For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019	2018	2017
Total pension liability				
Service cost	\$ 943,053	\$ 853,038	\$ 877,929	\$ 951,239
Interest	401,756	336,211	283,344	243,788
Differences between expected and actual experience	(1,988)	(153,246)	(310,771)	(398,750)
Changes in assumptions	-	227,474	-	(116,033)
Benefit payments, including refunds of employee contributions	(147,646)	(81,449)	(109,059)	(121,253)
Net change in total pension liability	\$ 1,195,175	\$ 1,182,028	\$ 741,443	\$ 558,991
Total pension liability - beginning	6,025,768	4,843,740	4,102,297	3,543,306
Total pension liability- ending (a)	<u>\$ 7,220,943</u>	<u>\$ 6,025,768</u>	<u>\$ 4,843,740</u>	<u>\$ 4,102,297</u>
Plan fiduciary net position				
Contributions - employer	\$ 638,171	\$ 685,196	\$ 579,289	\$ 583,584
Contributions - employee	260,933	279,796	244,748	247,096
Net investment income	152,688	472,398	406,623	536,453
Benefit payments, including refunds of employee contributions	(147,646)	(81,449)	(109,059)	(121,253)
Administrative expense	(4,371)	(3,480)	(2,837)	(2,350)
Other	(194)	(307)	(393)	(510)
Net change in plan fiduciary net position	\$ 899,581	\$ 1,352,154	\$ 1,118,371	\$ 1,243,020
Plan fiduciary net position - beginning	7,688,888	6,336,734	5,218,363	3,975,343
Plan fiduciary net position - ending (b)	<u>\$ 8,588,469</u>	<u>\$ 7,688,888</u>	<u>\$ 6,336,734</u>	<u>\$ 5,218,363</u>
Authority's net pension asset - ending (b) - (a)	\$ (1,367,526)	\$ (1,663,120)	\$ (1,492,994)	\$ (1,116,066)
Plan fiduciary net position as a percentage of the total pension liability	118.94%	127.60%	130.82%	127.21%
Covered payroll	\$ 5,297,968	\$ 5,681,359	\$ 4,929,397	\$ 4,956,500
Authority's net pension asset as a percentage of covered payroll	-25.81%	-29.27%	-30.29%	-22.52%

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

Schedule of Changes in Net Pension Asset and Related Ratios
VRS Pension Plan

For the Measurement Dates of June 30, 2014 through June 30, 2020

	2016	2015	2014
Total pension liability			
Service cost	\$ 951,308	\$ 997,772	\$ 949,467
Interest	187,566	112,780	45,837
Differences between expected and actual experience	(259,747)	(12,193)	-
Changes in assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(30,675)	(29,297)	(48,652)
Net change in total pension liability	\$ 848,452	\$ 1,069,062	\$ 946,652
Total pension liability - beginning	2,694,854	1,625,792	679,140
Total pension liability- ending (a)	\$ 3,543,306	\$ 2,694,854	\$ 1,625,792
Plan fiduciary net position			
Contributions - employer	\$ 628,942	\$ 638,952	\$ 652,301
Contributions - employee	264,372	270,366	273,876
Net investment income	79,790	118,736	213,835
Benefit payments, including refunds of employee contributions	(30,675)	(29,297)	(48,652)
Administrative expense	(1,369)	(713)	(405)
Other	(28)	(28)	11
Net change in plan fiduciary net position	\$ 941,032	\$ 998,016	\$ 1,090,966
Plan fiduciary net position - beginning	3,034,311	2,036,295	945,329
Plan fiduciary net position - ending (b)	\$ 3,975,343	\$ 3,034,311	\$ 2,036,295
Authority's net pension asset - ending (b) - (a)	\$ (432,037)	\$ (339,457)	\$ (410,503)
Plan fiduciary net position as a percentage of the total pension liability	112.19%	112.60%	125.25%
Covered payroll	\$ 5,288,557	\$ 5,372,071	\$ 5,435,712
Authority's net pension asset as a percentage of covered payroll	-8.17%	-6.32%	-7.55%

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Schedule of Employer Contributions

VRS Pension Plan

For the Years Ended June 30, 2013 through June 30, 2021

Date	Contributions in Relation to			Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
2021	\$ 522,236	\$ 522,236	\$ -	\$ 4,618,376	11.31%
2020	638,162	638,162	-	5,297,968	12.05%
2019	685,197	685,197	-	5,681,359	12.06%
2018	579,064	579,064	-	4,929,397	11.75%
2017	584,374	584,374	-	4,956,500	11.79%
2016	629,338	629,338	-	5,288,557	11.90%
2015	639,279	639,279	-	5,372,071	11.90%
2014	652,286	652,286	-	5,435,712	12.00%
2013	583,639	583,639	-	4,863,661	12.00%

