PAMUNKEY REGIONAL JAIL AUTHORITY

HANOVER COUNTY, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

COLONEL JAMES C. WILLETT, CJM
SUPERINTENDENT

LT. COLONEL NATHAN J. WEBEL, CJM
DEPUTY SUPERINTENDENT

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

PAMUNKEY REGIONAL JAIL AUTHORITY
ANNUAL COMPREHENSIVE FINANCIAL REPORT

Table of Contents

PAMUNKEY REGIONAL JAIL AUTHORITY
ANNUAL COMPREHENSIVE FINANCIAL REPORT

Table of Contents (Continued)

INTRODUCTORY SECTION
(unaudited)

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

James C. Willett, CJM
Superintendent

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

PAMUNKEY REGIONAL JAIL

November 16, 2023

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

Dear Jail Authority Board Members:

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the Pamunkey Regional Jail Authority (Jail Authority) for the fiscal year ended June 30, 2023. The report was prepared by the Superintendent and the Director of Finance, who assume full responsibility for the accuracy of information, and the completeness and fairness of preparation. We believe the financial information, as presented, is accurate in all material respects and that it is presented in a manner designed to fairly set forth the financial position and results of operations as measured by the financial activity of the Jail Authority. This letter should be read in conjunction with the *Management's Discussion and Analysis*, which can be found in the Financial Section of the ACFR.

FINANCIAL REPORTING ENTITY

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

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

The general purpose of the Jail Authority is to maintain and operate a regional jail facility to meet the needs of the participating jurisdictions. The facility has 519-beds, consisting of 451 general-purpose beds, a 24-bed work release center, a 6-bed medical housing unit, and 38 special management cells. The Pamunkey Regional Jail's core services such as the infirmary, kitchen, and laundry services are designed for future expansion to accommodate a total inmate population of 665.

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

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

ECONOMIC CONDITIONS

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

Hanover County's population growth rate is expected to increase by approximately 2.8%, with a total population of 115,526 estimated for 2023. These figures include the Town of Ashland. Caroline County's population growth rate is expected to be 1.4%, with a total population of 31,332 estimated for 2023.

The local inmate population, which is made up of Ashland, Hanover and Caroline, for the past year was 215. Projections for the upcoming 2024 fiscal year are 210 and by the 2025 fiscal year, we anticipate an inmate population of approximately 230.

MAJOR ACCOMPLISHMENTS AND INITIATIVES

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

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

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

FINANCIAL INFORMATION AND CONTROLS

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

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

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

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

INVESTMENT MANAGEMENT

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

Investment income incurred for the fiscal year for the Jail Authority's operating funds was $163,926.

INDEPENDENT AUDIT

The certified public accounting firm of PBMares, LLP audited the Jail Authority's June 30, 2023 financial statements. Their opinion on the financial statements is presented in the Financial Section of this ACFR.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the Jail Authority for its ACFR for the fiscal year ended June 30, 2022. This was the twenty-first consecutive year that the Jail has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the Jail Authority published an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The GFOA also awarded a *Distinguished Budget Presentation Award* to the Jail Authority for its annual budget for the fiscal year ended June 30, 2024. This was the seventh consecutive year that the Jail has achieved this prestigious award. In order to receive this budget award, the Jail Authority had to satisfy nationally recognized guidelines for effective budget presentation.

ACKNOWLEDGMENTS

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

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

Respectfully submitted,

James C. Willett, CJM
Superintendent

F. Keith Spicer, CPA, CGMA
Director of Finance

Pamunkey Regional Jail Authority
Fiscal Year 2023

Members of the Board and Legal Counsel

Chairman	Josh Farrar

Ashland Town Manager

Vice Chairman	Alan Partin

Caroline County Assistant Administrator

Other Members

Dave Hines
Colonel, Hanover County Sheriff

Jim Taylor
Hanover County Assistant Administrator

Scott Moser
Caroline County Sheriff

Legal Counsel

William H. Hefty, Esq.

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Pamunkey Regional Jail
Virginia

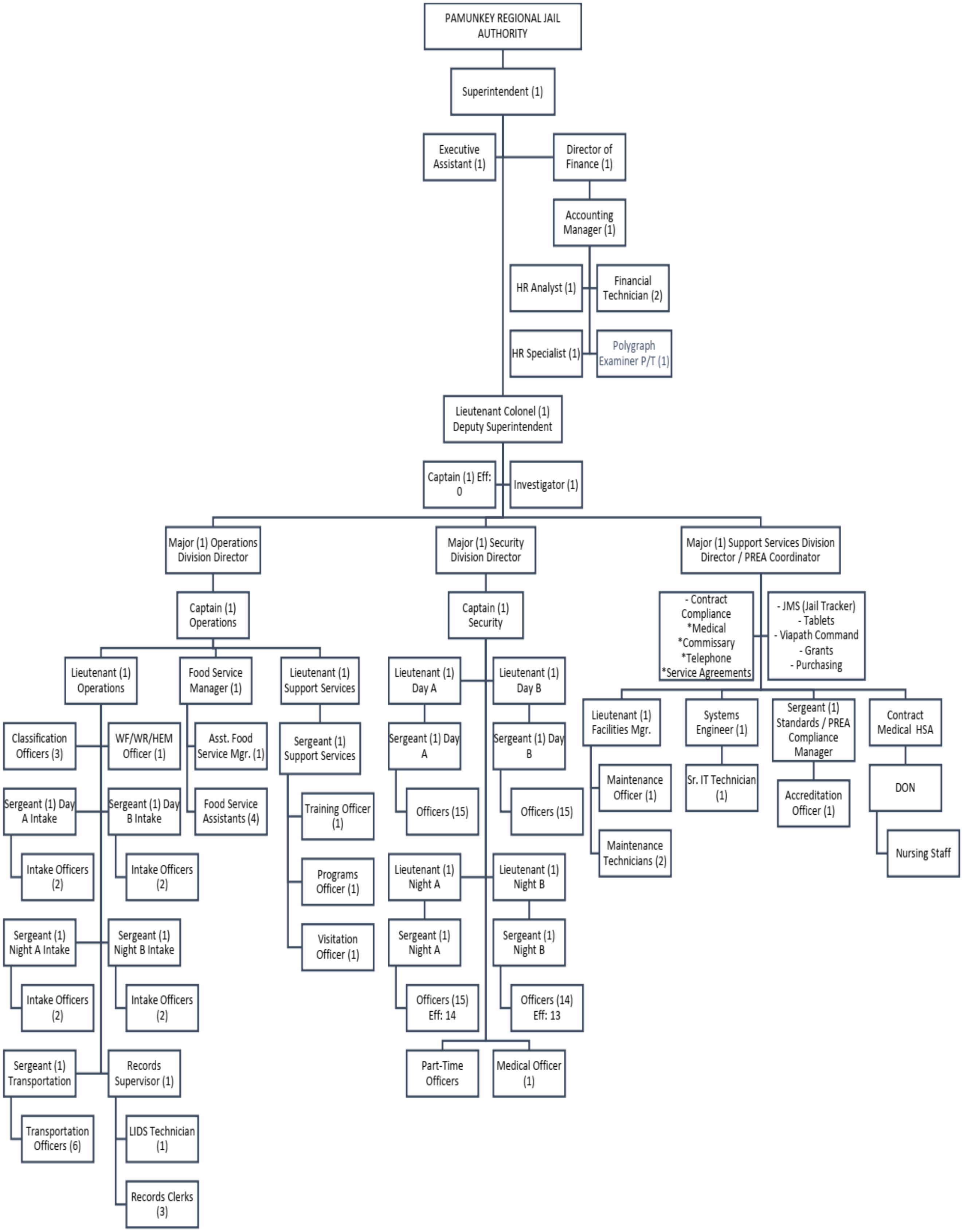
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

Pamunkey Regional Jail
Organizational Structure 7/1/2022



FINANCIAL SECTION

PBMares
CPAs and Consultants

INDEPENDENT AUDITOR'S REPORT

Honorable Members of the Board
Pamunkey Regional Jail Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activity and the fiduciary activity of the Pamunkey Regional Jail Authority (Jail Authority), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Jail Authority's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Other Matter

The financial statements of the Jail Authority, as of and for the year ended June 30, 2022, were audited by other auditors, whose report dated January 12, 2023, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Jail Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Jail Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management’s Discussion and Analysis and the required supplementary information on pages 4-8 and 63-70, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2023 on our consideration of the Jail Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the 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 the Jail Authority's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
November 16, 2023

PAMUNKEY REGIONAL JAIL AUTHORITY
Management's Discussion and Analysis (unaudited)
June 30, 2023

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

The following is management's discussion and analysis of the Jail Authority's financial performance for the years ended June 30, 2023, and 2022. It should be read in conjunction with the Letter of Transmittal in the Introductory Section, the Jail Authority's financial statements and financial performance in the Statistical Section.

FINANCIAL HIGHLIGHTS

- The Jail Authority's net position decreased $148,377 in fiscal year 2023. This is primarily due to the decrease in member jurisdiction revenues due to a lower local inmate population.
- The total revenues of the Jail Authority increased $570,674, or 3.7%, from fiscal year 2022. This is primarily due to the increase in State Compensation Board revenues.
- Total expenses in fiscal year 2023 increased by $929,255, or 6.2%, primarily from personal services and fringe benefits.

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. The Jail also classifies all inflows and outflows for its fiduciary activities fund as additions and deductions related to deposits and disbursements for the Jail's custodial account for the inmate population. Assets are designated as restricted in accordance with debt and other agreements. See notes to financial statements for a summary of significant accounting policies.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Jail Authority's financial statements. The Jail Authority's financial statements consist of the Statement of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows for the Jail's Enterprise Fund. The first two statements report the net position and how they have changed during the year. Net position is the difference between the total assets and deferred outflows of resources and total liabilities and deferred inflows of resources of the Jail Authority. Measuring net position is one way to gauge the Jail Authority's financial condition. The Jail also has two separate financial statements for its Fiduciary fund that represent the custodial account the Jail has for the inmate population. These statements are the Statements of Fiduciary Net Position and the Statements of Changes in Fiduciary Net Position.

FINANCIAL ANALYSIS OF JAIL FUNDS

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

Jail Authority operations ended fiscal year 2023 with a $148,377 decrease in total net position. The decrease in fiscal year 2023 is primarily due to the decrease in member jurisdiction revenues due to a lower local inmate population. As of June 30, 2023, the Jail Authority's unrestricted cash position was $2,336,350 in unrestricted funds.

PAMUNKEY REGIONAL JAIL AUTHORITY
Management's Discussion and Analysis (unaudited)
June 30, 2023

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

	2023	2022
Assets		
Pooled cash, cash equivalents and investments with fiscal agent	$ 2,336,350	$ 2,528,203
Receivables	828,294	905,457
Total Current Assets	3,164,644	3,433,660
Noncurrent Assets		
Restricted: Pooled cash, cash equivalents and investments with fiscal agent	3,929,110	3,673,798
Net pension and OPEB asset	368,214	2,285,503
Capital assets, net	11,086,286	11,746,803
Total Noncurrent Assets	15,383,610	17,706,104
Total Assets	18,548,254	21,139,764
Deferred Outflows of Resources		
Changes of assumptions - pension	283,618	719,663
Differences between expected and actual experience - pension	143,137	-
Pension contributions after measurement date	988,188	766,654
OPEB contributions after measurement date	60,873	45,787
Differences between expected and actual experience - OPEB	98,974	123,215
Differences between projected and actual experience - OPEB	15,197	-
Changes of assumptions - OPEB	46,043	20,097
Changes of proportionate share - OPEB	21,926	28,715
Total Deferred Outflows of Resources	1,657,956	1,704,131
Total Assets and Deferred Outflows of Resources	20,206,210	22,843,895
Liabilities		
Current Liabilities		
Accounts payable	371,471	505,331
Accrued liabilities	458,143	390,039
Unearned revenues	250,000	128,350
Current portion of compensated absences	33,696	125,121
Current portion of lease obligations	83,108	69,066
Current portion of subscription obligations	10,755	-
Current portion of revenue bonds	144,218	142,759
Total Current Liabilities	1,351,391	1,360,666
Long-Term Liabilities		
Revenue bonds	1,208,106	1,352,324
Lease obligations	97,870	126,854
Subscription obligations	40,797	-
Net Pension and OPEB liability	460,024	428,857
Compensated absences	880,797	651,792
Total Long-Term Liabilities	2,687,594	2,559,827
Total Liabilities	4,038,985	3,920,493
Deferred Inflows of Resources		
Differences between expected and actual experience - pension	305,192	735,039
Differences between projected and actual earnings on pension plan investments	762,753	2,993,056
Differences between expected and actual experience - OPEB	93,342	10,791
Differences between projected and actual earnings on pension plan investments	20,649	90,704
Changes of assumptions - OPEB	49,547	44,348
Changes of proportionate share - OPEB	74,438	39,783
Total Deferred Inflows of Resources	1,305,921	3,913,721
Total Liabilities and Deferred Inflows of Resources	5,344,906	7,834,214
Net Position		
Net investment in capital assets	9,501,432	10,055,800
Restricted	4,563,519	5,959,301
Unrestricted	796,353	(1,005,420)
Total Net Position	$ 14,861,304	$ 15,009,681

REVENUES

Operating and non-operating revenues for the Jail Authority totaled $15,884,657 for the year ended June 30, 2023, which equates to a $570,674 increase over fiscal year 2022. Of this total, per diem billings to member jurisdictions totaled $6,555,175 or 41.3% of total revenues. Per diem billings to non-member jurisdictions totaled $2,765,656 and accounted for 16.6% of total revenues. Other revenues totaled $6,563,826, or 42.1% of total revenues.

