Middle River Regional Jail Authority

FINANCIAL AND COMPLIANCE REPORTS

YEAR ENDED JUNE 30, 2024

PBMares

ASSURANCE, TAX & ADVISORY SERVICES

MIDDLE RIVER REGIONAL JAIL AUTHORITY

AUTHORITY MEMBERS

Chairman
Ande Banks, City Manager
City of Harrisonburg, Virginia

Vice Chairman
Leslie Beauregard, City Manager
City of Staunton, Virginia

Timothy Fitzgerald, County Administrator
County of Augusta, Virginia

Michael G. Hamp, II, City Manager
City of Waynesboro, Virginia

Stephen King, County Administrator
County of Rockingham, Virginia

Cameron McCormick
Assistant City Manager/Finance
City of Waynesboro

Jennifer Whetzel
Deputy County Administrator
County of Augusta

Jessie Moyers
Chief Financial Officer
City of Staunton

Larry Propst
Director of Finance
City of Harrisonburg

Patricia Davidson
Assistant County Administrator for
Finance and Operations
County of Rockingham

Christopher Johnson
Sheriff
City of Waynesboro

Donald Smith
Sheriff
County of Augusta

Chris Hartless
Sheriff
City of Staunton

Vacant
Police Chief
City of Harrisonburg

Bryan Hutcheson
Sheriff
County of Rockingham

MIDDLE RIVER REGIONAL JAIL AUTHORITY

TABLE OF CONTENTS

FINANCIAL SECTION

MIDDLE RIVER REGIONAL JAIL AUTHORITY

TABLE OF CONTENTS

COMPLIANCE SECTION

FINANCIAL SECTION

PBMares
CPAs and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board
Middle River Regional Jail Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities, major fund, and the remaining fund information of the Middle River Regional Jail Authority (Authority), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of business-type activities, major fund, and the remaining fund information of the Authority, as of June 30, 2024, 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) and 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 Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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 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 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 Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information on pages 43 – 52 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financials statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by the missing information.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2024 on our consideration of the 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 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 Authority's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
November 4, 2024

BASIC FINANCIAL STATEMENTS

MIDDLE RIVER REGIONAL JAIL AUTHORITY

EXHIBIT 1

STATEMENT OF NET POSITION
June 30, 2024

	Business-type Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	$ 24,534,180
Accounts receivable	108,810
Note receivable	2,152,597
Due from other governments	2,506,918
Restricted investments	3,375,645
Total current assets	32,678,150
Noncurrent Assets:	
Net pension asset	9,150,068
Intangible right-to-use lease equipment, net	18,180
Intangible right-to-use subscription asset, net	173,607
Capital assets, net	32,777,550
Total noncurrent assets	42,119,405
Total assets	74,797,555
DEFERRED OUTFLOWS OF RESOURCES	
Pension Plan	1,271,155
Other Postemployment Benefits	568,097
Total deferred outflows of resources	1,839,252
LIABILITIES	
Current Liabilities:	
Accounts payable	574,532
Accrued payroll	662,467
Accrued interest payable	167,015
Note payable	2,152,597
Incurred but not reported claims	121,000
Other payables	60,722
Total current liabilities	3,738,333
Noncurrent Liabilities:	
Due within one year:	
Compensated absences	197,537
Revenue bond	1,518,430
Subscription liability	42,710
Lease liability	19,006
Due in more than one year:	
Compensated absences	592,612
Revenue bond, net	14,752,436
Other postemployment benefits liability	1,867,910
Subscription liability	135,974
Total noncurrent liabilities	19,126,615
Total liabilities	22,864,948
DEFERRED INFLOWS OF RESOURCES	
Pension Plan	2,506,351
Other Postemployment Benefits	1,576,185
Total deferred inflows of resources	4,082,536
NET POSITION	
Net Position:	
Net investment in capital assets	16,500,781
Restricted for:	
Pension asset	9,150,068
Debt service	3,375,645
Self-insurance	1,965,405
Unrestricted	18,697,424
Total net position	$ 49,689,323

STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
Year Ended June 30, 2024

	Business-type Activities
Operating Revenues:	
From member jurisdictions	$ 14,413,674
Local bed rentals	57,886
Other income	228,639
Recovered costs	400,261
Fees and charges for services	3,084,672
State compensation board	10,047,504
Per diem reimbursement	1,711,098
Total operating revenues	29,943,734
Operating Expenses:	
Salaries and wages	11,110,921
Fringe benefits	2,437,635
Claims paid	1,667,699
Contractual services	3,480,977
Administrative charges	107,674
Stop loss fees	270,892
Other charges	1,072,219
Materials and supplies	1,926,253
Depreciation and amortization	1,529,170
Total operating expenses	23,603,440
Net operating income	6,340,294
Nonoperating Revenues (Expenses):	
GLI OPEB Nonemployer Contributions from the Commonwealth	3,696
Other state grants	252,061
Federal grants	39,346
Interest income	1,429,635
Interest expense and other charges	(491,312)
Loss on disposals	(5,749)
Nonoperating revenues (expenses), net	1,227,677
Change in net position	7,567,971
Net Position, beginning of year	42,121,352
Net Position, end of year	$ 49,689,323

See Notes to Financial Statements.