Meherrin River Regional Jail opened July 1, 2012.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Required Supplementary Information

VRS Pension Plan

For the Year Ended June 30, 2021

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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Schedule of Changes in the Authority's Net OPEB Asset and Related Ratios VRS Health Insurance Credit (HIC) Plan For the Measurement Dates of June 30, 2017 through June 30, 2020

	2020	2019	2018	2017
Total HIC OPEB Liability				
Service cost	\$ 8,554	\$ 8,639	\$ 8,669	\$ 9,947
Interest	4,300	3,084	2,813	2,193
Differences between expected and actual experience	2,766	6,530	(6,815)	-
Changes in assumptions	-	2,034	-	(3,225)
Benefit payments	(900)	(388)	(1,193)	1,077
Net change in total HIC OPEB liability	\$ 14,720	\$ 19,899	\$ 3,474	\$ 9,992
Total HIC OPEB Liability - beginning	64,157	44,258	40,784	30,792
Total HIC OPEB Liability - ending (a)	<u>\$ 78,877</u>	<u>\$ 64,157</u>	<u>\$ 44,258</u>	<u>\$ 40,784</u>
Plan fiduciary net position				
Contributions - employer	\$ 8,477	\$ 9,093	\$ 8,872	\$ 8,921
Net investment income	1,709	4,886	4,288	5,486
Benefit payments	(900)	(388)	(1,193)	1,077
Administrative expense	(175)	(110)	(111)	(102)
Other	(1)	(6)	(234)	234
Net change in plan fiduciary net position	\$ 9,110	\$ 13,475	\$ 11,622	\$ 15,616
Plan fiduciary net position - beginning	82,415	68,940	57,318	41,702
Plan fiduciary net position - ending (b)	<u>\$ 91,525</u>	<u>\$ 82,415</u>	<u>\$ 68,940</u>	<u>\$ 57,318</u>
Authority's net HIC OPEB asset - ending (a) - (b)	\$ (12,648)	\$ (18,258)	\$ (24,682)	\$ (16,534)
Plan fiduciary net position as a percentage of the total HIC OPEB liability	116.04%	128.46%	155.77%	140.54%
Covered payroll	\$ 5,297,968	\$ 5,681,359	\$ 4,929,397	\$ 4,956,500
Authority's net HIC OPEB asset as a percentage of covered payroll	-0.24%	-0.32%	-0.50%	-0.33%

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Schedule of Authority's Share of Net OPEB Liability

VRS Group Life Insurance (GLI) Plan

For the Measurement Dates of June 30, 2017 through June 30, 2020

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)
2020	0.02584% \$	431,228 \$	5,317,990	8.11%	52.64%
2019	0.02900%	471,907	5,685,685	8.30%	52.00%
2018	0.02598%	395,000	4,940,640	7.99%	51.22%
2017	0.02695%	406,000	4,956,500	8.19%	48.86%

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Schedule of Employer Contributions

VRS OPEB Plans

For the Years Ended June 30, 2013 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Health Insurance Credit (HIC) Plan					
2021	\$ 6,932	\$ 6,932	\$ -	\$ 4,618,376	0.15%
2020	8,484	8,484	-	5,297,968	0.16%
2019	9,096	9,096	-	5,681,359	0.16%
2018	8,876	8,876	-	4,929,397	0.18%
2017	8,920	8,920	-	4,956,500	0.18%
2016	10,577	10,577	-	5,288,557	0.20%
2015	10,747	10,747	-	5,372,071	0.20%
2014	24,572	24,572	-	5,435,712	0.45%
2013	6,330	6,330	-	4,863,661	0.13%
Group Life Insurance (GLI) Plan					
2021	\$ 24,942	\$ 24,942	\$ -	\$ 4,657,191	0.54%
2020	27,867	27,867	-	5,317,990	0.52%
2019	29,791	29,791	-	5,685,685	0.52%
2018	25,887	25,887	-	4,940,640	0.52%
2017	25,846	25,846	-	4,956,500	0.52%
2016	25,385	25,385	-	5,288,557	0.48%
2015	25,598	25,598	-	5,372,071	0.48%
2014	25,875	25,875	-	5,435,712	0.48%
2013	23,162	23,162	-	4,863,661	0.48%