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

Revenue Classification	2023	2022
Operating Revenues		
Hanover County	$ 4,655,927	$ 4,814,768
Town of Ashland	308,066	276,008
Caroline County	1,591,182	1,694,197
Subtotal	6,555,175	6,784,973
United States Marshals' Service	1,841,159	2,858,458
Other Local and Regional Jails	924,497	423,958
Subtotal	2,765,656	3,282,416
Work Release	5,813	3,640
Miscellaneous Income	1,311,850	1,030,648
Subtotal	1,317,663	1,034,288
Total Operating Revenues	10,638,494	11,101,677
Nonoperating Revenues		
Commonwealth of Virginia	4,862,237	4,232,783
Federal Grant Revenues	-	50,000
Interest and Investment loss	163,926	(70,477)
Total Nonoperating Revenues	5,026,163	4,212,306
Capital Contributions	220,000	-
Total Revenues	$ 15,884,657	$ 15,313,983

EXPENSES

Operating and nonoperating expenses totaled $16,033,034 for the year ended June 30, 2023, which represents a $929,255 increase over fiscal year 2022. Of this amount, salaries and employee benefits totaled $9,797,582, medical services and supplies totaled $2,540,037, food service and supplies totaled $497,566, and interest expense on debt totaled $25,462.

Summary expense data for the years ended June 30, 2023, and 2022 is presented in the following tabulation:

Expense Classification	2023	2022
Operating Expenses		
Personnel services	$ 7,563,875	$ 7,005,718
Fringe benefits	2,233,707	2,014,158
Contractual services	816,016	806,159
Materials and supplies	527,476	511,193
Medical services and supplies	2,540,037	2,381,842
Food services and supplies	497,566	480,703
Utilities	386,769	403,052
Canteen fund	223,177	300,558
Depreciation and Amortization	1,218,949	1,174,895
Total Operating Expenses	16,007,572	15,078,278
Nonoperating Expenses		
Interest expense	25,462	25,501
Total Expenses	16,033,034	15,103,779
Total excess (deficiency) of revenues over (under) expenses	(148,377)	210,204
Total net position, beginning of year	15,009,681	14,799,477
Total net position, end of year	$ 14,861,304	$ 15,009,681

DEBT ADMINISTRATION

The Jail Authority had total bonded debt outstanding $1,352,324, and $1,495,083 at June 30, 2023, and 2022, respectively. Those amounts are comprised of 2016 Energy Conservation Note.

The 2016 Energy Conservation Note was issued to fund an energy conservation project to upgrade energy equipment and systems throughout the jail. The intent is to make the overall facility more energy efficient. The Note is funded through the Virginia Saves program in which the Jail Authority receives an IRS tax subsidy and the debt is paid for entirely through energy cost savings over the 15 year period of the note. The energy cost savings are guaranteed by the project vendor, Siemens, of the energy conservation project. For more detailed information on long-term debt activity, refer to Note 4 of the notes to the financial statements.

CAPITAL ASSETS

As of June 30, 2023, capital assets, accumulated depreciation and amortization, and depreciation and amortization expense totaled $33,981,182, $22,894,896 and $1,218,949, respectively. As of June 30, 2022, capital assets, accumulated depreciation, and depreciation expense totaled $33,437,663, $21,690,860, and $1,174,895, respectively.

For more detailed information on capital assets activity, refer to Note 3 of the notes to the financial statements.

JAIL AUTHORITY'S PER DIEM RATES

Operational per diem rates are set for the localities through the annual budget process. The operational per diem rate is calculated by the total operational per diem due from the localities divided by the total number of inmates projected for the year divided by 365 days. The operational per diem rates were $84.68, and $72.14 for 2023, and 2022, respectively. The per diem rate that has been set for all federal inmates increased from $75.00 to $90.00 on April 1, 2023. The per diem rate set for Powhatan Sheriff's office is $52.00 while other agencies housed by the Jail is $50.00.

REQUEST FOR INFORMATION

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

PAMUNKEY REGIONAL JAIL AUTHORITY
Statement of Net Position
June 30, 2023

ASSETS	
Current assets:	
Pooled cash, cash equivalents and investments with fiscal agent	$ 2,336,350
Receivables:	
Due from Federal Government	143,012
Due from Commonwealth of Virginia	405,628
Accounts receivable - member jurisdictions	279,654
Total current assets	3,164,644
Noncurrent assets:	
Restricted: Pooled cash, cash equivalents and investments with fiscal agent	3,929,110
Net Pension asset	213,479
Net OPEB asset	154,735
Capital assets:	
Nondepreciable assets	70,825
Intangible right-to-use lease assets, net of amortization	177,547
Intangible right-to-use subscription assets, net of amortization	51,441
Depreciable assets, net of accumulated depreciation	10,786,473
Total noncurrent assets	15,383,610
Total assets	18,548,254
DEFERRED OUTFLOWS OF RESOURCES	
Change of assumptions - pension	283,618
Differences between expected and actual experience - pension	143,137
Pension contributions after measurement date	988,188
OPEB contributions after measurement date	60,873
Differences between expected and actual experience - OPEB	98,974
Differences between projected and actual experience - OPEB	15,197
Changes of assumptions - OPEB	46,043
Changes of proportionate share - OPEB	21,926
Total deferred outflows of resources	1,657,956
Total assets and deferred outflows of resources	$ 20,206,210

See accompanying notes to financial statements

PAMUNKEY REGIONAL JAIL AUTHORITY
Statement of Net Position
June 30, 2023

LIABILITIES		
Current liabilities:		
Accounts payable	$	371,471
Accrued liabilities		458,143
Unearned revenues		250,000
Current portion of compensated absences		33,696
Current portion of lease obligations		83,108
Current portion of subscription obligations		10,755
Current portion of revenue note		144,218
Total current liabilities		1,351,391
Long-term liabilities:		
Revenue note		1,208,106
Lease obligations		97,870
Subscription obligations		40,797
Net OPEB liability		460,024
Compensated absences		880,797
Total long-term liabilities		2,687,594
Total liabilities		4,038,985
DEFERRED INFLOWS OF RESOURCES		
Differences between expected and actual experience - pension		305,192
Net difference between projected and actual earnings on pension plan investments - pension		762,753
Differences between expected and actual experience - OPEB		93,342
Net difference between projected and actual earnings on OPEB plan investments		20,649
Changes of assumptions - OPEB		49,547
Changes of proportionate share - OPEB		74,438
Total deferred inflows of resources		1,305,921
NET POSITION		
Net investment in capital assets		9,501,432
Restricted:		
Operating reserve - per jail service agreement		3,890,640
Pension and OPEB		634,409
Canteen Fund for Inmate Population		38,470
Unrestricted		796,353
Total net position		14,861,304
Total liabilities, deferred inflows of resources, and net position	$	20,206,210

See accompanying notes to financial statements (concluded)

PAMUNKEY REGIONAL JAIL AUTHORITY
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2023

OPERATING REVENUES	
Charges for services:	
County of Hanover	$ 4,655,927
Town of Ashland	308,066
County of Caroline	1,591,182
Charges to other governments	2,765,656
Other	1,317,663
Total operating revenues	10,638,494
OPERATING EXPENSES	
Personnel services	7,563,875
Fringe benefits	2,233,707
Contractual services	816,016
Other operating expenses and supplies	4,175,025
Depreciation and amortization	1,218,949
Total operating expenses	16,007,572
Operating loss	(5,369,078)
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental:	
Revenue from the Commonwealth of Virginia:	
Categorical aid: shared expenses and fees	4,862,237
Interest and Investment income, net	163,926
Interest expense	(25,462)
Net nonoperating revenues	5,000,701
Loss before capital contributions	(368,377)
Capital contributions	220,000
Change in net position	(148,377)
Total net position, beginning of year	15,009,681
Total net position, end of year	$ 14,861,304

See accompanying notes to financial statements

PAMUNKEY REGIONAL JAIL AUTHORITY
Statement of Cash Flows
Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Charges to governments for inmates	$ 9,440,815
Other revenues	1,659,313
Payments to suppliers	(5,352,350)
Payments to employees	(10,197,619)
Net cash used in operating activities	(4,449,841)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Intergovernmental revenue received	4,819,417
Net cash provided by noncapital financing activities	4,819,417
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments for capital asset additions	(207,379)
Principal payments on long-term debt	(142,759)
Principal payments on lease obligations	(83,724)
Principal payments on subscription obligations	(10,719)
Interest paid on long-term debt	(25,462)
Net cash used in capital and related financing activities	(470,043)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on Pooled cash, cash equivalents and investments with fiscal agent	163,926
Net cash provided by investing activities	163,926
Net increase in Pooled cash, cash equivalents and investments with fiscal agent	63,459
Total Pooled cash, cash equivalents and investments with fiscal agent at beg. of year	6,202,001
Total Pooled cash, cash equivalents and investments with fiscal agent at end of year	$ 6,265,460

See accompanying notes to financial statements

PAMUNKEY REGIONAL JAIL AUTHORITY
Statement of Cash Flow
Year Ended June 30, 2023

Operating loss	$	(5,369,078)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization		1,218,949
Change in operating assets and liabilities:		
Accounts and accrued interest receivable - member jurisdictions		7,801
Due from Federal Government		112,184
OPEB contributions after measurement date		(15,087)
OPEB liability		(91,259)
Pension contributions after measurement date		(221,535)
Pension liability		2,039,715
Increase (decrease) in:		
Accounts payable		(141,310)
Accrued liabilities		75,554
Unearned revenues		121,650
Compensated absences		137,580
Net OPEB deferred flows of resources		29,690
Net differences between projected and actual earnings on OPEB plan investments		12,547
Net pension deferred flows of resources		(2,367,242)
Net cash used in operating activities	$	(4,449,841)

Noncash Capital and Related Financing Activities		
Issuance of intangible right-to-use lease asset and lease obligation	$	68,782
Issuance of intangible right-to-use subscription asset and SBITAobligation		62,271
Capital contributions		220,000

RECONCILIATION OF TOTAL POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS WITH FISCAL AGENT:

Pooled cash, cash equivalents and investments with fiscal agent-current	$	2,336,350
Restricted cash and cash equivalents with fiscal agent-noncurrent		3,929,110
Total Pooled cash, cash equivalents and investments with fiscal agent	$	6,265,460

See accompanying notes to financial statements (concluded)

PAMUNKEY REGIONAL JAIL AUTHORITY
Statement of Fiduciary Net Position
June 30, 2023

ASSETS		
Current assets:		
Cash and cash equivalents	$	65,263
Total assets	$	65,263
LIABILITIES		
Current liabilities:		
Accrued liabilities	$	14,722
FIDUCIARY NET POSITION		
Restricted:		
Custodial Accounts for Inmate Population		50,541
Total liabilities and fiduciary net position	$	65,263

See accompanying notes to financial statements

PAMUNKEY REGIONAL JAIL AUTHORITY
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2023

ADDITIONS		
Custodial Funds collected on behalf of Inmate Population	$	851,832
Total additions		851,832
DEDUCTIONS		
Custodial Funds disbursed on behalf of Inmate Population		851,964
Total deductions		851,964
Decrease in fiduciary net position		(132)
Fiduciary net position - beginning		50,673
Fiduciary net position - ending	$	50,541

See accompanying notes to financial statements

Note 1 – Summary of significant account policies

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

B. **Financial Statement Presentation** – The financial statements of the Jail Authority are prepared in accordance with accounting principles generally accepted in the United States of America, (" GAAP") for an enterprise fund, which account for operations that are financed and operated in a manner similar to private business enterprises. The Jail Authority also has a fiduciary custodial account for the inmate population for which it prepares fiduciary financial statements. The intent of the Jail Authority is that the cost of providing services to the participating jurisdictions be financed or recovered through user charges to participating jurisdictions.

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

D. **Pooled Cash, Cash Equivalents and Investments with fiscal agent** – Pooled cash, cash equivalents, and investments are held by the County Treasurer on behalf of the Jail Authority. Investments are reported at fair value, based on quoted market prices at year end. As of June 30, 2023, the pooled cash and investments attributed to the Jail Authority have been allocated to the Jail Authority based upon their respective ownership percentage. Investment earnings and losses and fees are allocated to the Jail Authority based upon their respective average monthly equity balance in the pooled account. The Jail also has two separate accounts from the fiscal agent: Inmate Canteen Fund, which is used for the benefit of the overall inmate population and Inmate custodial account, which the Jail is a fiduciary for individual inmate account balances.

E. **Restricted Assets** – The Jail Authority's restricted assets consists of pension/OPEB and operating reserves, which, at June 30, 2023 were as follows:

	2023
Operating reserve	$3,890,640
Canteen for Inmate Population	38,470
Pension and OPEB	368,214
	$4,297,324

It is the Jail Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Note 1 – Summary of significant account policies (continued)

F. **Allowances for Uncollectibles** – In accordance with the Jail Authority's relationship with member jurisdictions and factoring in their credit worthiness, and ability to pay their billings, no allowance has been established for uncollectible accounts.