MIDDLE RIVER REGIONAL JAIL AUTHORITY — EXHIBIT 3

STATEMENT OF NET POSITION – PROPRIETARY FUNDS
June 30, 2024

ASSETS	Enterprise Fund	Internal Service Fund	Total
Current Assets:			
Cash and cash equivalents	$ 22,447,775	$ 2,086,405	$ 24,534,180
Accounts receivable	108,810	-	108,810
Note receivable	2,152,597	-	2,152,597
Due from other governments	2,506,918	-	2,506,918
Restricted investments	3,375,645	-	3,375,645
Total current assets	30,591,745	2,086,405	32,678,150
Noncurrent Assets:			
Net pension asset	9,150,068	-	9,150,068
Intangible right-to-use lease equipment, net	18,180	-	18,180
Intangible right-to-use subscription asset, net	173,607	-	173,607
Capital assets, net	32,777,550	-	32,777,550
Total noncurrent assets	42,119,405	-	42,119,405
Total assets	72,711,150	2,086,405	74,797,555
DEFERRED OUTFLOWS OF RESOURCES			
Pension Plan	1,271,155	-	1,271,155
Other Postemployment Benefits	568,097	-	568,097
Total deferred outflows of resources	1,839,252	-	1,839,252
LIABILITIES			
Current Liabilities:			
Accounts payable	574,532	-	574,532
Accrued payroll	662,467	-	662,467
Accrued interest payable	167,015	-	167,015
Note payable	2,152,597	-	2,152,597
Incurred but not reported claims	-	121,000	121,000
Other payables	60,722	-	60,722
Total current liabilities	3,617,333	121,000	3,738,333
Noncurrent Liabilities:			
Due within one year:			
Compensated absences	197,537	-	197,537
Revenue bond	1,518,430	-	1,518,430
Subscription liability	42,710	-	42,710
Lease liability	19,006	-	19,006
Due in more than one year:			
Compensated absences	592,612	-	592,612
Revenue bond, net	14,752,436	-	14,752,436
Other postemployment benefits liability	1,867,910	-	1,867,910
Subscription liability	135,974	-	135,974
Total noncurrent liabilities	19,126,615	-	19,126,615
Total liabilities	22,743,948	121,000	22,864,948
DEFERRED INFLOWS OF RESOURCES			
Pension Plan	2,506,351	-	2,506,351
Other Postemployment Benefits	1,576,185	-	1,576,185
Total deferred inflows of resources	4,082,536	-	4,082,536
NET POSITION			
Net Position:			
Net investment in capital assets	16,500,781	-	16,500,781
Restricted for:			
Pension asset	9,150,068	-	9,150,068
Debt service	3,375,645	-	3,375,645
Self-insurance	-	1,965,405	1,965,405
Unrestricted	18,697,424	-	18,697,424
Total net position	$ 47,723,918	$ 1,965,405	$ 49,689,323

STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION – PROPRIETARY FUNDS
Year Ended June 30, 2024

	Enterprise Fund	Internal Service Fund	Total
Operating Revenues:			
From member jurisdictions	$ 14,413,674	$ -	$ 14,413,674
Local bed rentals	57,886	-	57,886
Other income	23,274	205,365	228,639
Recovered costs	400,261	-	400,261
Fees and charges for services	1,200,799	1,883,873	3,084,672
State compensation board	10,047,504	-	10,047,504
Per diem reimbursement	1,711,098	-	1,711,098
Total operating revenues	27,854,496	2,089,238	29,943,734
Operating Expenses:			
Salaries and wages	11,110,921	-	11,110,921
Fringe benefits	2,437,635	-	2,437,635
Claims paid	-	1,667,699	1,667,699
Contractual services	3,480,977	-	3,480,977
Administrative charges	-	107,674	107,674
Stop loss fees	-	270,892	270,892
Other charges	1,070,758	1,461	1,072,219
Materials and supplies	1,926,253	-	1,926,253
Depreciation and amortization	1,529,170	-	1,529,170
Total operating expenses	21,555,714	2,047,726	23,603,440
Net operating income	6,298,782	41,512	6,340,294
Nonoperating Revenues (Expenses):			
GLI OPEB Nonemployer Contributions from the Commonwealth	3,696	-	3,696
Other state grants	252,061	-	252,061
Federal grants	39,346	-	39,346
Interest income	1,429,635	-	1,429,635
Interest expense and other charges	(491,312)	-	(491,312)
Loss on disposals	(5,749)	-	(5,749)
Nonoperating revenues (expenses), net	1,227,677	-	1,227,677
Change in net position	7,526,459	41,512	7,567,971
Net Position, beginning of year	40,197,459	1,923,893	42,121,352
Net Position, end of year	$ 47,723,918	$ 1,965,405	$ 49,689,323