Meherrin River Regional Jail opened July 1, 2012.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Required Supplementary Information VRS OPEB Plans For the Year Ended June 30, 2021

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Health Insurance Credit (HIC) Plan

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Group Life Insurance (GLI) Plan

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Schedule of Changes in Total OPEB Liability and Related Ratios

Retiree Medical Plan

For the Measurement Dates of June 30, 2017 through June 30, 2020

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

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Schedule of Employer Contributions

Retiree Medical Plan

For the Years Ended June 30, 2014 through June 30, 2020

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

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Required Supplementary Information

Retiree Medical Plan

For the Year Ended June 30, 2021

Valuation Date: 7/1/2020

Measurement Date: 7/1/2020

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	2.45%, representing the Municipal GO AA 20-year yield curve rate
Healthcare Trend Rate	5.00% per year
Salary Increase Rates	The salary increase rate is a constant rate of 2.50%
Mortality Rates	RP-2014 Fully Generational Mortality Table, with base year 2006, projected using two-dimensional mortality improvement scale MP-2020

STATISTICAL INFORMATION

The statistical section is a required part of the Annual Comprehensive Financial Report (ACFR) per Governmental Accounting Standards Board Statement 44. The statistical section presents detailed information in ten-year trends, which assists users in utilizing the basic financial statements, notes to the basic financial statements, and required supplementary information to assess the economic condition of an organization.

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

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

TABLE 1

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

Last Ten Fiscal Years

	2021	2020 ²	2019 ²	2018 ²	2017 ²	2016 ²	2015 ²	2014 ¹	2013
Net investment in capital assets	\$ 24,740,913	\$ 24,943,926	\$ 25,108,566	\$ 26,177,891	\$ 26,539,956	\$ 27,068,830	\$ 27,569,130	\$ 28,143,944	\$ 241,136
Restricted for debt service	18,682	74,425	93,083	-	-	-	-	-	-
Restricted for net pension asset	1,367,526	1,663,120	1,492,994	1,116,066	432,037	339,457	410,503	-	-
Restricted for net OPEB asset	12,648	18,258	24,682	16,534	-	-	-	-	-
Restricted for inmates	411,328	-	-	-	-	-	-	-	-
Unrestricted	14,551,674	10,948,264	8,465,684	6,111,648	5,421,640	4,144,341	2,667,470	1,393,421	292,371
Total Net Position	<u>\$ 41,102,771</u>	<u>\$ 37,647,993</u>	<u>\$ 35,185,009</u>	<u>\$ 33,422,139</u>	<u>\$ 32,393,633</u>	<u>\$ 31,552,628</u>	<u>\$ 30,647,103</u>	<u>\$ 29,537,365</u>	<u>\$ 533,507</u>

NOTE: Meherrin River Regional Jail opened July 1, 2012.

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

² Prior year balances were restatd in FY 2021 to reflect restricted net position for net pension and net OPEB assets.

TABLE 2

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

Last Ten Fiscal Years

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income (Loss)	Nonoperating Revenues	Nonoperating Expenses	Total Capital Contributions	Change In Net Position
2021	\$ 15,182,549	\$ 13,420,086	\$ 1,762,463	\$ 2,728,448	\$ 1,406,745	\$ -	\$ 3,084,166
2020	15,107,377	13,856,953	1,250,424	2,654,343	1,441,783	-	2,462,984
2019	14,559,488	14,029,572	529,916	2,690,266	1,457,312	-	1,762,870
2018	14,561,267	13,942,602	618,665	2,553,429	1,482,519	-	1,689,575
2017	13,609,619	13,603,610	6,009	2,661,183	1,826,187	-	841,005
2016	13,552,970	13,833,902	(280,932)	2,867,694	1,681,237	-	905,525
2015	13,004,465	13,908,237	(903,772)	2,774,095	1,699,152	20,077	191,248
2014	12,266,456	13,776,861	(1,510,405)	1,839,601	1,772,010	30,446,672 ¹	29,003,858
2013	12,594,951	13,301,434	(706,483)	-	-	2,261,618	1,555,135