G. **Capital Assets** – All property, plant, and equipment is recorded at cost. Intangible right-to-use assets are initially measured as the initial amount of the lease or subscription obligation, adjusted for payments made at or before the commencement of the lease or subscription, plus certain indirect costs. The capitalization threshold is $5,000 with a useful life of greater than one year. Capital assets are depreciated and amortized using the straight-line method over the following estimated useful lives. Land and intangible assets with indefinite useful lives are not depreciated or amortized. There were no impaired capital assets at year end.

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

Buildings	35 years
Improvements other than buildings	10-20 years
Vehicles and Equipment	5-15 years
Intangible right-to-use lease asset - buildings	3-5 years
Intangible right-to-use lease asset – equipment	3-5 years
Intangible right-to-use subscription asset	5-7 years

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

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

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

Note 1 – Summary of significant account policies (continued)

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

The Jail Authority designates, in accordance with its bond covenants, an operating reserve fund in each of its annual budgets in an amount equal to not less than 90 days of its projected annual budget for each year less debt service. This operating reserve amounted to $3,890,640 for June 30, 2023.

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

General liability and faithful performance of duty bond coverages provided by the Commonwealth of Virginia, Department of General Services, and Division of Risk Management. There was no reductions in insurance coverage for the last three fiscal years.

M. **Deferred Outflows/Inflows of Resources –** In addition to assets, the Statement of Net 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 assets that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until then. The Jail Authority have several items that qualify for reporting in this category. The items relate to the pension plan and the other postemployment benefits (OPEB) plans. See Notes 7, 8, 9 and 10 for details regarding these items. In addition to liabilities, the Statement of Net 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 assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Several types of items qualify for reporting in this category. The items relate to the pension plan and the OPEB plans. See Notes 7, 8, 9 and 10 for details regarding these items.

N. **Pension Plan –** The Jail Authority is consistent with Virginia Retirement System (VRS) guidance in respect to its pension reporting, including their measurement of retirement plan net pension liabilities, deferred outflows of resources and deferred inflows of resources, pension expense, information about the fiduciary net position of the VRS multiple-employer (VRS Local Plans).

GAAP requires the liability of employers for defined benefit pensions to be measured as the portion of the present value of projected benefits payments to be provided through pension plan to current active and inactive employees that is attributed to those employees' past period.

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

Note 1 – Summary of significant account policies (continued)

O. **Retiree Medical Benefits Plan and Trust –** The Jail Authority's fiscal agent, Hanover County, has established the Hanover County Retiree Medical Benefits Plan a multiple-employer defined benefit plan and related Trust to provide health insurance benefits to the employees and retired employees of the County and other participating employers including the Jail Authority. The Hanover County Finance Board was established pursuant to Virginia Code § 15.2-1547 is responsible for the oversight of the Hanover Retiree Medical Benefits Trust, established pursuant to Virginia § Code 15.2-1544, which provides its authority under which benefit terms are established or may be amended. The related Medical Trust OPEB asset, deferred outflows or resources and deferred inflows of resources related to the Medical Trust OPEB Plan, and Medical Trust OPEB expense have been measured and reported in accordance with GAAP as prepared by the County's external actuary. Additionally, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. **Group Life Insurance –** The Jail Authority participates in the VRS Group Life Insurance (GLI) program. The VRS GLI Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to § 51.1-500 et seq. of the Code, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to GLI Program OPEB, and GLI Program OPEB expense, information about the fiduciary net position of the VRS GLI Program OPEB and the additions to/deductions from the VRS GLI Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition benefits payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. **Health Insurance Credit program –** The Jail Authority participates in the VRS Health Insurance Credit (HIC) program.

The Political Subdivision HIC Program is an agent multiple-employer defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. The Political Subdivision HIC Program was established pursuant to §51.1-508 of the Code, as amended, and which provides the authority under which benefit terms are established or may be amended. For purposes of measuring the net Political Subdivision HIC Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Political Subdivision HIC Program OPEB; and the Political

Subdivision HIC Program OPEB expense, information about the fiduciary net position of the VRS Political Subdivision HIC Program; and the additions to/deductions from the VRS Political Subdivision HIC's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1 – Summary of significant account policies (concluded)

R. **Current Accounting Standards –** GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* - In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (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. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No.87, *Leases,* as amended. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The subscription term includes the period during which a government has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will *not* exercise that option). The Jail Authority adopted this Statement as of July 1, 2022.

S. **Subsequent Events** – The Jail Authority has evaluated subsequent events through November 16, 2023, the date on which the financial statements were available to be issued.

Note 2 – Pooled Cash, Cash Equivalents and Investments with Fiscal Agent

The County acts as a fiscal agent for the Jail Authority. Accordingly, the Jail Authority follows the deposit and investment guidelines of the County. As of June 30, 2023, the Jail Authority's carrying value of deposits and investments as part of the County pooled cash and investments was $6,226,990.

All cash of the Jail Authority's enterprise funds, except for cash of the canteen fund for the inmate population are maintained by the County in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act"), Section 2.2-4400 et. seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the Federal Deposit Insurance Corporation must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon the choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

All cash and cash equivalents of the Jail Authority's custodial fund and the Canteen Fund for Inmate population are maintained by the Jail Authority in one financial institution. This account is restricted and solely used for the inmate population. The cash funds are only represented in the Jail's checking account for the custodial inmate account. These balances are insured by the Federal Deposit Insurance Corporation ('FDIC") up to $250,000. The balances as of June 30, 2023 were not in excess of the FDIC limit at June 30, 2023.

Note 2 – Pooled Cash, Cash Equivalents and Investments with Fiscal Agent (continued)

Pooled Investments in accordance with Section 2.2-4500 of the *Code of Virginia* and other applicable law and regulations, the County's investment policy (the "Policy") permits investments in obligations of the United States or agencies thereof; held directly, by collateralized repurchase agreement, or in mutual funds registered under the Investment Company Act of 1940, whose portfolios are restricted to U.S. and U.S. agency obligations, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (the World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper, certain corporate notes, bankers' acceptances, and repurchase agreements, savings accounts or time deposits in approved banks or savings institutions within the Commonwealth, and the Commonwealth of Virginia Treasurer's Local Government Investment Pool, (the LGIP, a 2a-7 like pool). The County Policy establishes limitations on the holding of non-US Government obligations by type of instrument. The maximum percentage of the portfolio (book value at the date of acquisition) permitted in each type of security is as follows:

Money Market mutual funds	75% maximum
Repurchase agreements	50% maximum
Negotiable certificates of deposits/bank notes	25% maximum
Corporate notes	25% maximum
Bankers' acceptance	25% maximum
Commercial paper	25% maximum
State bonds, notes and other evidences of indebtedness	20% maximum
County, town, city, district, authority or other public body bonds, notes and other evidences of indebtedness	20% maximum

The following tables present the credit rating for the pooled cash and cash equivalents and investments with fiscal agent at fair value at June 30, 2023:

Assets:	Fair Value June 30, 2023	AAA/AAAm	AA	A	N/A
Cash & Equivalents	$ 716,262	$ -	$ -	$ -	$ 716,262
Demand/Time Deposits	61,552	-	18,005	43,547	-
Money Market Fund	1,255,352	1,255,352	-	-	-
US Treasury Securities	1,010,358	-	1,010,358	-	-
Supranational	61,087	61,087	-	-	-
Corporate Notes/Bonds	350,173	13,637	282,367	54,169	-
LGIP EM	257,466	257,466	-	-	-
Municipal Bonds	14,147	6,643	7,504		-
Total	$ 3,726,397	$ 1,594,185	$ 1,318,234	$ 97,716	$ 716,262

Note 2 – Pooled Cash, Cash Equivalents and Investments with Fiscal Agent (continued)

The following tables present pooled cash and cash equivalents and investments with fiscal agent at fair value at June 30, 2023:

	Fair Value	Level 1	Level 2	Level 3	N/A
Cash and cash equivalents in pooled funds	$ 677,792	$ -	$ -	$ -	$ 677,792
Cash and cash equivalents not in pooled funds	38,470	-	-	-	38,470
Investments in pooled funds	3,010,135	843,879	653,438	-	1,512,818
	3,726,397	$ 843,879	$ 653,438	$ -	$ 2,229,080
Cash equivalents and short-term investments measured at the amortized costs:					
LGIP	2,539,063				
Total	$ 6,265,460				

Interest Rate Risk: As a means of limiting exposure to fair value losses arising from interest rates, the County's pooled investment portfolio precedes or coincides with the expected need of funds. The County's policy also limits the investment of operating funds to investments with a stated maturity of no more than five years from the date of purchase, except proceeds from the sale of bonds, which must be invested in compliance with the specific requirement of bond covenants, and may be invested in securities with longer maturities.

Credit Risk: As required by the State statute, the County's Policy requires that commercial paper have a short-term debt rating of no less than A-1 (or its equivalent) from at least two of the following: Moody's Investors Service, Standard & Poor's and Fitch Ratings, and that its maturity may not exceed 270 days and the issuing corporation, or its guarantor must have a net worth of at least $50 million and the issuer's net income must average $3 million for the five previous years.

(Remainder of page intentionally left blank)

Note 2 – Pooled Cash, Cash Equivalents and Investments with Fiscal Agent (concluded)

Corporate notes must have a rating of at least "AA" by Standard & Poor's and "Aa" by Moody's Investor Service. The final maturity shall not exceed a period of 5 years from the time of purchase. Notes having a maturity of greater than one year must be rated "AA" by Standard & Poor's and "Aa" by Moody's Investor Service. Negotiable Certificates of Deposit and Bank Deposit Notes maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investor Service. Notes having a maturity of greater than one year must be rated "AA" by Standard & Poor's and "Aa" by Moody's Investor Service. The County's pooled debt investments as of June 30, 2023 were rated by Standard & Poor's and/or an equivalent nationally recognized statistical rating organization. Deposits and investments not exposed to credit quality risk, as defined by GAAP, are designated as not applicable (N/A) in the credit rating column, and those that are not rated are designated as N/R.

The Trust Policy requires that the Trust's fixed income investments shall not exceed 5% of the total bond portfolio at the time of purchase. The 5% limitation does not apply to the issues of the US Treasury or other Federal Agencies. The overall rating of fixed income assets as calculated by the Advisor shall be investment grade, based on the rating of one Nationally Recognized Statistical Rating Organization.

Concentration of Credit Risk: The County Policy has limitations on the pooled investment portfolio composition by issuer in order to control concentration of credit risk. No more than five percent of the pooled investment portfolio will be invested in the securities of any single issuer with the following exceptions:

US Treasury	100% maximum
LGIP	100% maximum
Money Market mutual funds	50% maximum
Each Federal agency	35% maximum
Each repurchase agreement counterparty	25% maximum

Custodial Credit Risk - Deposits: For deposits, custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. The County's deposits at June 30, 2023 were fully insured under the Virginia Security for Public Deposits Act and are therefore not considered to be subject to custodial credit risk.

Custodial Credit Risk – Investments: For investments, custodial risk is the risk that, in the event of the failure of the counterparty, the reporting entity will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's policy requires that all investment securities purchased for the County be held by the County or by the County's designated custodian. If held by a custodian, the securities must be in the County's or the custodian's nominee name and identifiable on the custodian's books as belonging to the County and the custodian must be a third-party, not a counterparty to the investment transaction.

As of June 30, 2023, all of the County's pooled investments were held by the trust department of the County's custodial bank in the County's name.

Note 3 – Capital Assets

The following schedule denote the changes in capital assets for the year ended June 30, 2023:

	Balance June 30, 2022	Additions	Deletions	Transfers	Balance June 30, 2023
Capital assets not being depreciated or amortized:					
Land	$ 70,825	$ -	$ -	$ -	$ 70,825
Construction in progress	242,671	-	-	(242,671)	-
Total non depreciable assets	313,496	-	-	(242,671)	70,825
Capital assets being depreciated and amortized:					
Buildings	27,833,636	-	-	-	27,833,636
Improvements other than buildings	3,454,413	125,765	-	242,671	3,822,849
Vehicles and equipment	1,575,567	301,614	-	-	1,877,181
Intangible right-to-use lease assets - buildings	196,291	-	-	-	196,291
Intangible right-to-use lease use assets - equipment	64,260	68,782	14,913	-	118,129
Intangible right-to-use subscription assets - equipment	-	62,271			62,271
Total capital assets being depreciated and amortized	33,124,167	558,432	14,913	-	33,910,357
Accumulated depreciation and amortization:					
Buildings	19,154,802	812,676	-	-	19,967,478
Improvements other than buildings	1,311,764	216,491	-	-	1,528,255
Vehicles and equipment	1,155,568	95,892	-	-	1,251,460
Intangible right-to-use lease assets - buildings	49,073	49,073		-	98,146
Intangible right-to-use lease assets - equipment	19,653	33,987	14,913	-	38,727
Intagible right-to-use subscription assets	-	10,830			10,830
Total accumulated deprecation and amortization	21,690,860	1,218,949	14,913	-	22,894,896
Total capital assets being depreciated and amortized (net)	11,433,307	(660,517)	-	-	11,015,461
Total capital assets, net	$ 11,746,803	$ (660,517)	$ -	$ -	$ 11,086,286

(Remainder of page intentionally left blank)

Note 4 – Noncurrent Liabilities

Series 2016 Jail Energy Conservation Note. On September 29, 2016, the Jail Authority issued $2,187,501 of Series 2016 jail energy conservation note with an interest rate of 3.40% to fund an Energy Conservation project to help make the Jail facility more energy efficient and to save on energy related costs. The issuance costs were $136,751. The 15 year note has semi-annual debt payments on April and October of each year and will mature on October 1, 2031. The note is funded through the Virginia Saves program in which the Jail Authority receives an IRS tax subsidy and the debt is paid for entirely through energy cost savings over the 15 year period of the note.