MIDDLE RIVER REGIONAL JAIL AUTHORITY — EXHIBIT 5

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
Year Ended June 30, 2024

	Enterprise Fund	Internal Service Fund	Total
Operating Activities:			
Receipts from customers and users	$ 26,432,883	$ 2,089,238	$ 28,522,121
Payments to suppliers	(6,387,579)	-	(6,387,579)
Payments to employees	(14,626,666)	-	(14,626,666)
Claims paid	-	(1,704,699)	(1,704,699)
Administrative and stop loss fees	-	(380,027)	(380,027)
Net cash provided by operating activities	5,418,638	4,512	5,423,150
Noncapital financing activities:			
GLI OPEB Nonemployer Contributions from the Commonwealth	3,696	-	3,696
Federal grants	39,346	-	39,346
Other state grants	252,061	-	252,061
Net cash provided by noncapital financing activities	295,103	-	295,103
Capital and Related Financing Activities:			
Acquisitions of property and equipment	(750,278)	-	(750,278)
Note principal payment	(2,152,596)	-	(2,152,596)
Bond principal payment	(1,250,000)	-	(1,250,000)
Lease principal payment	(18,443)	-	(18,443)
Subscription principal payment	(65,029)	-	(65,029)
Interest payments	(711,708)	-	(711,708)
Net cash used in capital and related financing activities	(4,948,054)	-	(4,948,054)
Investing Activities:			
Collections from note receivable	2,152,596	-	2,152,596
Purchase of investments	(139,357)	-	(139,357)
Interest received	1,429,635	-	1,429,635
Net cash provided by investing activities	3,442,874	-	3,442,874
Change in cash and cash equivalents	4,208,561	4,512	4,213,073
Cash and Cash Equivalents, beginning of year	18,239,214	2,081,893	20,321,107
Cash and Cash Equivalents, end of year	$ 22,447,775	$ 2,086,405	$ 24,534,180
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:			
Operating income	$ 6,298,782	$ 41,512	$ 6,340,294
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	1,529,170	-	1,529,170
Pension expense	(1,785,074)	-	(1,785,074)
Other postemployment benefits expense	101,144	-	101,144
Changes in operating assets, deferred outflows of resources and liabilities:			
Decrease (increase) in:			
Accounts receivable and due from other governments	(1,421,613)	-	(1,421,613)
Deferred outflows of resources:			
Pension plan	191,491	-	191,491
Other postemployment benefits	98,445	-	98,445
Increase (decrease) in:			
Accounts payable	90,409	-	90,409
Accrued payroll	150,423	-	150,423
Claim incurred but not reported	-	(37,000)	(37,000)
Other payables	50,579	-	50,579
Compensated absences	114,882	-	114,882
Net cash provided by operating activities	$ 5,418,638	$ 4,512	$ 5,423,150
Schedule of Noncash Capital and Related Financing Activities:			
Loss on disposal of property and equipment	$ (5,749)	$ -	$ (5,749)

STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
June 30, 2024

	Custodial Funds
ASSETS	
Cash and Cash Equivalents	$ 1,148,853
NET POSITION	
Restricted for:	
Inmate accounts	$ 989,147
Inmate canteen	(95,425)
Other	255,131
Total net position	$ 1,148,853

See Notes to Financial Statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS
Year Ended June 30, 2024

	Custodial Funds
ADDITIONS	
Contributions:	
Inmate	$ 1,159,532
Commissary	870,970
Telephone commission	321,867
Work release	465,087
Keep fees	245,578
Total contributions	3,063,034
Investment Earnings:	
Interest	28,351
Total investment earnings	28,351
Total additions	3,091,385
DEDUCTIONS	
Medical and Prescription Co-pays	65,590
Inmate Withdrawals and Allowances	267,129
Canteen Supplies	1,014,540
Inmate Adult Education	382,808
Inmate Library Costs	11,315
Cable/TV Service	12,306
Inmate Supplies/Capital Items	21,096
Miscellaneous	381,780
Telephone Commissions	321,867
Work Release	465,087
Keep Fees	245,578
Total deductions	3,189,096
Net decrease in fiduciary net position	(97,711)
Net Position, beginning	1,246,564
Net Position, ending	$ 1,148,853

Note 1. Organization and Purpose

The Cities of Staunton and Waynesboro and the County of Augusta entered into an agreement dated June 25, 2001, to operate a regional jail facility created pursuant to the provisions of Section 52.1-91, *Code of Virginia* (1950), as amended, to construct, own and provide an adequate regional jail and to provide jail services to local governments participating in the Middle River Regional Jail Authority (Authority), which was created by Resolution of the participating local governments. The Authority expanded membership to the County of Rockingham and the City of Harrisonburg in an agreement effective July 1, 2015. Each of the three original Member Jurisdictions authorized the expansion of the Authority's membership. The buy-in agreement price was determined pursuant to an arm's-length negotiation and calculated in part upon the original replacement cost of the Jail and an assumed usage of 250 beds by the additional member jurisdictions. The buy-in agreement stipulates that annual installment payments are due through December 15, 2024 and the balance remaining at June 30, 2024 was $2,152,597. The additional members are treated as the current members with the same number of representatives on the Authority's Board and agreed upon entrance into the three year rolling average for allocation of net expenditures. Each of the localities appoints two members to the Authority Board. In addition to locality appointed members, the Sheriff of each participating locality is required to be appointed.

Note 2. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The Authority is not presented as a discretely presented component unit of any of the participating jurisdictions in accordance with Governmental Accounting Standards Board (GASB). The Authority is not fiscally dependent on any one particular Member Jurisdiction, and none of the Member Jurisdictions appoint a voting majority. The Authority is a legally separate entity from the jurisdictions.

B. Basic Financial Statements

Since the Authority is only engaged in business-type activities, it is required to present only the financial statements required for proprietary funds and fiduciary funds. For the Authority, the basic financial statements and required supplementary information consist of:

- Management's Discussion and Analysis (Management has elected not to prepare the Management's Discussion and Analysis in the current year)
- Basic Financial Statements:
  - Statement of Net Position
  - Statement of Revenues, Expenses, and Change in Net Position
  - Statement of Net Position – Proprietary Funds
  - Statement of Revenues, Expenses, and Change in Net Position – Proprietary Funds
  - Statement of Cash Flows – Proprietary Funds
  - Statement of Fiduciary Net Position – Fiduciary Funds
  - Statement of Changes in Fiduciary Net Position – Fiduciary Funds
  - Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements (Continued)

- Required Supplementary Information:
  - Schedule of Changes in Net Pension Asset and Related Ratios – Virginia Retirement System
  - Schedule of Contributions – Virginia Retirement System
  - Notes to Required Supplementary Information – Virginia Retirement System
  - Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios – Medical Insurance Program
  - Schedule of Employer Contributions – OPEB – Medical Insurance Program
  - Schedule of Employer's Share of Net OPEB Liability – Group Life Insurance Program
  - Schedule of Employer Contributions – OPEB – Group Life Insurance Program
  - Notes to Required Supplementary Information – Other Postemployment Benefits

C. Basis of Accounting

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America (GAAP). Accordingly, the Authority uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when liabilities are incurred.

Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are charges to Member Jurisdictions, bed rentals and state compensation board and per diem reimbursements. Operating expenses include the cost of services and administrative expenses.

All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Capital Assets

Capital assets of the Authority are stated at historical cost and depreciated on the straight-line basis (except for intangible right-to-use lease and subscription assets, the measurement of which is discussed in Note 2.E). Donated capital assets are stated at their acquisition value on the date donated. The capitalization threshold for assets is $5,000. There were no impaired capital assets at year end. Estimated useful lives, in years, for depreciable assets are as follows:

Assets	Years
Buildings	50
Vehicles and equipment	3 - 20
Intangible right-to-use lease equipment	3-5
Intangible right-to-use subscription assets	2-6

E. Leases

Lessee: The Authority is a lessee for a noncancellable lease of certain equipment. The Authority recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The Authority recognizes lease assets with an initial, individual value of $5,000 or more.

Note 2. Summary of Significant Accounting Policies (Continued)

E. Leases (Continued)

At the commencement of the lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The Authority recognizes a lease receivable and a deferred inflow of resources in the government-wide financial statements.

At the commencement of the lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how the Authority determines (1) the discount rate is uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Authority uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

At June 30, 2024, the Authority did not have any lessor agreements as described above.

Note 2. Summary of Significant Accounting Policies (Continued)

F. Subscription-Based Information Technology Arrangements (SBITAs)

For new or modified contracts, the Authority determines whether the contract is a SBITA. If a contract is determined to be, or contain, a SBITA with a non-cancellable term in excess of 12 months (including any options to extend or terminate the subscription when exercise is reasonably certain), the Authority records a subscription aSsset and subscription obligation which is calculated based on the value of the discounted future subscription payments over the term of the subscription. If the interest rate implicit in the subscription is not readily determinable, the Authority will use the applicable incremental borrowing rate in the calculation of the present value of the subscription payments.

The Authority recognizes a subscription liability and subscription asset on the Statement of Net Position. Subscriptions with an initial, non-cancellable term of 12 months or less are not recorded on the Statement of Net Position and expense is recognized as incurred over the subscription term.

At the commencement of a SBITA, the Authority measures the subscription liability at the present value of payments expected to be made during the subscription term and then reduces the liability by the principal portion of the subscription payments made. The subscription asset is measured at the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs, then amortized on a straight-line basis over the subscription term.

Subscription payments are apportioned between interest expense and principal based on an amortization schedule calculated using the effective interest method.

G. Use of Estimates

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

H. Restricted Investments

Investments, consisting primarily of money market funds, are stated at fair value.

I. Cash and Cash Equivalents

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

J. Inventory

The Authority expenses all materials and supplies when purchased. Any items on hand at year-end are not material in amount and, therefore, are not shown in the financial statements.

Note 2. Summary of Significant Accounting Policies (Continued)

K. Compensated Absences

It is the Authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave until an employee is eligible for retirement. The maximum payout for sick leave is limited to $10,000. Employees can earn a minimum 96 hours of vacation annually and can accumulate up to 384 hours of vacation depending on their years of service. Employees can also earn compensation time in lieu of overtime pay, which is accrued as a liability by the Authority.

L. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable premium.

M. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. When the Authority has deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt, they are also included in the component of net position.

N. Net Position Flow Assumption

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

O. 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 (expense) until then. These items relate to the pension and other postemployment benefits (OPEB) plans. See Notes 7 through 9 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. These items relate to the pension and OPEB plans. See Notes 7 through 9 for details regarding these items.

Note 2. Summary of Significant Accounting Policies (Continued)

P. Pensions

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan (the Authority's retirement plan) is a multi-employer, agent plan. For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's Retirement Plan and the additions to/deductions from the Authority's Retirement Plan's fiduciary net position have been determined on the same basis as they were reported by the 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.

Q. Other Postemployment Benefits

Medical Insurance Program

The Medical Insurance Program is a single-employer plan. Differences between expected and actual experience and actuarial assumptions are amortized over the average of the expected remaining service lives of all employees that are covered through this plan, which is 10.58 years. Plan amendments are recognized immediately.

Group Life Insurance Program

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 was established pursuant to Section 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 is a defined benefit plan that provides a basic GLI benefit for employees of participating employers. For purposes of measuring the total GLI OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI OPEB and the additions to/deductions from the VRS GLI 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.

R. Subsequent Events

The Authority has evaluated subsequent events through November 4, 2024, the date on which the financial statements were available to be issued.

Note 3. Due From Other Governments

The amount due from other governments consists largely of receivable amounts from the State Compensation Board for salary and benefit reimbursements and inmate daily per diem fees. At fiscal year-end, $2,474,543 was due from the State Compensation Board. The remaining receivable amounts were made of Medical and prescription drug reimbursement of $23,099 due from the Virginia Department of Corrections and Mental Health Grant reimbursement of $9,276 due from the Department of Criminal Justice Services. state per diem fees, and medical services.