NOTE: Meherrin River Regional Jail opened July 1, 2012

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

TABLE 3

**MEHERRIN RIVER REGIONAL JAIL AUTHORITY
OPERATING EXPENSES**

Last Ten Fiscal Years						
<u>Year</u>	<u>Personnel</u>	<u>Fringes</u>	<u>Contractual</u>	<u>Other Charges</u>	<u>Depreciation</u>	<u>Expenses</u>
2021	\$ 5,041,488	\$ 2,123,058	\$ 2,294,544	\$ 2,371,803	\$ 1,589,193	\$ 13,420,086
2020	5,654,081	2,398,775	2,185,294	2,020,168	1,598,635	13,856,953
2019	5,938,277	2,299,641	2,190,091	2,095,055	1,506,508	14,029,572
2018	5,286,912	2,291,765	2,635,717	2,274,761	1,453,447	13,942,602
2017	5,120,551	2,376,546	2,478,751	2,180,213	1,447,549	13,603,610
2016	5,437,858	2,230,394	2,525,703	2,035,067	1,604,880	13,833,902
2015	5,492,791	2,237,722	2,529,170	2,070,740	1,577,814	13,908,237
2014	5,591,719	2,327,033	2,230,265	2,051,373	1,576,471	13,776,861
2013	5,400,890	2,293,469	1,861,500	2,179,504	1,566,072	13,301,434

NOTE: Meherrin River Regional Jail opened July 1, 2012.

TABLE 4

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

Last Ten Fiscal Years

Fiscal Year	Nonoperating Revenues		Capital Contributions	Nonoperating Expenses		Total Other Revenues and Expenses
2021	\$	2,728,448	\$ -	\$	1,406,745	\$ 1,321,703
2020		2,654,343	-		1,441,783	1,212,560
2019		2,690,266	-		1,457,312	1,232,954
2018		2,553,429	-		1,482,519	1,070,910
2017		2,661,183	-		1,826,187	834,996
2016		2,867,694	-		1,681,237	1,186,457
2015		2,774,095	20,077		1,699,152	1,095,020
2014		1,839,601	30,446,672 ¹		1,772,010	30,514,263
2013		-	2,261,618		-	2,261,618

NOTE: Meherrin River Regional Jail opened July 1, 2012.

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

TABLE 5

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

Last Ten Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenues:									
Member Jurisdictions	\$ 6,241,795	\$ 6,132,396	\$ 5,851,662	\$ 6,300,443	\$ 5,611,205	\$ 5,372,922	\$ 5,017,868	\$ 4,200,622	\$ 5,274,218
State Compensation Board	7,347,308	7,038,397	7,033,267	7,339,444	7,205,199	7,325,919	7,155,205	7,366,903	6,639,914
Inmate Phones	270,000	270,000	270,000	270,000	270,000	275,233	269,057	288,763	310,874
Daily Fees	129,828	98,614	94,955	111,688	120,087	148,548	170,707	153,601	182,959
Work Release	22,130	33,610	56,700	50,479	39,255	66,970	63,240	48,542	27,975
Weekender Fees	12,489	10,919	19,225	12,151	12,820	16,540	19,575	17,904	13,227
Home Incarceration	7,130	8,395	8,860	6,463	6,940	7,115	17,641	11,173	15,827
Medical Co-Pays	13,606	12,110	13,399	10,866	13,813	14,127	12,801	6,588	9,031
Medical Reimbursement	45,134	12,999	13,531	47,875	53,309	44,329	47,846	-	-
Internet Visitation	25,040	13,581	12,410	9,144	9,705	10,809	7,530	5,075	-
Bed Rentals	522,561	1,180,955	924,630	283,536	246,350	259,341	204,300	153,975	-
Dining Operations	302,900	204,779	180,789	51,994	-	-	-	-	-
Miscellaneous	242,628	90,622	80,060	67,184	20,936	11,117	18,695	13,310	120,926
Total Revenues	<u>\$ 15,182,549</u>	<u>\$ 15,107,377</u>	<u>\$ 14,559,488</u>	<u>\$ 14,561,267</u>	<u>\$ 13,609,619</u>	<u>\$ 13,552,970</u>	<u>\$ 13,004,465</u>	<u>\$ 12,266,456</u>	<u>\$ 12,594,951</u>
Expenses:									
Salaries and benefits	\$ 7,164,546	\$ 8,052,856	\$ 8,237,918	\$ 7,578,677	\$ 7,497,097	\$ 7,668,252	\$ 7,730,513	\$ 7,918,752	\$ 7,694,359
Professional services	81,331	65,177	69,018	80,453	56,202	65,803	79,786	74,462	61,531
Materials and supplies	1,258,701	942,122	950,753	875,873	847,201	749,097	782,525	746,491	886,208
Medical services and supplies	2,213,213	2,120,117	2,121,072	2,555,264	2,422,549	2,459,900	2,449,384	2,155,802	1,799,969
Food service and supplies	536,789	479,546	490,794	737,368	701,782	702,751	656,597	628,475	612,681
Utilities	576,313	598,500	653,509	661,520	631,230	583,219	631,618	676,408	680,614
Depreciation	1,589,193	1,598,635	1,506,508	1,453,447	1,447,549	1,604,880	1,577,814	1,576,471	1,566,072
Total expenses	<u>\$ 13,420,086</u>	<u>\$ 13,856,953</u>	<u>\$ 14,029,572</u>	<u>\$ 13,942,602</u>	<u>\$ 13,603,610</u>	<u>\$ 13,833,902</u>	<u>\$ 13,908,237</u>	<u>\$ 13,776,861</u>	<u>\$ 13,301,434</u>
Net operating income (loss)	<u>\$ 1,762,463</u>	<u>\$ 1,250,424</u>	<u>\$ 529,916</u>	<u>\$ 618,665</u>	<u>\$ 6,009</u>	<u>\$ (280,932)</u>	<u>\$ (903,772)</u>	<u>\$ (1,510,405)</u>	<u>\$ (706,483)</u>