The Jail Authority had no accrued bond interest payable as of June 30, 2023.

The energy cost savings are guaranteed by the project vendor, Siemens, of the energy conservation project, which was completed in June 2017.

The following schedule reflects changes in long-term liabilities for the year ended June 30, 2023:

	Balance June 30, 2022	Increase	Decrease	Balance June 30, 2023	Due within One Year
Series 2016					
Energy Conservation revenue note	$ 1,495,083	$ -	$ 142,759	$ 1,352,324	$ 144,218
Total revenue note	1,495,083	-	142,759	1,352,324	144,218
Compensated absences	776,913	166,207	28,627	914,493	33,696
Lease Obligations	195,920	68,782	83,724	180,978	83,108
Subscription Obligations	-	62,271	10,719	51,552	10,755
Net other postemployment benefits	428,857	31,167	-	460,024	-
Total long-term liabilities	$ 2,896,773	$ 328,427	$ 265,829	$ 2,959,371	$ 271,777

Debt Service Requirements on outstanding long-term liabilities were composed of the following at June 30, 2023:

Year ending June 30,	Revenue Debt Principal	Revenue Debt Interest	Total Payment
2024	$ 144,218	$ 13,021	$ 157,239
2025	145,693	11,547	157,240
2026	147,182	10,057	157,239
2027	148,687	8,552	157,239
2028	150,206	7,032	157,238
2029-2032	616,338	12,618	628,956
Total	$ 1,352,324	$ 62,827	$ 1,415,151

Note 4 – Noncurrent Liabilities (concluded)

Lease Obligations: The Jail leases assets from a number of vendors, including leases for office space, office equipment and vehicles. The lease durations for vehicles and office equipment are typically three years. The duration of office space is for five years. Amounts are paid on a monthly basis with no variable components noted. Additionally, there are no residual terms or guarantees. The lease assets are presented as intangible right-to-use assets on the Statement of Net Position and in the footnote 3 for Capital Assets and the lease obligations are outlined in footnote 4 for Noncurrent Liabilities. As stated rates were unavailable in the lease agreements, the discount rate used to determine the liability amount was the Jail's incremental borrowing rate of 4.75% for the 2021 Ford Explorer, 2021 Dodge Durango and Modular Training Center. The incremental borrowing rate was 6.25% at the 2022 Ford Explorer's lease inception and 7.00% at the Taser equipment's lease inception.

The principal and interest to maturity on these lease obligations at June 30, 2023 are as follows:

	Lease Obligations		
Year ending June 30,	Principal	Interest	Total Payment
2024	$83,108	$7,971	$91,079
2025	76,870	3,770	80,640
2026	11,767	1,291	13,058
2027	9,233	646	9,879
Total	$180,978	$13,678	$194,656

Subscription Obligations: The Jail has a subscription agreement to use a web-based correctional training courses software from Relias LLC. The subscription agreement is seven years. Amounts are paid on an annual basis with no variable components noted. Additionally, there are no residual terms or guarantees. The subscription assets are presented as intangible right-to-use assets on the Statement of Net Position and in the footnote 3 for Capital Assets and the subscription obligations are outlined in footnote 4 for Noncurrent Liabilities. As stated rates were unavailable in the subscription agreements, the discount rate used to determine the liability amount was the Jail's incremental borrowing rate of 8.25%.

The principal and interest to maturity on these subscription obligations at June 30, 2023 are as follows:

	Subscription Obligations		
Year ending June 30,	Principal	Interest	Total Payment
2024	$10,755	$4,253	$15,008
2025	12,093	3,366	15,459
2026	13,554	2,368	15,922
2027	15,150	1,250	16,400
Total	$51,552	$11,237	$62,789

Note 5 – Compensated Absences

The Jail Authority has accrued $914,493 at June 30, 2023, as the liability arising from compensated absences. The compensated absences liability for the Jail Authority is accounted for using the last in-first out basis, which is under the assumption that the employees are taking time as it is earned; therefore, the current portion to report as of June 30, 2023 was $33,696.

Note 6 – Commitments and Contingent Liabilities

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

Certain expenses of grant funding are subject to audit by the grantor, and the Jail Authority is contingently liable to refund amounts received in excess of allowable expenses. In the opinion of the management of the Jail Authority, no material refunds will be required as a result of expenditures disallowed by the grantors.

Note 7 – Defined Benefit Pension Plan

Pensions – Jail employees participate in the VRS Political Subdivision Retirement Plan which is a multi-employer, agent plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflow of resources related to pensions, and pension expense, information about the fiduciary net position of the Political Subdivision Retirement Plan and the additions to/deductions from the Political Subdivision Retirement Plan's fiduciary net position have been determined on the same basis as they were reported by the 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.

Plan Description – All full-time, salaried permanent employees of the Political Subdivision are automatically covered a VRS Retirement Plan upon employment. This plan is 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 the 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.

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. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table that follows.

Note 7 – Defined Benefit Pension Plan (continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About VRS Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	**About VRS Plan 2** Same as Plan 1.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. . The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

Note 7 – Defined Benefit Pension Plan (continued)

Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund. **Hybrid Opt-In Election** VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (the "ORP") and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	**Eligible Members** Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. **Hybrid Opt-In Election** Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an ORP and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 *Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees Those employees eligible for an ORP must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.

Note 7 – Defined Benefit Pension Plan (continued)

Retirement Contributions Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	**Retirement Contributions** Same as Plan 1.	**Retirement Contributions** A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
Service Credit Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	**Service Credit** Same as Plan 1.	**Service Credit** **Defined Benefit Component:** Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. **Defined Contributions Component:** Under the defined contributions component, service credit is used to determine vesting for the employer contribution portion of the plan.

Note 7 – Defined Benefit Pension Plan (continued)

Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	**Vesting** Same as Plan 1.	**Vesting** **Defined Benefit Component:** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. **Defined Contributions Component:** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. •After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distributions not required, except as governed by law.

Note 7 – Defined Benefit Pension Plan (continued)

Calculating the Benefit The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **Defined Benefit Component:** See definition under Plan 1 **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.	**Service Retirement Multiplier** Same as Plan1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013. Sheriffs and regional jail superintendents same as Plan 1.	**Service Retirement Multiplier** The retirement multiplier is 1.0%. For members that 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. Sheriffs and regional jail superintendents: not applicable.
Normal Retirement Age Age 65.	**Normal Retirement Age** Normal Social Security retirement age.	**Normal Retirement Age** **Defined Benefit Component:** Same as Plan 2. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Note 7 – Defined Benefit Pension Plan (continued)

Earliest Unreduced Retirement Eligibility Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.	**Earliest Unreduced Retirement Eligibility** Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service equal 90.	**Earliest Unreduced Retirement Eligibility** **Defined Benefit Component:** Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of service credit or when their age plus service equal 90. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.	**Earliest Reduced Retirement Eligibility** Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of service credit.	**Earliest Unreduced Retirement Eligibility** **Defined Benefit Component:** Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of service credit. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (the "COLA") in Retirement The COLA matches the first 3% increase in the Consumer Price Index for all Urban Consumers (the "CPI-U") and half of any additional increase (up to 4%) up to a maximum COLA of 5%.	**Cost-of-Living Adjustment in Retirement** The COLA Adjustment matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.	**Cost-of-Living Adjustment in Retirement** **Defined Benefit Component:** Same as VRS Plan 2. **Defined Contribution Component:** Not applicable.

Note 7 – Defined Benefit Pension Plan (continued)

Eligibility: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	**Eligibility:** Same as Plan 1.	**Eligibility:** Same as Plan 1 and Plan 2.
Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (the "VSDP"). • The member Is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	**Exceptions to COLA Effective Dates:** Same as Plan 1	**Exceptions to COLA Effective Dates:** Same as Plan 1 and Plan 2.

Note 7 – Defined Benefit Pension Plan (continued)

Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.	**Disability Coverage** Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.	**Disability Coverage** Eligible political subdivision and school division (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (the "VLDP") unless their local governing body provides and employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** **Defined Benefit Component:** Same as Plan 1, with the following exception: • Hybrid Retirement Plan members are ineligible for posted services. **Defined Contribution Component:** Not applicable.

Note 7 – Defined Benefit Pension Plan (continued)

Employees Covered by Benefit Terms - As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

Inactive members or their beneficiaries currently receiving benefits	70
Inactive members:	
Vested	38
Non-vested	135
Active elsewhere in VRS	126
Total inactive members	299
Active members	110
Total covered employees	479

Contributions – The contribution requirement for active employees is governed by Title 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. The Jail Authority's contractually required employer contribution rate for the year ended June 30, 2023 was 15.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Jail Authority were $988,188 and $766,653 for the years ended June 30, 2023 and 2022, respectively.

Net Pension Asset/Liability – The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net positon. For the Jail Authority, the net pension liability was measured as of June 30, 2022. At June 30, 2023, the Jail Authority reported a net pension asset of $213,479. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2021, rolled forward to the measurement date of June 30, 2022.

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

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

Note 7 – Defined Benefit Pension Plan (continued)

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

- Mortality Rates — 15% of deaths are assumed to be service related
- Pre-Retirement — Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
- Post-Retirement — Pub-2010 Amount Weighted Safety Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
- Post-Disablement — Pub-2010 Amount Weighted General Disabled Rate projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
- Beneficiaries and Survivors — Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
- Mortality Improvement — Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age.
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service.
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Note 7 – Defined Benefit Pension Plan (continued)

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

Mortality Rate:
45% of deaths are assumed to be service-related.

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

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

Post-Disablement:
Pub-2010 Amount Weighted General Disable Rates projected generationally with a Modified MP-2020 Scake; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

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

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70.
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty.
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Note 7 – Defined Benefit 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 as summarized in the following table:

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

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

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

Discount Rate – The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions: political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. From July 1, 2022 on, participating employers are assumed to 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.

Note 7 – Defined Benefit Pension Plan (continued)

Changes in Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at June 30, 2021	$ 25,406,795	$ 27,659,989	($2,253,194)
Service cost	1,085,064	-	1,085,064
Interest	1,751,780	-	1,751,780
Difference between expected and actual experience	243,233	-	243,233
Contributions-employer	-	766,653	(766,653)
Contributions-employee	-	330,659	(330,659)
Net investment income	-	(40,551)	40,551
Benefit payments, including refunds of employee contributions	(1,079,138)	(1,079,138)	-
Administrative expenses	-	(17,048)	17,048
Other changes	-	649	(649)
Net changes	2,000,939	(38,776)	2,039,715
Balances at June 30, 2022	$ 27,407,734	$ 27,621,213	($213,479)

Sensitivity of the Net Pension (Asset) to Changes in the Discount Rate – The following presents the net pension liability (asset) of the Jail Authority using the discount rate of 6.75%, as well as what the Jail Authority's net pension liability (asset) would be if it were calculated using a discount rate that is 1% point lower (5.75%) or 1% point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability (Asset)	$ 3,969,600	($213,479)	($3,608,259)

(Remainder of page intentionally left blank)

Note 7 – Defined Benefit Pension Plan (concluded)

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
For the year ended June 30, 2023, the Jail Authority recognized pension expense of $439,126. At June 30, 2023, 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
Difference between expected and actual experience	$ 143,137	$ (305,192)
Changes of assumptions	283,618	-
Difference between projected and actual earnings on pension plan investments	-	(762,753)
Employer contributions subsequent to the measurement date	988,188	-
Total	$ 1,414,943	$ (1,067,945)

$988,188 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 reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ending June 30,	Amount
2024	$ (230,441)
2025	(274,435)
2026	(517,846)
2027	381,532
	$ (641,190)

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

Note 8 – Postemployment Healthcare Plan and Other Postemployment Benefits (OPEB) Trust

The Jail Authority provides for optional participation by eligible retirees and their eligible spouses and dependents in the medical and prescription drug healthcare benefit program available to employees. The County has established the County Retiree Medical Benefits Plan (Plan), an agent multiple-employer defined benefit healthcare plan, and the Retiree Medical Benefits Trust Agreement (Trust), which are administered as one plan for the County and its affiliates (collectively, Employers). The Jail Authority accounts for and reports its participation in the Plan by applying the requirements for a cost-sharing multiple-employer plan. The Plan covers eligible retirees of the Jail. The Trust provides the funding mechanism for the postemployment healthcare benefits established by the Plan. The *Code of Virginia* assigns the authority to administer the Plan, and to establish and amend the benefit provisions of the Plan, to the Hanover County Board of Supervisors (Board). The Plan provides for biennial reviews of benefit provisions based on actuarial analysis, but does not require any automatic or ad hoc benefit increases, although the Board may amend or terminate the Plan at any time. The Trust's accumulated assets may legally be used to pay all plan benefits provided to any of the plan's members or beneficiaries.