Note 4. Deposits and Investments

Deposits

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

Investments

Statutes authorize the Authority to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, bankers' acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

The Authority has investments in the LGIP. The LGIP is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 *Code of Virginia,* the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The Authority's investments in the LGIP, totaling $17,941,354, are stated at amortized cost and classified as cash and cash equivalents. The LGIP has been assigned an "AAAm" rating by Standard & Poor's. The maturity of the LGIP is less than one year.

Custodial Credit Risk (Deposits)

This is the risk that in the event of a bank failure, the Authority's deposits may not be returned to the Authority. The Authority requires all deposits to comply with the Act. At year end, none of the Authority's deposits were exposed to custodial credit risk.

Custodial Credit Risk (Investments)

The Authority's investment policy provides that securities purchased for the Authority shall be held by the Authority or by the Authority's custodian. If held by a custodian, the securities must be in the Authority's name or in the custodian's nominee name and identifiable on the custodian's books as belonging to the Authority. Further, if held by a custodian, the custodian must be a third party, not a counterparty (buyer or seller), to the transaction. At June 30, 2024, all of the Authority's investments were held in accordance with this policy.

Credit Risk of Debt Securities

The Authority's investment policy for credit risk is consistent with the investments allowed by statutes as detailed above.

Note 4. Deposits and Investments (Continued)

The Authority's rated debt investments as of June 30, 2024 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

Authority's Rated Debt Investments' Values	
	Fair Quality Ratings
	AAAm
Money Market Mutual Funds	$ 3,375,645
Total	$ 3,375,645

Concentration of Credit Risk

At June 30, 2024, the Authority maintained money market mutual funds with U.S. Bank in the amount of $3,375,645. All other cash is maintained through a checking account through First Bank & Trust Co. These funds totaled $7,125,871 at June 30, 2024.

Interest Rate Risk

All Authority investments must be in securities maturing within five years.

Investment Maturities (in years)

Investment Type	Fair Value	Less Than 1 Year
Money Market Mutual Funds	$ 3,375,645	$ 3,375,645
	$ 3,375,645	$ 3,375,645

The Authority categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Authority has the following recurring fair value measurements as of June 30, 2024:

- Money market mutual funds of $3,375,645, which are valued using quoted market prices (Level 1 inputs).

Note 5. Capital Assets

A summary of changes in capital assets for the year follows:

	Balance June 30, 2023	Increases	Decreases/ Transfer	Balance June 30, 2024
Capital assets not being depreciated:				
Land	$ 612,500	$ -	$ -	$ 612,500
Construction in progress	8,399	144,583	(8,399)	144,583
Total capital assets not being depreciated	620,899	144,583	(8,399)	757,083
Capital assets being depreciated:				
Buildings	45,279,812	-	-	45,279,812
Land improvement	62,300	-	-	62,300
Building improvement	1,240,920	309,105	8,399	1,558,424
Vehicles and equipment	5,294,373	296,590	(65,958)	5,525,005
Intangible right-to-use lease equipment	72,721	-	-	72,721
Intangible right-to-use subscription assets	306,847	-	-	306,847
Total capital assets being depreciated	52,256,973	605,695	(57,559)	52,805,109
Less accumulated depreciation for:				
Buildings	(15,629,038)	(911,888)	-	(16,540,926)
Vehicles and equipment	(3,352,587)	(348,826)	-	(3,701,413)
Land improvements	(1,038)	(6,230)	-	(7,268)
Building improvement	(38,251)	(177,427)	60,209	(155,469)
Intangible right-to-use lease equipment	(36,360)	(18,179)	-	(54,539)
Intangible right-to-use subscription assets	(66,620)	(66,620)	-	(133,240)
Total accumulated depreciation	(19,123,894)	(1,529,170)	60,209	(20,592,855)
Total capital assets being depreciated, net	33,133,079	(923,475)	2,650	32,212,254
Total capital assets, net	$ 33,753,978	$ (778,892)	$ (5,749)	$ 32,969,337

Note 6. Long-Term Obligations

The following is a summary of changes in long-term obligation transactions for the year ended June 30, 2024:

	Balance June 30, 2023	Increases	Decreases	Balance June 30, 2024	Amount Due Within One Year
General obligation bond	$ 15,645,000	$ -	$ (1,250,000)	$ 14,395,000	$ 1,310,000
Premium on bond issue	2,084,296	-	(208,430)	1,875,866	208,430
Total general obligation bond and premium	17,729,296	-	(1,458,430)	16,270,866	1,518,430
Compensated absences	675,267	601,975	(487,093)	790,149	197,537
Subscription liability	243,713	-	(65,029)	178,684	42,710
Lease liability	37,449	-	(18,443)	19,006	19,006
Total long-term liabilities	$ 18,685,725	$ 601,975	$ (2,028,995)	$ 17,258,705	$ 1,777,683

Leases Payable

During the current fiscal year, the Authority had a lease agreement with one year remaining as lessee for equipment. As of June 30, 2024, the value of the lease liability was $19,006. The Authority is required to make monthly principal and interest payments of $1,610. The lease has an interest rate of 3.00%. The equipment has a one year remaining estimated useful life. The value of the intangible right-to-use lease asset as of the end of the current fiscal year was $72,721 and had accumulated amortization of $54,540.

	Lease	
Year Ending June 30,	Principal	Interest
2025	$ 19,006	$ 310
Total	$ 19,006	$ 310

Note 6. Long-Term Obligations (Continued)

Subscriptions Payable

During the current fiscal year, the Authority had two subscription agreements with two to six years for subscriptions. As of June 30, 2024, the value of the subscription liability was $178,684. The Authority is required to make monthly principal and interest payments in the amount of $48,071. The subscriptions have an interest rate of 3.00%. The subscriptions have one to five years remaining estimated useful life. The value of the right-to-use subscription assets as of the end of the current fiscal year was $306,847 and had accumulated amortization of $133,240.