NOTE: Meherrin River Regional Jail opened July 1, 2012.

TABLE 6

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

Last Ten Fiscal Years

Fiscal Year	County of Brunswick	County of Dinwiddie	County of Mecklenburg	Other Governments	Other	Total
2021	\$ 1,969,881	\$ 1,288,679	\$ 2,983,235	\$ 7,347,308	\$ 1,593,446	\$ 15,182,549
2020	2,001,849	1,223,587	2,906,960	7,038,397	1,936,584	15,107,377
2019	1,966,328	1,357,364	2,527,970	7,033,267	1,674,559	14,559,488
2018	2,168,894	1,496,184	2,635,365	7,339,444	921,380	14,561,267
2017	1,960,483	1,252,815	2,397,907	7,205,199	793,215	13,609,619
2016	1,669,520	1,193,185	2,510,217	7,325,919	854,129	13,552,970
2015	1,470,054	1,191,548	2,356,266	7,155,205	831,392	13,004,465
2014	1,269,013	794,993	2,136,616	7,366,903	698,931	12,266,456
2013	1,774,801	1,071,699	2,427,718	6,639,914	680,819	12,594,951

NOTE: Meherrin River Regional Jail opened on July 1, 2012.

TABLE 7

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

Last Ten Fiscal Years			
Fiscal Year	Operational Per Diem	Debt Service Per Diem (1)	Total Per Diem
2021	\$ 42.75	\$ 17.48	\$ 60.24
2020	42.00	17.47	59.47
2019	39.10	17.04	56.14
2018	43.47	18.63	62.10
2017	37.50	17.98	55.48
2016	36.80	18.41	55.21
2015	30.89	16.56	47.45
2014	29.95	9.73	39.68
2013	34.61	-	34.61

NOTE: Meherrin River Regional Jail opened July 1, 2012.

- (1) There was not a debt service component of the per diem charge in fiscal year 2013 because all interest was capitalized.

TABLE 8

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

Last Ten Fiscal Years

Fiscal Year	Brunswick County			Dinwiddie County			Mecklenburg County		
	Revenue	Per Diem	Inmate Days Billed	Revenue	Per Diem	Inmate Days Billed	Revenue	Per Diem	Inmate Days Billed
2021	\$ 1,969,881	\$ 42.75	46,079	\$ 1,288,679	\$ 42.75	30,145	\$ 2,983,235	\$ 42.75	69,783
2020	\$ 2,001,849	\$ 42.00	47,663	\$ 1,223,587	\$ 42.00	29,133	\$ 2,906,960	\$ 42.00	69,213
2019	\$ 1,966,328	\$ 39.10	50,290	\$ 1,357,364	\$ 39.10	34,715	\$ 2,527,970	\$ 39.10	64,654
2018	\$ 2,168,894	\$ 43.47	49,894	\$ 1,496,184	\$ 43.47	34,419	\$ 2,635,365	\$ 43.47	60,625
2017	\$ 1,960,483	\$ 37.50	52,280	\$ 1,252,815	\$ 37.50	33,408	\$ 2,397,907	\$ 37.50	63,944
2016	\$ 1,669,520	\$ 36.80	45,367	\$ 1,193,185	\$ 36.80	32,424	\$ 2,510,217	\$ 36.80	68,212
2015	\$ 1,470,054	\$ 30.89	47,590	\$ 1,191,548	\$ 30.89	38,574	\$ 2,356,266	\$ 30.89	76,279
2014	\$ 1,269,013	\$ 29.95	42,371	\$ 794,993	\$ 29.95	26,544	\$ 2,136,616	\$ 29.95	71,339
2013	\$ 1,774,801	\$ 34.61	51,280	\$ 1,071,699	\$ 34.61	30,965	\$ 2,427,718	\$ 34.61	70,145
NOTE: Meherrin River Regional Jail opened July 1, 2012.									