The Trust is considered part of the County's financial reporting entity and is included in County's financial statements as an Other Postemployment Benefits Trust Fund. The Jail Authority is required to make periodic contributions to fund its share of the plan based on periodic actuarial analysis of its future obligations. A copy of Hanover County's FY2023 ACFR may be downloaded from the following website, https://www.hanovercounty.gov/283/Annual-Comprehensive-Financial-Report.

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

Retirees under the Plan may select from the health care plans offered to active employees and pay the health insurance premium rate established annually based on biennial actuarial analysis of the claims cost of the retiree group, net of the applicable subsidy established by the Plan. Depending upon the health care plan selected, the net retiree premium amounts range from $481 to $1,290 per month and, for those electing retiree and family coverage, from $1,363 to $3,869 per month. Costs of administering the Plan will be borne by the Trust or by the Employers.

Note 8 - Postemployment Healthcare Plan and Other Postemployment Benefits (OPEB) Trust (continued)

Investments – The OPEB Board has determined that to achieve the greatest likelihood of meeting the applicable investment objectives, the Trust should allocate assets in two broad classes: Investment assets to be invested to achieve the annual rate of return equal to the Trust's actuarial discount rate with target allocations comprised of 42% in Domestic Equity, 23% in International Equity, and 35% in Fixed Income Investments. Liquidity Assets to be held solely in cash equivalent investments and used to pay for benefits and expenses of the Trust.

Rate of Return – For year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was (9.21%). The return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

In the February 1, 2023 actuarial valuation, the Entry Age Normal actuarial cost method was used. The actuarial assumptions include a 6.5% annual investment rate of return (net of administrative expenses) and payroll increase assumption of 2.5%. The liability is being amortized as a level percentage of projected payroll on a closed basis over fourteen years.

Mortality rates were as follows: For all healthy retirees and covered spouses, the SOA Pub-2010 General Retirees Headcount-Weighted Mortality Table, projected on a fully generational basis with mortality improvement scale MP-2021. For general disabled employees, the assumptions were based on the SOA Pub-2010 General Disabled Retirees Headcount-Weighted Mortality Table. For disabled public safety retirees, the assumptions were based on the SOA Pub-2010 Public Safety Disabled Retirees Headcount-Weighted Mortality Table. For all disabled retirees, the projections were on a fully generational basis with mortality improvement scale MP-2021.

The assumed inflation rate is 2.5%. The long-term expected rate of return of OPEB plan investments net of inflation is 4.70% on Domestic Equities, 6.00% on International Developed Equities, International Emerging Market Equities, 5.40% on International Emergency Markets Equities, 2.00% on Core Fixed, 3.00% on Investment Grade Corporate Debt, 4.40% on Emerging Market Debt, and 5.00% on High Yield investments.

The discount rate used to measure the total OPEB liability was 6.50%. This is the expected rate of return on trust assets. During its February 2020 meeting, the OPEB Trust Board established 6.50% (not adjusted for inflation) as the long-term target rate for the Plan over a rolling five year period. Previously the discount rate was 7.0%, unchanged since the Plan's inception. The OPEB Trust Board reviews annual feasibility studies performed by the Plan's investment consultant to consider the ongoing appropriateness of the target rate and whether a change should be considered. No changes were made to the 6.5% rate in the year ended June 30, 2023.

Long-term Medical Trend – As Plan funding is used subsidize premium rates, the OPEB Plan liability is not affected by changes in the Long-Term Medical Trend.

Note 8 - Postemployment Healthcare Plan and Other Postemployment Benefits (OPEB) Trust (continued)

The Plan is a cost sharing plan. GAAP requires cost sharing plans allocate liabilities and assets between employers based on "the employer's projected long-term contribution effort to the OPEB plan as compared to the total projected long-term contribution effort all employers and all non-employer contributing entities to determine the employer's proportion.

Benefits provided – The Plan funds subsidy amounts from participating eligible retirees and their dependents. The amounts vary based on retirement date and years of service as outlined.

Contributions - The Code permits the Board to make appropriations to fund the Trust and to enter into agreement with its School Component Unit and its Affiliates to participate in and contribute to the Trust. Contributions to the Trust are irrevocable; however, continued participation in the Plan is voluntary, and any Employer may individually terminate future participation in the Plan. Retiree medical activity is processed through the self-insurance fund on a pay-go basis. Each year the Trust Board determines whether there should be any withdrawals or contributions made to the Trust.

Funding Policy – The Board has adopted a resolution under which the Employers will contribute funds to the Trust periodically, as determined appropriate, based on periodic actuarial analysis of the future obligations of the Employers.

Net Postemployment Healthcare Plan and Other Postemployment Benefits (OPEB) Asset – At June 30, 2023 the Jail Authority reported a net OPEB asset of $154,735. The net OPEB asset was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation performed as of February 1, 2023.

(Remainder of page intentionally left blank)

Note 8 - Postemployment Healthcare Plan and Other Postemployment Benefits (OPEB) Trust (concluded)

Sensitivity of the Net OPEB (Asset) to Changes in the Discount Rate – The following presents the net OPEB (asset) of the Jail Authority at June 30, 2023 using the discount rate of 6.5%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is 1% point lower (5.5%) or 1% point higher (7.5%) than the current rate:

	1% Decrease (5.50%)	6.50% Discount Rate	1% Increase (7.50%)
Net OPEB (Asset)	($146,051)	($154,735)	($162,934)

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2022, the Jail Authority recognized OPEB expense of ($12,084). At June 30, 2022, the Jail Authority reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8	$ (67,130)
Changes of assumptions	2,915	(17,435)
Difference between projected and actual earnings on OPEB plan investments	15,197	-
Change in Proportion	16,330	(40,882)
Employer contribution subsequent to measurement date	10,194	-
Total	$ 44,644	$ (125,447)

The differences between expected and actual experience and net difference between projected and actual earnings on OPEB plan investments will be recognized in OPEB expense as follows:

Year ending June 30,	Amount
2024	$ (16,455)
2025	(14,980)
2026	(15,175)
2027	(5,837)
2028	(20,858)
Thereafter	(17,692)
	$ (90,997)

Note 9 - Postemployment Group Life Insurance Plan and Other Postemployment Benefits (OPEB) Trust

Group Life Insurance

The VRS Group Life Insurance Program (GLI) is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program 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. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI Program OPEB, and GLI Program OPEB expense, information about the fiduciary net position of the VRS GLI program OPEB and the additions to/deductions from the VRS GLI Program OPEB's 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.

<u>General Information about the GLI Program</u>

Plan Description

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS GLI Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OBEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the basic group life insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. 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 program, it is not included as part of the GLI Program OPEB.

(Remainder of page intentionally left blank)

Note 9 - Postemployment Group Life Insurance Plan and Other Postemployment Benefits (OPEB) Trust (continued)

The specific information for GLI Program OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS

Eligible Employees

The GLI Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:

- City of Richmond
- City of Portsmouth
- City of Roanoke
- City of Norfolk
- Roanoke City School Board

Basic group life insurance 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 benefits payable under the GLI Program have several components.

- *Natural Death Benefit:* The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- *Accidental Death Benefit:* The accidental death benefit is double the natural death benefit.
- *Other Benefit Provisions:* In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
    - Accidental dismemberment benefit
    - Seatbelt benefit
    - Repatriation benefit
    - Felonious assault benefit
    - Accelerated death benefit option

Reduction in Benefit Amounts

The benefit amounts provided to members covered under the GLI Program 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.

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)

For covered members with at least 30 years of service credit, there is a minimum benefit payable under the GLI Program. The minimum benefit was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $8,984 as of June 30, 2023.

Note 9 - Postemployment Group Life Insurance Plan and Other Postemployment Benefits (OPEB) Trust (continued)

Contributions

The contribution requirements for the GLI Program 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 as June 30, 2023 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, which the Jail Authority does; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. The Jail Authority has elected to pay the entire rate for the year ended June 30, 2023. The employer component of contributions to the GLI Program from the Jail Authority were $34,705 and $32,158 for the years ended June 30, 2023 and 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately $30.4 million to the GLI plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2023, the Jail Authority reported a liability of $329,682 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was 0.02738% as compared to 0.27840% at June 30, 2021.

For the year ended June 30, 2023, the Jail Authority recognized GLI OPEB expense of ($264). 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.

(Remainder of page intentionally left blank)

Note 9 - Postemployment Group Life Insurance Plan and Other Postemployment Benefits (OPEB) Trust (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 26,107	$ (13,226)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(20,600)
Change in assumptions	12,297	(32,112)
Changes in proportion	5,596	(33,556)
Employer contributions subsequent to the measurement date	34,705	-
Total	$ 78,705	$ (99,494)

$34,705 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year ending June 30,	Amount
2024	$ (14,589)
2025	(12,816)
2026	(21,718)
2027	(2,844)
2028	(3,527)
Thereafter	-
	$ (55,494)

(Remainder of page intentionally left blank)

Note 9 - Postemployment Group Life Insurance Plan and Other Postemployment Benefits (OPEB) Trust (continued)

Actuarial Assumptions

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

Inflation	2.50%
Salary increases, including inflation –	
General state employees	3.50% – 5.35%
Teachers	3.50% – 5.95%
SPORS employees	3.50% – 4.75%
VaLORS employees	3.50% – 4.75%
JRS employees	4.00%
Locality – General employees	3.50% – 5.35%
Locality – Hazardous Duty employees	3.50% – 4.75%
Investment rate of return	6.75 Percent, net of investment expenses, including inflation

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

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates to projected generationally; males sets forward 2 years; 105% of rates for females set forward 3 years.

Post-Retirement:
Pub-2010 Amount Weighted Safety Health Retirees Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

Post-Disablement:
Pub-2010 Amount Weighted General Disable Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

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

Note 9 - Postemployment Group Life Insurance Plan and Other Postemployment Benefits (OPEB) Trust (continued)

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.
Withdrawal Rates	Adjusted rates to better fit experience at each age and decrement through 9 years of service.
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

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

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

Post-Disablement:
Pub-2010 Amount Weighted General Disable Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

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

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

Note 9 - Postemployment Group Life Insurance Plan and Other Postemployment Benefits (OPEB) Trust (continued)

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70.
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty.
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the system's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the GLI Program are as follows (amounts expressed in thousands)**:**

	GLI OPEB Program
Total GLI OPEB Liability	$3,672,085
Plan Fiduciary Net Position	(2,467,989)
Net GLI OPEB Liability	$1,204,096
Plan Fiduciary Net Position as a % of the Total GLI OPEB Liability	67.21%

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

Note 9 - Postemployment Group Life Insurance Plan and Other Postemployment Benefits (OPEB) Trust (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:

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

* The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.72%, including expected inflation of 2.50%.

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

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. Through the fiscal year ending June 30, 2022, the rate contributed by the Jail Authority for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of actuarially determined contribution rate. From July 1, 2022 on, employers are assumed 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.

Note 9 - Postemployment Group Life Insurance Plan and Other Postemployment Benefits (OPEB) Trust (concluded)

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:

	1 % Lower (5.75%)	Discount Rate (6.75%)	1% Higher (7.75%)
Employer's proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 479,725	$ 329,682	$ 208,426

Group Life Insurance Program Fiduciary Net Position

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

(Remainder of page intentionally left blank)

Note 10 – Health Insurance Credit program – Virginia Retirement System

The Political Subdivision Health Insurance Credit (HIC) Program is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. The Political Subdivision HIC Program was established pursuant to §51.1-508 of the Code, as amended, and which provides the authority under which benefit terms are established or may be amended. For purposes of measuring the net Political Subdivision HIC Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Political Subdivision HIC Program OPEB; and the Political Subdivision HIC Program OPEB expense, information about the fiduciary net position of the VRS Political Subdivision HIC Program; and the additions to/deductions from the VRS Political Subdivision HIC's fiduciary net position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description

All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision Health Insurance Credit Program upon employment. This plan is 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 health insurance credit 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. The specific information about the Political Subdivision Health Insurance Credit Program OPEB, including eligibility, coverage and benefits is set out in the table below:

(Remainder of page intentionally left blank)

Note 10 – Health Insurance Credit program – Virginia Retirement System (continued)

POLITICAL SUBDIVISION HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS
Eligible Employees The Political Subdivision Retiree Health Insurance Credit Program was established July 1, 1993, for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit: Eligible employees are enrolled automatically upon employment. They include: • Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.
Benefit Amounts The Political Subdivision Retiree Health Insurance Credit Program provides the following benefits for eligible employees: • *At Retirement*: 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. • *Disability Retirement*: 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.
Health Insurance Credit Program Notes: • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • No Health Insurance Credit 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 Health Insurance Credit as a retiree.

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

Inactive members or their beneficiaries	
currently receiving benefits	3
Vested	4
Total inactive members	7
Active members	110
Total covered employees	117

Note 10 – Health Insurance Credit program – Virginia Retirement System (continued)

Contributions – The contribution requirement for active employees is governed by Title 51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The Jail Authority's contractually required employer contribution rate for the year ended June 30, 2023 was .25% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Jail Authority to the Political Subdivision HIC program were $15,974 and $13,628 for the years ended June 30, 2023 and 2022, respectively.