	SBITAs	
Year Ending June 30,	Principal	Interest
2025	$ 42,710	$ 5,361
2026	43,992	4,079
2027	45,312	2,759
2028	46,670	1,400
Total	$ 178,684	$ 13,599

Annual requirement to amortize long-term obligations are as follows:

	Revenue Refunding Bond	
Year Ending June 30,	Principal	Interest
2025	$ 1,310,000	$ 645,625
2026	1,380,000	576,694
2027	1,450,000	506,350
2028	1,525,000	434,591
2029	1,595,000	359,366
2030-2033	7,135,000	696,653
Total	$ 14,395,000	$ 3,219,279

Note 6. Long-Term Obligations (Continued)

The following provides details on long-term obligations as of June 30, 2024:

On November 19, 2014, the Authority issued Jail Facility Revenue Refunding Bonds, Series 2014 through the Virginia Resources Authority (VRA) in the amount of $22,905,000 with a maturity date of October 1, 2032. Repayment of the bond is due in annual installments ranging from $1,310,000 through $1,910,000 plus semi-annual interest ranging from 3.43% to 5.13% through October 1, 2032. The bond was issued at a premium of $3,543,302 which will be amortized over the life of the bond. U.S. Bank is Trustee for the bond funds and holds a debt service reserve and a portion of annual principal and interest payments in trust. At June 30, 2024, $3,375,645 was held in trust at U.S. Bank. Principal outstanding at June 30, 2024 totaled $14,395,000. According to the rate covenant as provided in the VRA Bond documents, the Authority shall fix and collect rates, fees and other charges for the use of and for services furnished by the Authority so that in each fiscal year the net revenues available for debt service will equal at least 100% of the amount required during the fiscal year to pay the principal of and interest on the local bond. At June 30, 2024, the debt coverage ratio is 4.03.

Fiscal Year June 30,	Operating Revenue	Operating Expenses Excluding Depreciation	Net Available Revenue	Annual Debt Service Principal	Annual Debt Service Interest	Annual Debt Service Total	Coverage Ratio
2024	$ 29,943,734	$ 22,074,270	$ 7,869,464	$ 1,250,000	$ 703,525	$ 1,953,525	4.03

Note 7. Pension Plan

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent Multiple-Employer Pension Plans

Administering Entity: Virginia Retirement System (System)

A. Plan Description

All full-time, salaried permanent employees of the Authority are automatically covered by the 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 VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virgini*a, 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 a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are available at:

- •https://www.varetire.org/members/benefits/defined-benefit/plan1.asp,
- •https://www.varetire.org/members/benefits/defined-benefit/plan2.asp,
- •https://www.varetirement.org/hybrid.html.

Note 7. Pension Plan (Continued)

B. Employees Covered by Benefit Terms

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries current receiving benefits	45
Inactive members:	
Vested	24
Non-vested	115
Active elsewhere in VRS	89
Active members	151
Total covered employees	424

C. Contributions

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

The Authority's contractually required employer contribution rate for the year ended June 30, 2024, was 9.95% 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 an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were $935,455 and $823,551 for the years ended June 30, 2024 and 2023, respectively.

D. Net Pension Asset

The Authority's net pension asset is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability (asset) was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2022 rolled forward to the measurement date of June 30, 2023.

Note 7. Pension Plan (Continued)

E. Actuarial Assumptions

The total pension liability for the Authority's retirement plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

Inflation	2.50%
Salary increases, including inflation:	
General employees	3.50% - 5.35%
Public safety employees with hazardous duty benefits	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

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 Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
Mortality Improvement	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Note 7. Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

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

Public Safety Employees with Hazardous Duty Benefits

Mortality Rates:	45% of deaths are assumed to be service related.
– Pre-retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years..
– Post-retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years.
– Post-disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Note 7. Pension Plan (Continued)

F. 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 estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
	Inflation		2.50%
	* Expected arithmetic nominal return		8.25%

*The above allocation provides a one-year expected return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

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

Note 7. Pension Plan (Continued)

G. Discount Rate

The discount rate used to measure the total pension liabilities 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, 2024, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022, actuarial valuations, whichever was greater. From July 1, 2023 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 asset.

H. Changes in the Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Balances at June 30, 2022	$ 18,086,165	$ 25,996,500	$ (7,910,335)
Changes for the year:			
Service cost	1,358,422	-	1,358,422
Interest	1,294,918	-	1,294,918
Difference between expected and actual experience	(943,861)	-	(943,861)
Contributions – employer	-	823,551	(823,551)
Contributions – employee	-	415,541	(415,541)
Net investment income	-	1,725,580	(1,725,580)
Benefit payments, including refunds of employee contributions	(521,238)	(521,238)	-
Administrative expense	-	(16,164)	16,164
Other	-	704	(704)
Net changes	1,188,241	2,427,974	(1,239,733)
Balances at June 30, 2023	$ 19,274,406	$ 28,424,474	$ (9,150,068)

Note 7. Pension Plan (Continued)

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

The following presents the net pension asset of the Authority, using the discount rate of 6.75%, as well as what the Authority's net pension assets would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Plan's net pension asset	$ (6,065,258)	$ (9,150,068)	$ (11,725,390)

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

For the year ended June 30, 2024, the Authority recognized pension expense (credit) of $(685,037). At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (2,166,679)
Changes in assumptions	335,700	-
Net difference between projected and actual earnings on pension plan investments	-	(339,672)
Employer contributions subsequent to the measurement date	935,455	-
Total	$ 1,271,155	$ (2,506,351)