Table 9

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

Current Year and Period Eight Years Ago

	Fiscal Year 2021		Fiscal Year 2013	
	Amount	%	Amount	%
State Compensation Board	\$ 7,347,308	48.39%	\$ 6,639,914	52.72%
Mecklenburg County	2,983,235	19.65%	2,427,718	19.28%
Subtotal	10,330,543	68.04%	9,067,632	71.99%
Balance from other revenue sources	4,852,006	31.96%	3,527,319	28.01%
Grand Totals	\$ 15,182,549	100.00%	\$ 12,594,951	100.00%

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

NOTE: Meherrin River Regional Jail opened July 1, 2012.

Table 10

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

Last Ten Fiscal Years

Fiscal Year	Revenue Bonds	Notes Payable	Lease Liabilities	Total	Annual Personal Income (1) (in thousands)	Debt to Personal Income	Population (1)	Debt per Capita
2021	\$ 37,245,967	\$ 98,800	\$ 113,298	\$ 37,458,065	Unavailable	Unavailable	Unavailable	Unavailable
2020	38,597,246	197,600	163,957	38,958,803	\$ 4,919,104	0.79%	124,078	\$ 313.99
2019	39,913,525	-	212,258	40,125,783	4,821,454	0.83%	124,963	321.10
2018	41,199,804	-	-	41,199,804	4,715,257	0.87%	124,718	330.34
2017	42,461,083	-	-	42,461,083	4,592,002	0.92%	124,933	339.87
2016	40,325,753	-	-	40,325,753	4,554,626	0.89%	79,032	510.25
2015	41,326,563	-	-	41,326,563	4,424,652	0.93%	78,887	523.87
2014	42,313,408	-	-	42,313,408	4,350,346	0.97%	78,741	537.37
2013	42,420,688	29,320,000	-	71,740,688	4,332,788	1.66%	78,596	912.78

NOTE: Meherrin River Regional Jail opened July 1, 2012.

(1) Total for Member Localities - from Table 13

Table 11

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

Last Ten Fiscal Years

Fiscal Year	Operating Revenues	Operating and Capital Expenses (1)	Available Unrestricted Net Position (2)	Net Revenue Available for Debt Service	Principal	Interest	Payments to Reserves	Total (3)	Bond Coverage
2021	\$ 15,182,549	\$ 11,830,893	\$ 14,551,674	\$ 17,903,330	\$ 1,030,000	\$ 1,522,643	\$ -	\$ 2,552,643	7.01
2020	15,107,377	12,258,318	10,948,264	13,797,323	995,000	1,555,043	-	2,550,043	5.41
2019	14,559,488	12,523,064	8,465,684	10,502,108	965,000	1,586,071	-	2,551,071	4.12
2018	14,561,267	12,489,155	6,111,648	8,183,760	940,000	1,610,339	-	2,550,339	3.21
2017	13,609,619	12,156,061	5,421,640	6,875,198	920,000	1,639,326	-	2,559,326	2.69
2016	13,552,970	12,229,022	4,144,341	5,468,289	895,000	1,792,138	-	2,687,138	2.03
2015	13,004,465	12,330,423	2,667,470	3,341,512	880,000	1,809,675	-	2,689,675	1.24
2014	12,266,456	12,200,390	1,393,421	1,459,487	-	1,817,030	-	1,817,030	0.80
2013	12,594,951	11,735,362	292,371	1,151,960	-	-	-	-	N/A

NOTE: Meherrin River Regional Jail opened July 1, 2012.

(1) Actual operating expenses, exclusive of depreciation.

(2) Unrestricted net position was restated during FY2021 to reflect restricted net position for net pension and net OPEB assets.

(3) There were no bond payments due in FY2013 because all interest was capitalized during construction.