Net HIC OPEB Liability – At June 30, 2023, the Jail Authority reported a net HIC OPEB liability of $130,342. The net HIC OPEB liability was measured as of June 30, 2022. The total HIC OPEB liability was determined by as actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

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

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

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

Post-Retirement:
Pub-2010 Amount Weighted Safety Health Retirees Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:
Pub-2010 Amount Weighted General Disable Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

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

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

Note 10 – Health Insurance Credit program – Virginia Retirement System (continued)

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1: set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability Discount Rate	No change No change

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

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

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

Post-Disablement:
Pub-2010 Amount Weighted General Disable Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

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

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

Note 10 – Health Insurance Credit program – Virginia Retirement System (continued)

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70.
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty.
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Long-Term Expected Rate of Return

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

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

Note 10 – Health Insurance Credit program – Virginia Retirement System (continued)

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

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

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 ending June 30, 2022, the rate contributed by the Jail Authority for the HIC OPEB was 100% of actuarially determined contribution rate. From July 1, 2022 on, employers are assumed 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 Liability

	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (a)-(b)
Balances at June 30, 2021	$ 135,445	$ 30,721	$ 104,724
Service cost	9,213	-	9,213
Interest	9,715	-	9,715
Difference between expected and actual experience	(14,450)	-	(14,450)
Changes in assumptions	32,941	-	32,941
Contributions-employer	-	13,628	(13,628)
Net investment income	-	(277)	277
Benefit payments, including refunds of employee contributions	(1,454)	(1,454)	-
Administrative expenses	-	(80)	80
Other changes	-	(1,470)	1,470
Net changes	35,965	10,347	25,618
Balances at June 30, 2022	$ 171,410	$ 41,068	$ 130,342

Note 10 – Health Insurance Credit program – Virginia Retirement System (continued)

Sensitivity of the Net HIC OPEB Liability to Changes in the Discount Rate – The following presents the Political Subdivision HIC Program net HIC OPEB liability using the discount rate of 6.75%, as well as what the Political Subdivision's net HIC OPEB liability would be if it were calculated using a discount rate that is 1% point lower (5.75%) or 1% point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current 6.75% Discount Rate	1% Increase (7.75%)
Net HIC OPEB Liability	$ 152,863	$ 130,342	$ 111,531

HIC OPEB Liabilities, HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the HIC Insurance Program OPEB

For the year ended June 30, 2023, the Jail Authority recognized HIC Program OPEB expense of $33,282. At June 30, 2023, the Jail Authority reported deferred outflows of resources and deferred inflows of resources related to the HIC OPEB Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 72,859	$ (12,986)
Changes in assumptions	30,831	-
Net difference between projected and actual earnings on HIC OPEB program investments	-	(49)
Employer contributions subsequent to the measurement date	15,974	-
Total	$ 119,664	$ (13,035)

$15,974 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 reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2024.

Note 10 – Health Insurance Credit program – Virginia Retirement System (concluded)

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:

Year ending June 30,	Amount
2024	$ 15,237
2025	15,239
2026	15,169
2027	15,954
2028	15,412
Thereafter	13,644
	$ 90,655

Health Insurance Credit Program Plan Data

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

Note 11 – Total Postemployment Insurance Plans

The schedule below shows the aggregate total of the Jail's three Postemployment Plans: Retiree Healthcare plan, Group Life Insurance and Health Insurance credit:

	OPEB Asset	OPEB Liability	Deferred Outflows	Deferred Inflows	OPEB Expense
Retiree Healthcare Plan	$ 154,735	$ -	$ 44,644	$ 125,447	$ (12,084)
Group Life Insurance	-	329,682	78,705	99,494	(264)
Health Insurance Credit	-	130,342	119,664	13,035	33,282
	$ 154,735	$ 460,024	$ 243,013	$ 237,976	$ 20,934

Note 12 – Related Party Transactions

The County provides certain general government administrative and accounting services such as payroll, finance, information technology, and purchasing for the Jail Authority. The Jail Authority paid the County $503,000, related to such services for the year ended June 30, 2023.

PAMUNKEY REGIONAL JAIL AUTHORITY
Required Supplementary Information
June 30, 2023

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability									
Service cost	$ 1,085,064	$ 986,163	$ 949,244	$ 866,776	$ 810,882	$ 822,851	$ 854,913	$ 821,307	$ 825,135
Interest on total pension liability	1,751,780	1,570,280	1,378,330	1,270,635	1,180,501	1,096,012	958,226	897,941	807,387
Changes in assumptions	-	1,082,544	-	691,260	-	(199,146)	-	-	-
Changes in benefit terms	-	-	845,849	-	-	-	-	-	-
Difference between expected and actual experience	243,233	(1,164,886)	272,602	(41,981)	(204,078)	(47,017)	572,862	(434,884)	-
Benefit payments	(1,079,138)	(661,414)	(543,255)	(494,556)	(504,807)	(426,629)	(408,610)	(437,691)	(240,113)
Net change in total pension liability	2,000,939	1,812,687	2,902,770	2,292,134	1,282,498	1,246,071	1,977,391	846,673	1,392,409
Total pension liability-beginning	25,406,795	23,594,108	20,691,338	18,399,204	17,116,706	15,870,635	13,893,244	13,046,571	11,654,162
Total pension liability-ending (a)	27,407,734	25,406,795	23,594,108	20,691,338	18,399,204	17,116,706	15,870,635	13,893,244	13,046,571
Total fiduciary net position									
Contributions-employer	766,653	741,114	700,336	563,566	577,132	563,871	649,554	643,459	675,696
Contributions-employee	330,659	284,015	301,770	280,983	286,770	281,610	306,806	284,674	265,409
Net investment income	(40,551)	5,950,470	397,995	1,291,332	1,288,187	1,867,264	265,319	614,739	1,735,732
Benefit payments	(1,079,138)	(661,414)	(543,255)	(494,556)	(504,807)	(426,629)	(408,610)	(437,691)	(240,113)
Administrative expense	(17,048)	(14,047)	(12,842)	(12,032)	(10,613)	(10,187)	(8,374)	(7,790)	(8,681)
Other	649	568	(482)	(819)	(1,172)	(1,686)	(109)	(133)	92
Net change in plan fiduciary net position	(38,776)	6,300,706	843,522	1,628,474	1,635,497	2,274,243	804,586	1,097,258	2,428,135
Plan fiduciary net position-beginning	27,659,989	21,359,283	20,515,761	18,887,287	17,251,790	14,977,547	14,172,961	13,075,703	10,647,568
Plan fiduciary net position-ending (b)	27,621,213	27,659,989	21,359,283	20,515,761	18,887,287	17,251,790	14,977,547	14,172,961	13,075,703
Net pension liability (asset) ending (a)-(b)	$ (213,479)	$ (2,253,194)	$ 2,234,825	$ 175,577	$ (488,083)	$ (135,084)	$ 893,088	$ (279,717)	$ (29,132)
Plan fiduciary net position as a % of total pension liability (asset)	100.779%	108.868%	90.528%	99.151%	102.653%	100.789%	94.373%	102.013%	100.223%
Covered payroll	$5,932,726	$5,726,897	$6,113,336	$5,667,031	$5,768,450	$5,631,567	$5,702,794	$5,640,264	$5,263,254
Net pension liability (asset) as a % covered payroll	-3.60%	-39.34%	36.56%	3.10%	-8.46%	-2.40%	15.66%	-4.96%	-0.55%

* Schedule is intended to show information for 10 years. Since 2015 is the first fiscal year for presentation, no earlier data are available. The amounts presented have a measurement date of the previous fiscal year end.

See accompanying report of independent auditor.

PAMUNKEY REGIONAL JAIL AUTHORITY
Required Supplementary Information
June 30, 2023

Schedule of Employer Contributions - Pension (unaudited):

Date	Contractually Required Contribution of Employer (1)	Contribution Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	$988,188	$988,188	$ -	$6,389,740	15.47%
2022	766,653	766,653	-	5,932,726	12.93%
2021	741,114	741,114	-	5,726,897	12.94%
2020	700,336	700,336	-	6,113,336	11.46%
2019	563,566	563,566	-	5,667,031	9.94%
2018	577,132	577,132	-	5,768,450	10.00%
2017	563,871	563,871	-	5,631,567	10.02%
2016	649,554	649,554	-	5,702,794	11.39%
2015	643,459	643,459	-	5,640,264	11.41%

* Note: Schedule is intended to show information for 10 years. Since 2015 is the first fiscal year for presentation, no earlier data are available.

See accompanying report of independent auditor.

PAMUNKEY REGIONAL JAIL AUTHORITY
Required Supplementary Information
June 30, 2023

Schedule of Employer's Share of Net OPEB Asset
Healthcare Program
For the Year Ended June 30 *

	2023	2022	2021	2020	2019	2018
Employer's Proportion of the Net Healthcare OPEB Asset	4.65%	1.08%	0.99%	1.28%	1.28%	3.72%
Employer's Proportionate Share of the Net Healthcare OPEB Asset	$ (154,735)	$ (32,309)	$ (1,924)	$ (21,493)	$ (21,425)	$ (59,689)
Employer's Covered Payroll	$ 5,932,726	$ 5,726,897	$ 6,113,336	$ 5,667,031	$ 5,768,450	$5,631,567
Employer's Proportionate Share of the Net Healthcare OPEB Asset as a Percentage of its Covered Payroll	(2.61%)	(0.56%)	(0.03%)	(0.38%)	(0.37%)	(1.06%)
Plan Fiduciary Net Position as a Percentage of the Total Healthcare OPEB Asset	222.06%	168.57%	103.49%	142.06%	145.48%	144.81%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only four years of data are available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

See accompanying report of independent auditor.

PAMUNKEY REGIONAL JAIL AUTHORITY
Required Supplementary Information
June 30, 2023

Schedule of Employer Contributions – OPEB – Healthcare Plan (unaudited):

Date	Contractually Required Contribution of Employer (1)	Contribution Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	$ 10,194	-	-	$6,382,200	0.16%
2022	-	-	-	5,932,726	1.08%
2021	-	-	-	5,726,897	0.99%
2020	-	-	-	6,113,336	1.28%
2019	-	-	-	5,667,031	0.04%
2018	-	536	(536)	5,768,450	0.12%

* Note: Schedule is intended to show information for 10 years. Since 2018 is the first fiscal year for presentation, no earlier data are available.

See accompanying report of independent auditor.

Schedule of Employer's Share of Net OPEB Liability
Group Life Insurance Program
For the Year Ended June 30 *

	2023	2022	2021	2020	2019	2018
Employer's Proportion of the Net GLI OPEB Liability	0.27380%	0.27840%	0.29700%	0.02899%	0.03039%	0.03053%
Employer's Proportionate Share of the Net GLI OPEB Liability	$ 329,682	$ 324,133	$ 495,645	$ 471,744	$ 461,000	$ 459,000
Employer's Covered Payroll	$ 5,932,726	$ 5,726,897	$ 6,113,336	$ 5,667,031	$ 5,768,450	$ 5,631,567
Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	5.56%	5.66%	8.11%	8.32%	7.99%	8.15%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%	54.00%	54.00%	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only four years of data are available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

See accompanying report of independent auditor.

PAMUNKEY REGIONAL JAIL AUTHORITY
Required Supplementary Information
June 30, 2023

Schedule of Employer Contributions – OPEB – Group Life Insurance Plan (unaudited):

Date	Contractually Required Contribution of Employer (1)	Contribution Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	$34,705	$34,705	$ -	$6,382,200	0.54%
2022	32,158	32,158	-	5,932,726	0.54%
2021	31,041	31,041	-	5,726,897	0.54%
2020	31,789	31,789	-	6,113,336	0.52%
2019	29,550	29,550	-	5,667,031	0.52%
2018	30,000	30,000	-	5,768,450	0.52%

*Note: Schedule is intended to show information for 10 years. Since 2018 is the first fiscal year for presentation, no earlier data are available.

PAMUNKEY REGIONAL JAIL AUTHORITY
Required Supplementary Information
June 30, 2023

Schedule of Changes in the Net HIC OPEB Liability and Related Ratios (unaudited):

	2023	2022	2021
Total HIC OPEB liability			
Service cost	$ 9,213	$ 7,846	$ 6,283
Interest on total HIC OPEB liability	9,715	7,942	(21)
Changes in assumptions	32,941	1,535	-
Difference between expected and actual experience	(14,450)	696	112,248
Benefit payments	(1,454)	(450)	(634)
Net change in total pension liability	35,965	17,569	117,876
Total HIC OPEB liability-beginning	135,445	117,876	-
Total HIC OPEB liability-ending (a)	171,410	135,445	117,876
Total fiduciary net position			
Contributions-employer	13,628	13,169	13,447
Net investment income	(277)	5,217	95
Benefit payments	(1,454)	(450)	(634)
Other changes	(1,470)	-	-
Administrative expense	(80)	(97)	(26)
Net change in plan fiduciary net position	10,347	17,839	12,882
Plan fiduciary net position-beginning	30,721	12,882	-
Plan fiduciary net position-ending (b)	41,068	30,721	12,882
Net pension liability ending (a)-(b)	$ 130,342	$ 104,724	$ 104,994
Plan fiduciary net position as a % of total HIC OPEB liability	23.96%	22.68%	10.93%
Covered payroll	$5,932,726	$5,726,897	$6,113,336
Net pension liability as a % covered payroll	-2.20%	-1.83%	-1.72%

* Schedule is intended to show information for 10 years. Since 2021 is the first fiscal year for presentation, no earlier data are available. The amounts presented have a measurement date of the previous fiscal year end.