The $935,455 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2025	$ (1,074,612)
2026	(1,176,448)
2027	69,831
2028	10,578
	$ (2,170,651)

Note 7. Pension Plan (Continued)

K. Pension Plan Data

Detailed information about the pension plans' fiduciary net position are available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2023-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

Note 8. Other Postemployment Benefits—Medical Insurance Program

A. Plan Description

The Authority's defined benefit other postemployment benefit (OPEB) – medical insurance plan provides OPEB for all permanent full-time general and public safety employees of the Authority. The plan was established by the Authority's Board and any amendments to the plan must be approved by the Board. This plan is a single-employer defined benefit OPEB plan administered by the Authority. No assets are accumulated in a trust that meets the criteria in paragraph four of GASB Statement No. 75. This plan does not issue stand-alone financial reports.

The Authority offers its employees the option to participate in the group health insurance program offered to other employees upon retirement. Employees who retire after June 30, 1997, are 55 years of age, and were employed for at least 10 years of continuous service immediately prior to retirement are eligible to remain enrolled in the health insurance group plan and continue to have the premiums paid for health insurance coverage subject to specific terms. The Authority will pay 75% of the monthly premium, not to exceed $2,500 per fiscal year. Retirees shall have participated in the group insurance program for the five years preceding retirement. Full cost of dependent coverage will be the responsibility of the retired employee. Eligibility for this benefit terminates at the time the retiree obtains other health coverage or reaches the age of 65. Should an employee be granted full retirement by VRS and/or Social Security because of disability, he/she will be eligible to receive the payments made by the Authority for retirees regardless of age if he/she has been employed by the Authority for at least 10 years immediately prior to the disability. The Authority reserves the right to change the terms of the retirees' health insurance coverage at any time, including the right to terminate any or all coverage provided to retirees. Eligibility conditions were revised as of July 1, 2019 to be based upon a retiree's attainment of age 50 as well as their eligibility to receive full or reduced retirement under the VRS. As of March 1, 2023, the retiree cost sharing was updated. The Authority now pays 50% of retirees' premium amounts. Previously, retirees paid 100% of the premium. There was no change to spousal cost sharing. Additionally, the age requirement to retire was increased from 50 to 55.

B. Employees Covered by Benefit Terms

At July 1, 2023, the following employees were covered by the benefit terms:

	Number
Inactive employees or beneficiaries currently receiving benefit payments	5
Active employees	143
Total	148

Note 8. Other Postemployment Benefits—Medical Insurance Program (Continued)

C. Total Medical Insurance Program OPEB Liability

The Authority's total Medical Insurance OPEB liability of $1,431,000 was measured as of July 1, 2023, and was determined by an actuarial valuation as of July 1, 2023.

D. Actuarial Assumptions and Other Inputs

The total Medical Insurance Program OPEB liabilities were based on an actuarial valuation as of July 1, 2023, using the Entry Age Normal actuarial cost method and the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.50%
Discount rate	3.86%
Healthcare cost trend rates	6.50% for fiscal year end 2024, decreasing 0.25% per year to an ultimate rate of 4.50%
Mortality	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021

The discount rate has been set equal to 3.86% and represents the Municipal GO AA 20-year yield curve rate as of the measurement date.

E. Changes in the Total Medical Insurance OPEB Liability

	Increase (Decrease)		
	Total Medical OPEB Liability	Plan Fiduciary Net Position	Net Medical OPEB Liability
Balance at July 1, 2023	$ 1,497,000	$ -	$ 1,497,000
Changes for the year:			
Service cost	180,000	-	180,000
Interest	61,000	-	61,000
Differences between expected and actual experience	(370,000)	-	(370,000)
Contributions - employer	-	41,000	(41,000)
Benefit payments	(41,000)	(41,000)	-
Changes of benefit terms	138,000	-	138,000
Assumption changes	(34,000)	-	(34,000)
Net changes	(66,000)	-	(66,000)
Balance at June 30, 2024	$ 1,431,000	$ -	$ 1,431,000

Note 8. Other Postemployment Benefits—Medical Insurance Program (Continued)

F. Sensitivity of the Total Medical Insurance OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Authority calculated using the stated discount rate, as well as what the Authority's total Medical Insurance OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.86%) or 1-percentage-point higher (4.86%) than the current discount rate:

	1% Decrease (2.86%)	Current Discount Rate (3.86%)	1% Increase (4.86%)
Authority total OPEB liability	$ 1,588,000	$ 1,431,000	$ 1,292,000

G. Sensitivity of the Total Medical Insurance OPEB Liability to Changes in Healthcare Cost Trend Rate

The following represents the total Medical Insurance OPEB liability of the Authority calculated using the stated trend rate, as well as what the Authority's total Medical Insurance OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current trend rate:

	1% Decrease (5.50%)	Current Trend Rate (6.50%)	1% Increase (7.50%)
Authority total OPEB liability	$ 1,246,000	$ 1,431,000	$ 1,657,000

H. Medical Insurance OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Medical Insurance OPEB

For the year ended June 30, 2024, the Authority recognized Medical Insurance OPEB expense of $250,000.