TABLE 12

**MEHERRIN RIVER REGIONAL JAIL AUTHORITY
INMATE BOOKING STATISTICS**

Last Ten Fiscal Years

	Fiscal Year								
	2021	2020	2019	2018	2017	2016	2015	2014	2013
Brunswick									
Average Daily Population	119	115	126	137	126	114	117	125	140
Average Length of Stay (Days)	47	45	34	43	44	40	41	44	26
Average Monthly Bookings	42	42	55	54	57	62	56	62	78
Dinwiddie									
Average Daily Population	78	70	87	94	80	81	95	84	85
Average Length of Stay (Days)	46	46	39	39	41	39	39	55	23
Average Monthly Bookings	38	30	45	49	45	48	53	49	56
Mecklenburg									
Average Daily Population	180	167	162	166	154	172	187	186	179
Average Length of Stay (Days)	58	47	38	49	53	36	44	52	28
Average Monthly Bookings	70	81	90	100	93	99	91	94	72
Other									
Average Daily Population	25	48	42	20	17	16	14	12	0
Average Length of Stay (Days)	61	72	46	47	55	45	27	78	0
Average Monthly Bookings	16	25	28	20	20	21	18	19	0

NOTE: Meherrin River Regional Jail opened July 1, 2012.

TABLE 13

**MEHERRIN RIVER REGIONAL JAIL AUTHORITY
PRINCIPAL EMPLOYERS**

CURRENT YEAR AND PERIOD NINE YEARS AGO

Brunswick County			Dinwiddie County			Mecklenburg County		
2021			2021			2021		
Rank	Employer	Employees	Rank	Employer	Employees	Rank	Employer	Employees
1	Brunswick County School Board	250 - 499	1	Wal Mart	1000 & over	1	Mecklenburg County School Board	500 - 999
2	Geo Corrections & Detention Inc	250 - 499	2	Amazon Fulfillment Services Inc.	1000 & over	2	MCV Hospital	500 - 999
3	County of Brunswick	100 - 249	3	Central State Hospital	500 - 999	3	Wal Mart	250 - 499
4	Southside Virginia Community College	100 - 249	4	Dinwiddie County School Board	500 - 999	4	Food Lion	250 - 499
5	Meherrin River Regional Jail	100 - 249	5	Chaparral	250 - 499	5	Jeanswear Distribution LLC	250 - 499
6	Hyponex Corporation	50 - 99	6	Dinwiddie Board of Supervisors	250 - 499	6	United Call Center Solutions, Llc	100 - 249
7	Brunswick Academy	50 - 99	7	Humana Insurance Company	250 - 499	7	County of Mecklenburg	100 - 249
8	Food Lion	50 - 99	8	Tindall Concrete Products	100 - 249	8	Microsoft Business Solutions	100 - 249
9	Virginia Carolina Forest	50 - 99	9	Hiram W. Davis Medical Center	100 - 249	9	Parker Oil Company, Inc.	100 - 249
10	Melvin L. Davis Oil Company	50 - 99	10	Aldi	100 - 249	10	T5 Data Centers LLC	100 - 249
2012			2012			2012		
Rank	Employer	Employees	Rank	Employer	Employees	Rank	Employer	Employees
1	Brunswick County School Board	250 - 499	1	Southside Virginia Training Center	1000 & over	1	Mecklenburg County School Board	1000 & over
2	Wackenhut Corrections	250 - 499	2	Wal Mart	500 - 999	2	Community Memorial Health	500 - 999
3	Southside Virginia Community College	250 - 499	3	Central State Hospital	500 - 999	3	Peebles	250 - 499
4	County of Brunswick	100 - 249	4	Dinwiddie County School Board	500 - 999	4	Jones Distribution Corp	250 - 499
5	Saint Paul's College	100 - 249	5	Chaparral	250 - 499	5	Mecklenburg Correctional Center	250 - 499
6	Mr. Bults Inc.	100 - 249	6	Virginia Center for Behavioral	250 - 499	6	Global Safety Textiles LLC	250 - 499
7	Brunswick Academy	50 - 99	7	County of Dinwiddie	250 - 499	7	Wal Mart	250 - 499
8	Envoy of Lawrenceville	50 - 99	8	Hiram W. Davis Medical Center	100 - 249	8	Monroe Tree Services Division	100 - 249
9	Logistics Support Inc	50 - 99	9	Tindall Concrete Products	100 - 249	9	International Veneer Company	100 - 249
10	Home Recovery	50 - 99	10	Iluka Resources	100 - 249	10	Food Lion	100 - 249