See accompanying report of independent auditor.

PAMUNKEY REGIONAL JAIL AUTHORITY
Required Supplementary Information
June 30, 2023

Schedule of Employer Contributions – OPEB – Health Insurance Credit Plan (unaudited):

Date	Contractually Required Contribution of Employer (1)	Contribution Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	$15,974	$15,974	$ -	$6,382,200	0.54%
2022	13,628	13,628	-	5,932,726	0.54%
2021	13,170	13,170	-	5,726,897	0.54%

*Note: Schedule is intended to show information for 10 years. Since 2021 is the first fiscal year for presentation, no earlier data are available.

See accompanying report of independent auditor.

STATISTICAL INFORMATION
(unaudited)

PAMUNKEY REGIONAL JAIL AUTHORITY
Statistical Information
June 30, 2023

Narrative on Statistical Section

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

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

TABLE 1
PAMUNKEY REGIONAL JAIL AUTHORITY
Net Position by Component
Last Ten Fiscal Years

	Fiscal Year									
	2023 (5)	2022 (4)	2021 (3)	2020	2019	2018 (2)	2017	2016	2015 (1)	2014
Net investment in capital assets	$ 9,501,432	$ 10,055,800	$ 10,782,077	$ 11,472,631	$ 12,321,302	$ 11,327,299	$ 10,168,590	$ 9,368,527	$ 8,124,017	$ 7,556,326
Restricted	4,563,519	5,959,301	3,525,539	3,541,206	3,859,655	5,034,548	4,661,649	4,661,650	4,528,474	4,416,426
Unrestricted	796,353	(1,005,420)	491,861	665,491	465,899	126,677	1,508,729	2,045,096	2,487,835	2,695,117
Total Net Position	$ 14,861,304	$ 15,009,681	$ 14,799,477	$ 15,679,328	$ 16,646,856	$ 16,488,524	$ 16,338,968	$ 16,075,273	$ 15,140,326	$ 14,667,869

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

Notes: (2) The Jail Authority adopted GASB Statement 75 in fiscal year 2018. Prior years have not been adjusted for the effect of this Statement on Net Position.

Notes: (3) The Jail Authority adopted GASB Statements 84 in fiscal year 2021. Prior years have not been adjusted for the effect of Statements on Net Position.

Notes: (4) The Jail Authority adopted GASB Statements 87 in fiscal year 2022. Prior years have not been adjusted for the effect of Statements on Net Position.

Notes: (5) The Jail Authority adopted GASB Statements 96 in fiscal year 2023. Prior years have not been adjusted for the effect of Statements on Net Position.

TABLE 2
PAMUNKEY REGIONAL JAIL AUTHORITY
Changes in Net Position
Last Ten Fiscal Years

Fiscal Year	Operating Revenues	Operating Expenses	Operating Loss	Total Nonoperating Revenues/Expenses and Capital Contributions	Change In Net Position
2023	$ 10,638,494	$ 16,007,572	$ (5,369,078)	$ 5,220,701	$ (148,377)
2022	11,101,677	15,078,278	(3,976,601)	4,186,805	210,204
2021 (3)	11,100,768	15,824,233	(4,723,465)	3,843,614	(879,851)
2020	8,224,896	13,945,956	(5,721,060)	4,753,532	(967,528)
2019	8,418,687	13,123,202	(4,704,515)	4,788,317	83,802
2018 (2)	8,919,456	13,126,057	(4,206,601)	4,829,584	622,983
2017	8,054,805	12,774,564	(4,719,759)	4,983,453	263,694
2016	7,805,171	11,494,515	(3,689,344)	4,624,291	934,947
2015 (1)	7,889,414	11,517,897	(3,628,483)	4,100,941	472,458
2014	8,285,222	11,616,482	(3,331,260)	3,833,097	501,837

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

Notes: (2) The Jail Authority adopted GASB Statement 75 in fiscal year 2018. Prior years have not been adjusted for the effect of this Statement on Net Position.

Notes: (3) The Jail Authority adopted GASB Statement 84 in fiscal year 2021. Prior years have not been adjusted for the effect of Statements on Net Position.

TABLE 3
PAMUNKEY REGIONAL JAIL AUTHORITY
Operating Revenues by Source
Last Ten Fiscal Years

Fiscal Year	County of Hanover	Town of Ashland	County of Caroline	Other Governments	Other	Total
2023	$ 4,655,927	$ 308,066	$ 1,591,182	$ 2,765,656	$ 1,317,663	$ 10,638,494
2022	4,814,768	276,008	1,694,197	3,282,416	1,034,288	11,101,677
2021 (1)	4,625,773	476,328	1,661,794	3,333,399	1,003,474	11,100,768
2020	4,407,770	546,271	1,363,557	935,113	972,184	8,224,895
2019	4,824,917	499,168	1,564,336	647,684	882,582	8,418,687
2018	5,662,664	384,435	1,907,916	333,092	631,349	8,919,456
2017	5,096,174	433,466	1,764,222	245,892	515,051	8,054,805
2016	4,996,639	436,980	1,504,844	310,444	556,264	7,805,171
2015	4,928,094	418,052	1,636,364	347,526	559,378	7,889,414
2014	4,433,152	281,436	1,915,529	1,035,679	619,426	8,285,222

Notes: (1) The Jail Authority adopted GASB Statement 84 in fiscal year 2021. Prior years have not been adjusted for the effect of Statements on Net Position.

TABLE 4
PAMUNKEY REGIONAL JAIL AUTHORITY
Operating Expenses
Last Ten Fiscal Years

Fiscal Year	Personal Services	Fringe Benefits	Contractual Services	Other Operating Expenses and Supplies	Depreciation & Amortization	Total Operating Expenses
2023	$ 7,563,875	$ 2,233,707	$ 816,016	$ 4,175,025	$ 1,218,949	$ 16,007,572
2022	7,005,718	2,014,158	806,159	4,077,348	1,174,895	15,078,278
2021 (3)	6,545,543	3,680,014	662,383	3,846,471	1,089,822	15,824,233
2020	6,515,763	2,441,798	641,029	3,269,766	1,077,599	13,945,955
2019	6,114,823	1,800,172	641,182	3,465,644	1,101,381	13,123,202
2018 (2)	6,224,437	1,966,444	589,918	3,271,894	1,073,364	13,126,057
2017	6,145,268	2,077,577	543,369	3,052,817	955,532	12,774,563
2016	6,047,294	1,741,633	586,745	2,215,128	903,715	11,494,515
2015 (1)	5,858,260	1,865,017	649,897	2,248,474	896,249	11,517,897
2014	5,499,924	2,155,713	643,699	2,461,825	855,321	11,616,482

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

Notes: (2) The Jail Authority adopted GASB Statement 75 in fiscal year 2018. Prior years have not been adjusted for the effect of this Statement on Net Position.

Notes: (3) The Jail Authority adopted GASB Statement 84 in fiscal year 2021. Prior years have not been adjusted for the effect of Statements on Net Position.

TABLE 5
PAMUNKEY REGIONAL JAIL AUTHORITY
Nonoperating Revenues and Expenses
Last Ten Fiscal Years

Fiscal Year	Interest Income	Interest Expense	Intergovernmental Revenues	Net Nonoperating Revenues	Capital Contributions
2023	$ 163,926	$ (25,462)	$ 4,862,237	$ 5,000,701	$ 220,000
2022	(70,477)	(25,501)	4,282,783	4,186,805	-
2021	(346)	(16,617)	3,860,576	3,843,613	-
2020	139,045	(18,331)	4,632,818	4,753,532	-
2019	142,440	(19,896)	4,667,379	4,789,923	-
2018	78,397	(91,181)	4,842,368	4,829,584	-
2017	69,805	(148,510)	5,062,158	4,983,453	-
2016	116,574	(201,618)	4,709,335	4,624,291	-
2015	88,757	(263,718)	4,275,902	4,100,941	-
2014	94,035	(323,334)	4,062,396	3,833,097	-

TABLE 6
PAMUNKEY REGIONAL JAIL AUTHORITY
Revenues and Expenses – Operating Fund
Last Ten Fiscal Years

	FY23	FY22	FY21 (3)	FY20	FY19	FY18 (2)	FY17	FY16	FY15 (1)	FY14
Revenues:										
Charges for services -										
inmate housing	$ 9,320,831	$ 10,067,389	$ 10,097,294	$ 7,252,712	$ 7,536,105	$ 8,288,107	$ 7,539,754	$ 7,248,906	$ 7,330,036	$ 7,665,796
State Compensation Board	4,862,237	4,232,783	3,754,231	4,632,818	4,662,059	4,840,437	4,769,550	4,704,712	4,244,402	4,062,396
Federal Grant revenue	-	50,000	106,345	-	-	-	-	-	-	-
Interest income	163,926	(70,477)	(346)	139,045	142,440	78,397	69,805	116,574	88,757	94,035
Work release	5,813	3,640	3,706	17,490	21,669	19,253	10,110	10,800	9,431	5,328
Telephone commission	1,137,535	492,286	469,286	470,286	394,286	394,286	295,161	296,840	326,105	387,193
Miscellaneous	394,315	538,362	530,484	484,408	471,947	219,741	502,388	253,247	255,342	226,905
Total revenues	15,884,657	15,313,983	14,961,000	12,996,759	13,228,506	13,840,221	13,186,768	12,631,079	12,254,073	12,441,653
Expenses:										
Salaries and benefits	9,797,582	9,019,876	10,225,557	8,957,561	7,914,996	8,190,881	8,222,845	7,788,927	7,723,277	7,655,637
Contractual services	816,016	806,159	662,383	641,029	641,182	589,918	543,369	586,745	649,897	643,699
Materials and supplies	527,477	511,193	525,240	345,863	409,202	438,038	578,806	435,877	437,662	412,848
Medical services and supplies	2,540,036	2,381,842	2,198,403	1,940,539	2,065,713	2,030,683	1,610,755	952,708	1,032,539	1,164,813
Food service and supplies	497,566	480,703	435,081	354,865	381,032	433,526	424,826	459,897	419,004	444,301
Utilities	386,769	403,052	375,670	373,585	381,395	369,647	438,430	366,646	359,269	439,862
Canteen	223,177	300,558	312,078	254,914	228,302	-	-	-	-	-
Depreciation	1,218,949	1,174,895	1,089,822	1,077,599	1,101,381	1,073,364	955,532	903,715	896,249	855,321
Interest expense/bond discount										
Debt refunding	25,462	25,501	16,617	18,331	19,896	91,181	148,510	201,618	263,718	323,334
Total expenses	16,033,034	15,103,779	15,840,851	13,964,286	13,143,099	13,217,238	12,923,073	11,696,133	11,781,615	11,939,815
Increase (decrease) in net position	$ (148,377)	$ 210,204	$ (879,851)	$ (967,527)	$ 85,407	$ 622,983	$ 263,695	$ 934,947	$ 472,458	$ 501,838

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

Notes: (2) The Jail Authority adopted GASB Statement 75 in fiscal year 2018. Prior years have not been adjusted for the effect of this Statement on Net Position.

Notes: (3) The Jail Authority adopted GASB Statement 84 in fiscal year 2021. Prior years have not been adjusted for the effect of Statements on Net Position.

TABLE 7
PAMUNKEY REGIONAL JAIL AUTHORITY
Revenues and Billed Inmate Days - by Customer
Last Ten Fiscal Years

	Hanover County			Town of Ashland			Caroline County			Federal Inmates		
Fiscal Year	Revenue	Per Diem	Inmate Days Billed	Revenue	Per Diem	Inmate Days Billed	Revenue	Per Diem	Inmate Days Billed	Revenue	Per Diem	Inmate Days Billed
2023 (1)	$4,655,927	$84.68	54,983	$308,066	$84.68	3,638	$1,591,182	$84.68	18,791	$1,841,159	$78.75	23,380
2022	$4,814,768	$72.14	66,742	$276,008	$72.14	3,826	$1,694,197	$72.14	23,485	$2,858,458	$75.00	38,113
2021	$4,625,773	$66.12	69,960	$476,328	$66.12	7,204	$1,661,794	$66.12	25,133	$3,200,949	$75.00	42,679
2020	$4,407,770	$52.15	84,521	$546,271	$52.15	10,475	$1,363,557	$52.15	26,147	$931,724	$75.00	12,423
2019 (2)	$4,824,917	$50.99	94,625	$499,168	$50.99	9,790	$1,564,336	$50.99	30,679	$640,103	$61.50	10,408
2018	$4,762,725	$42.39	112,355	$384,435	$42.39	9,069	$1,502,324	$42.39	35,441	266,256	48.00	5,547
2017	$3,806,428	$38.04	100,064	$433,466	$38.04	11,395	$1,356,934	$38.04	35,671	206,064	48.00	4,293
2016	3,703,409	37.32	99,234	436,980	37.32	11,709	1,096,456	37.32	29,380	257,040	48.00	5,355
2015	3,714,627	37.18	99,909	418,052	37.18	11,244	1,116,306	37.18	30,024	267,744	48.00	5,578
2014	3,155,322	34.87	90,488	281,436	34.87	8,071	1,466,562	34.87	42,058	1,035,085	48.00	21,564

Notes: (1) in fiscal year 2023 the Federal Inmates rate increased from $75.00 to $90.00 per day on April 1, 2023. The $78.75 rate represents the two rates blended for fiscal year 2023. (2) In fiscal year 2019, the Jail Authority adopted a new Per Diem rate for Hanover, Ashland and Caroline County on January 1, 2019. It went from $46.47 per day to $55.50 per day. The $50.99 rate represents the two rates blended for fiscal year 2019. Also in fiscal year 2019, the Federal Inmates rate increased from $48.00 to $75.00 per day on January, 1, 2019. The $61.50 rate represents the two rates blended for fiscal year 2019.

TABLE 8
PAMUNKEY REGIONAL JAIL AUTHORITY
Largest Revenue Source
Current Year and Ten Years Ago

	Fiscal Year 2023	
	Amount	%
County of Hanover/Town of Ashland	$ 4,963,993	31.25%
Intergovernmental Shared Expenses	4,862,237	30.61%
Subtotal	9,826,230	61.86%
Balance from other revenue sources	6,058,427	38.14%
Grand Totals	$ 15,884,657	100.00%

	Fiscal Year 2014	
	Amount	%
County of Hanover/Town of Ashland	$ 4,714,588	37.89%
Intergovernmental Shared Expenses	4,062,396	32.65%
Subtotal	8,776,984	70.54%
Balance from other revenue sources	3,664,669	29.46%
Grand Totals	$ 12,441,653	100.00%

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

TABLE 9
PAMUNKEY REGIONAL JAIL AUTHORITY
Outstanding Debt by Type
Last Ten Fiscal Years

				Caroline		Hanover	
Fiscal Year	Revenue Bonds/Notes	Leases	Subscriptions	Annual Total Personal Income	Annual Per Capita Personal Income	Annual Total Personal Income	Annual Per Capita Personal Income
2023	$ 1,352,324	$ 180,978	$ 51,552	NA	NA	$ 8,013,957	$ 69,369
2022	1,495,083	195,920	NA	1,555,626	35,588	7,797,733	69,369
2021	1,636,398	NA	NA	1,440,613	31,568	7,693,263	69,369
2020	1,776,283	NA	NA	1,343,383	NA	7,226,633	65,599
2019	1,914,752	NA	NA	1,294,583	NA	6,730,416	61,968
2018	3,741,820	NA	NA	1,259,845	NA	6,399,936	59,584
2017	5,497,501	NA	NA	1,201,056	NA	6,182,409	58,165
2016	4,870,000	NA	NA	1,255,476	NA	5,962,742	56,740
2015	6,370,000	NA	NA	1,140,455	38,035	5,724,499	55,083
2014	7,810,000	NA	NA	1,119,643	37,978	5,327,129	51,772

Caroline figures are taken from the FY2022 Caroline County ACFR, which lists info as NA.
Hanover figures are taken from Demographic statistics schedule in Hanover County ACFR.

TABLE 10
PAMUNKEY REGIONAL JAIL AUTHORITY
Revenues Bond Coverage - Operating Fund
Last Ten Fiscal Years

Fiscal Year	Operating Revenues (1)	Operating and Capital Expenses (2)	Available Unrestricted Net Position (4)	Net Revenue Available for Debt Service	Principal (5)	Interest (3)	Total	Bond Coverage
2023	$ 15,500,731	$ 14,788,623	$ 871,717	$ 1,583,825	$ -	$ 138,463	$ 138,463	1144%
2022	15,384,460	13,997,609	(1,009,514)	377,337	-	(44,976)	(44,976)	-839%
2021	14,961,345	14,734,411	491,862	718,796	-	16,963	16,963	4237%
2020	12,857,715	12,868,357	665,491	654,849	-	(120,714)	(120,714)	-542%
2019*	13,080,746	12,021,822	465,899	1,524,823	-	(122,544)	(122,544)	-1244%
2018	13,759,893	12,052,692	186,367	1,893,568	1,690,000	12,787	1,702,787	111%
2017	12,824,354	11,819,032	1,508,729	2,514,051	1,620,000	78,705	1,698,705	148%
2016	12,509,882	10,590,799	2,045,097	3,964,180	1,560,000	85,044	1,645,044	241%
2015	12,133,816	10,621,648	2,487,835	4,000,003	1,500,000	174,961	1,674,961	239%
2014	12,347,619	10,761,162	2,695,117	4,281,574	1,440,000	229,299	1,669,299	256%

(1) Nonoperating Revenues from the Commonwealth of Virginia has been reclassified to Operating Revenues for presentation of the statistical table.
(2) Greater of budgeted or actual operating expenses exclusive of depreciation and amortization.
(3) Less amortization expense.
(4) During fiscal year 2004, the Jail Authority received an interpretation from its bond counsel that allows unrestricted net position from the prior year to be included as operating revenues for the purposes of the bond coverage calculation. The calculations for previous years have been revised accordingly.

* The Revenue Bonds were paid off in Fiscal Year 2019, therefore, the bond coverage covenants are no longer applicable as of 6/30/19.

TABLE 11
PAMUNKEY REGIONAL JAIL AUTHORITY
Number of Employees by Identifiable Activity
Last Ten Fiscal Years

	Full-time Equivalent Employees as of June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Civilian	19	19	19	19	19	19	18	28	27	27
Sworn	113	113	113	113	113	113	114	114	112	112
Total Employees	132	132	132	132	132	132	132	142	139	139

* In FY2017, the civilian medical staff was contracted out to a third-party medical contractor

Employee information pulled from Jail's adopted budget

TABLE 12
PAMUNKEY REGIONAL JAIL AUTHORITY
Inmate Booking Statistics
Last Ten Fiscal Years

Jurisdiction	Fiscal Year	Average Daily Population	Average Length of Stay (Days)	Average Monthly Bookings
Hanover	2014	270	18	370
	2015	276	20	324
	2016	282	20	322
	2017	281	21	302
	2018	285	25	324
	2019	262	23	308
	2020	232	27	199
	2021	198	26	218
	2022	189	24	227
	2023	158	22	206
Jurisdiction	**Fiscal Year**	**Average Daily Population**	**Average Length of Stay (Days)**	**Average Monthly Bookings**
Ashland	2014	22	17	36
	2015	31	25	35
	2016	32	25	34
	2017	31	32	24
	2018	25	35	20
	2019	27	36	19
	2020	29	50	14
	2021	20	47	11
	2022	11	29	10
	2023	10	22	14
Jurisdiction	**Fiscal Year**	**Average Daily Population**	**Average Length of Stay (Days)**	**Average Monthly Bookings**
Caroline	2014	115	30	87
	2015	86	25	82
	2016	95	26	87
	2017	102	26	87
	2018	98	30	89
	2019	85	25	87
	2020	72	31	56
	2021	70	43	46
	2022	67	33	55
	2023	53	22	68
Jurisdiction	**Fiscal Year**	**Average Daily Population**	**Average Length of Stay (Days)**	**Average Monthly Bookings**
Other	2014	55	40	37
	2015	15	25	17
	2016	15	31	14
	2017	12	25	13
	2018	15	34	13
	2019	24	31	20
	2020	30	46	18
	2021	112	53	60
	2022	97	40	66
	2023	58	57	19

*Information obtained by Jail Tracker -Jail Management System reports.

TABLE 13
PAMUNKEY REGIONAL JAIL AUTHORITY
Principal Employers List
Most Recent Available Year and Period Nine Years Ago

COUNTY OF HANOVER, VIRGINIA

Principal Employers (1) (Unaudited)
Current Year and Nine Years Ago

Employer	Type of Business	2022 Employees	2022 Rank	2022 Percentage of Total County Employment (2)	2013 Employees	2013 Rank	2013 Percentage of Total County Employment (2)
Hanover County Schools	Educational Services	2,520	1	4.2%	2,462	1	4.4%
Amazon Fulfillment Services Inc.	Administrative and Support Services	1,000 and over	2	3.3%	n/a	n/a	
Bon Secours Richmond Health System	Hospitals	1,000 and over	3	3.3%	1,000 and over	2	3.6%
Kings Dominion (Paramount Parks Inc)	Amusement, Gambling and Recreation Industries	1,000 and over	4	3.3%	1,000 and over	3	3.6%
County of Hanover	Executive, Legislative and Other General Government Support	1,253	5	2.1%	1,045	4	1.9%
Rmc Events	Administrative and Support Services	500-999	6	1.2%	n/a	n/a	
Supervalu Distribution Center (2022)/Richfood(2013)	Merchant Wholesalers, Nondurable Goods	500-999	7	1.2%	500-999	8	1.4%
Wal-Mart Stores	General Merchandise Stores	500-999	8	1.2%	500-999	6	1.4%
Tyson Farms	Food Manufacturing	500-999	9	1.2%	500-999	5	0.7%
Owens & Minor Medical Inc	Management of Companies Enterprises	500-999	10	1.2%	n/a	n/a	
Accosta Sales & Marketing	Wholesale Electronic Markets and Agents and Brokers	n/a	n/a		500-999	7	1.4%
Sales Mark	Wholesale Electronic Markets and Agents and Brokers	n/a	n/a		500-999	9	1.4%
Randolph-Macon College	Educational Services	n/a	n/a		250-499	4	0.7%
Totals				**22.5%**			**20.3%**
Total County Employment (3)		**60,172**			**55,429**		

Notes:

(1) Sources: County and Schools employment levels provided by the Hanover County Department of Finance and Management Services, Budget Division. Other data provided by the Virginia Employment Commission (VEC). Employment levels represent full-time equivalents. The most recent year for which this data is available is 2022.

(2) Employment ranges for the private sector are as published by the VEC to ensure confidentiality. Percentages are based on the midpoint of the employment range.

(3) VEC Annual not Seasonally Adjusted Labor Force

(4) Due to the conversion over to a new human resource system and additional corrections by the schools, FTEs restated for FY17 for Schools Operating Fund and Food Services Fund will not match the totals listed in prior years.

(5) Due to the Amended FTE being used instead of the Adopted FTE, the FY18 Primary Government amount has been revised from the 6/30/18 ACFR reporting. In mid-FY18, the Board added 9 Public Safety (SAFER) and 4 Human Services.

TABLE 14
PAMUNKEY REGIONAL JAIL AUTHORITY
Demographic Statistics for Member Jurisdictions
Last Ten Fiscal Years

	Caroline		Hanover	
Fiscal Year	**Population**	**Unemployment Rate**	**Population**	**Unemployment Rate**
2023	31,332	3.3%	115,526	2.6%
2022	31,332	3.3%	112,409	2.6%
2021	30,887	5.0%	110,903	3.6%
2020	30,318	8.8%	110,164	4.8%
2019	30,318	3.6%	108,611	2.3%
2018	30,292	3.6%	107,411	2.6%
2017	30,178	4.3%	106,290	3.3%
2016	29,792	4.2%	105,088	3.4%
2015	29,727	5.5%	103,925	3.8%
2014	29,481	5.9%	102,895	4.5%

*Information obtained from Hanover County and Caroline County Annual Comprehensive Financial Reports.

TABLE 15
PAMUNKEY REGIONAL JAIL AUTHORITY
Schedule of Insurance in Force
As of June 30, 2023

Insurance Coverage	Insurance Company	Expiration Date	Coverage Limit	Deductible
Building and Personal Property	VACo	7/1/2023	As scheduled	$ 1,000
Electronic Data Processing Equipment	VACo	7/1/2023	As scheduled	$ 1,000
Earthquake/Flood	VACo	7/1/2023	$ 5,000,000	$ 25,000
Business Auto	VACo	7/1/2023	$ 5,000,000	N/A
Schedule Equipment	VACo	7/1/2023	As scheduled	$ 1,000
Boiler and Machinery	VACo	7/1/2023	As scheduled	$ 1,000
Business Interruption and Extra				
Expense	VACo		Included in blanket	
Workers' Compensation	VACGSIA	7/1/2023	$ 1,000,000	N/A
Faithful Performance of Duty	Commonwealth of Virginia -	7/1/2023	$ 1,000,000	N/A
Bond *1	Division of Risk Management			
Constitutional Officer *1	Commonwealth of Virginia -	7/1/2023	$ 1,000,000	$ 1,000
	Division of Risk Management			
General Liability		7/1/2023	$ 2,000,000	N/A
Excess General Liability (Auto Also)		7/1/2023	$ 3,000,000	N/A

NA – Not Applicable

*1 – Provided by the Commonwealth of Virginia
Insurance pulled from Certificate of Insurance from VACORP

COMPLIANCE SECTION

INDEPENDENT AUDITOR'S 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*

Honorable Members of the Board
Pamunkey Regional Jail Authority

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 (*Government Auditing Standards*); 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 Pamunkey Regional Jail Authority (Jail Authority), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Jail Authority's basic financial statements, and have issued our report thereon dated November 16, 2023.

Report on Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility a material misstatement of the Jail Authority'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 we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

PBMares, LLP

Harrisonburg, Virginia
November 16, 2023