SOURCE: Virginia Employment Commission

TABLE 14

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

LAST TEN CALENDAR YEARS

Calendar Year	Brunswick County				Dinwiddie County (1)				Mecklenburg County			
	Population	Annual Personal Income (in thousands)	Annual Per Capita Personal Income	Unemploy- ment Rate	Population	Annual Personal Income (in thousands)	Annual Per Capita Personal Income	Unemploy- ment Rate	Population	Annual Personal Income (in thousands)	Annual Per Capita Personal Income	Unemploy- ment Rate
2020	16,231	\$ 548,347	\$ 33,784	8.00%	77,260	\$ 3,193,735	\$ 41,337	6.40%	30,587	\$ 1,177,022	\$ 38,481	6.80%
2019	16,384	\$ 535,459	\$ 32,682	5.50%	77,929	\$ 3,144,588	\$ 40,352	4.50%	30,650	\$ 1,141,407	\$ 37,240	5.30%
2018	16,244	\$ 526,822	\$ 32,432	4.90%	77,788	\$ 3,083,304	\$ 39,637	3.50%	30,686	\$ 1,105,131	\$ 36,014	4.10%
2017	16,243	\$ 535,329	\$ 32,958	5.40%	77,798	\$ 2,984,012	\$ 38,356	3.90%	30,892	\$ 1,072,661	\$ 34,723	5.00%
2016	17,289	\$ 523,182	\$ 31,332	6.00%	28,926	\$ 2,970,447	\$ 38,010	4.80%	32,817	\$ 1,060,997	\$ 34,137	5.60%
2015	17,313	\$ 510,317	\$ 30,932	6.80%	28,772	\$ 2,880,056	\$ 36,787	5.30%	32,802	\$ 1,034,279	\$ 33,158	6.20%
2014	17,337	\$ 491,368	\$ 29,496	8.20%	28,617	\$ 2,852,265	\$ 36,461	6.40%	32,787	\$ 1,006,713	\$ 32,126	7.70%
2013	17,361	\$ 483,910	\$ 28,360	9.10%	28,463	\$ 2,836,555	\$ 36,470	5.90%	32,772	\$ 1,012,323	\$ 31,876	9.20%
2012	17,385	\$ 478,049	\$ 27,857	10.70%	28,309	\$ 2,794,646	\$ 36,008	6.80%	32,757	\$ 983,056	\$ 30,175	10.10%
2011	17,410	\$ 470,821	\$ 27,021	10.70%	28,155	\$ 2,665,303	\$ 34,188	7.20%	32,742	\$ 954,645	\$ 29,194	11.00%

(1) According to the U.S. Census Bureau, Dinwiddie is part of a Virginia combination area which includes Dinwiddie, Colonial Heights, and Petersburg.
Separate estimates for Dinwiddie are not available.

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

TABLE 15

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

Last Ten Fiscal Years

	Number of Employees								
	2021	2020	2019	2018	2017	2016	2015	2014	2013
Civilians	25	21	21	21	16	15	15	14	16
Sworn Officers	75	96	125	123	119	130	138	147	143
Total Employees	100	117	146	144	135	145	153	161	159

	Number of Capital Assets								
	2021	2020	2019	2018	2017	2016	2015	2014	2013
Vehicles	27	28	27	25	25	23	21	21	21
Housing Units ¹	24	24	24	24	24	24	24	24	24
Total Capital Assets	51	52	51	49	49	47	45	45	45

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

NOTE: Meherrin River Regional Jail opened July 1, 2012.

TABLE 16

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

As of June 30, 2021

Insurance Coverage	Insurance Company	Expiration Date	Coverage Limit	Deductible
Building & Personal Property	VACO	7/1/2021	As scheduled	\$ 1,000
Electronic Data Processing Equipment	VACO	7/1/2021	\$ 100,000	\$ 1,000
Earthquake/Flood	VACO	7/1/2021	As scheduled	\$ 25,000
Business Auto	VACO	7/1/2021	\$ 2,000,000	\$ 250
Schedule Equipment	VACO	7/1/2021	As scheduled	\$ 1,000
Boiler and Machinery	VACO	7/1/2021	As scheduled	\$ 1,000
Business Interruption and Extra Expense	VACO	7/1/2021	\$ 100,000	N/A
Workers Compensation	VACO	7/1/2021	\$ 1,000,000	N/A
Faithful Performance of Duty	VACO	7/1/2021	\$ 250,000	\$ 250
Line of Duty	VACO	7/1/2021	Statutory Limit	N/A
Bond (1)	Division of Risk Management			
Constitutional Officer (1)	Commonwealth of Virginia- Division of Risk Management	7/1/2021	\$ 1,000,000	\$ 1,000

N/A - Not Applicable

(1) - Provided by the Commonwealth of Virginia



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

**To the Members of
Meherrin River Regional Jail Authority
Alberta, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities and remaining fund information of Meherrin River Regional Jail Authority as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Meherrin River Regional Jail Authority's basic financial statements and have issued our report thereon dated October 20, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson Taven Cox Associates

Charlottesville, Virginia
October 20, 2021