For the year ended June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to the Medical Insurance OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 104,000	$ (1,143,000)
Changes of assumptions	312,000	(347,000)
Employer contributions subsequent to measurement date	20,339	-
Total	$ 436,339	$ (1,490,000)

Note 8. Other Postemployment Benefits—Medical Insurance Program (Continued)

H. Medical Insurance OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Medical Insurance OPEB (Continued)

The $20,339 reported as deferred outflows of resources related to the Medical Insurance OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net Medical Insurance OPEB liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Medical Insurance OPEB will be recognized in the Medical Insurance OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2025	$ (130,000)
2026	(130,000)
2027	(131,000)
2028	(162,000)
2029	(201,000)
Thereafter	(320,000)
Total	$ (1,074,000)

Note 9. Other Postemployment Benefits—Group Life Insurance Program

A. Plan Description

All full-time, salaried permanent employees of the Authority are automatically covered by the VRS Group Life Insurance Program (GLI) upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI. For members who elect the optional GLI coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from the 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 OPEB.

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
Eligible Employees The GLI was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.
Benefit Amounts The benefits payable under the GLI 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: o Accidental dismemberment benefit o Seatbelt benefit o Repatriation benefit o Felonious assault benefit o Accelerated death benefit option
Reduction in Benefit Amounts The benefit amounts provided to members covered under the GLI 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 GLI. 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 $9,254 as of June 30, 2024.

Note 9. Other Postemployment Benefits—Group Life Insurance Program (Continued)

B. Contributions

The contribution requirements for the GLI are governed by Sections 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 was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI from the Authority were $50,959 and $46,344 for the years ended June 30, 2024 and 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately $10.1 million to the Group Life Insurance plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. The Authority's proportionate share of $3,696 is reflected under nonoperating revenues within the Statement of Revenues, Expenses, and Change in Net Position.

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

At June 30, 2024, the Authority reported a liability of $436,910 for its proportionate share of the net GLI OPEB liability. The net GLI OPEB liability was measured as of June 30, 2023 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, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employers' proportion of the net GLI OPEB liability was based on the covered employer's actuarially determined employer contributions to the GLI for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the Authority's proportion was 0.03643% as compared to 0.03421% at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of $25,581 and the Commonwealth's special contribution of $3,696. Since there was a change in the proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2024, the Authority 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	$ 43,637	$ (13,262)
Investment experience	-	(17,558)
Change in assumptions	9,339	(30,271)
Changes in proportionate share and difference between expected and actual contributions	27,823	(25,094)
Employer contributions subsequent to the measurement date	50,959	-
Total	$ 131,758	$ (86,185)

Note 9. Other Postemployment Benefits—Group Life Insurance Program (Continued)

C. GLI OPEB Liability, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)

The $50,959 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, 2025. 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
2025	$	(1,861)
2026		(18,858)
2027		5,794
2028		603
2029		8,936
Total	$	(5,386)

D. Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, 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, 2023.

Inflation	2.50%
Salary increases, including inflation:	
General employees	3.50% - 5.35%
Public safety employees with hazardous duty benefits	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality Rates – General Employees

Pre-retirement:	Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.
Post-retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.
Post-disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.
Beneficiaries and Survivors	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.
Mortality Improvement Scale	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

Note 9. Other Postemployment Benefits—Group Life Insurance Program (Continued)

D. Actuarial Assumptions (Continued)

Mortality Rates – General Employees (Continued)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020 except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.
Withdrawal Rates	Adjusted rates to better fit experience at each 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

Mortality Rates – Hazardous Duty Employees

Pre-retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110$ of rates for males and females set forward 2 years.
Mortality Improvement Scale	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

Note 9. Other Postemployment Benefits—Group Life Insurance Program (Continued)

D. Actuarial Assumptions (Continued)

Mortality Rates – Hazardous Duty Employees (Continued)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70.
Withdrawal Rates	Decreased rates and changed from rates based on age and services 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

E. Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2023, NOL amounts for the GLI are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB liability	$ 3,907,052
Plan fiduciary net position	2,707,739
GLI Net OPEB liability	$ 1,199,313
Plan fiduciary net position as a percentage of the total GLI OPEB liability	69.30%

Note 9. Other Postemployment Benefits—Group Life Insurance Program (Continued)

E. Net GLI OPEB Liability (Continued)

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

F. Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		* Expected arithmetic nominal return	8.25%

* The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

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

Note 9. Other Postemployment Benefits—Group Life Insurance Program (Continued)

G. Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2023, the rate contributed by the participating employers for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

H. Sensitivity of the Participating Employers' Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the participating employers' proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the participating employers' 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% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Authority net GLI OPEB liability	$ 646,637	$ 436,910	$ 266,536

I. GLI Fiduciary Net Position

Detailed information about the GLI's fiduciary net position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia, 23218-2500.

Note 10. Risk Management

Auto, Liability and Workers' Compensation Insurance

The Authority is a member of the Virginia Association of Counties Risk Pool (VACorp) for all risks of losses. This workers' compensation program is administered by a servicing contractor, which furnishes claims review and processing.

Note 10. Risk Management (Continued)

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

The Authority is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority also participates in the VaRisk2, a group liability self insurance plan, administered by the Commonwealth of Virginia, Department of General Services, Division of Risk Management. The Authority pays an annual premium for its public officials general liability insurance to this public entity risk pool currently operating as a common risk management and insurance program for participating governments. Settled claims have not exceeded pool coverage in any of the past three fiscal years.

The Authority continues to carry commercial insurance for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Beginning in fiscal year 2022, the Authority revised its health insurance plan to fully retain the associated risk. The risk financing is accounted for in the health benefits funds. Premiums are paid for all full-time employees of the Authority to a claims administrator who processes all claims.

Liabilities are reported when it is possible that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include any amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering recent settlement trends including frequency and amount of payouts.

Health Insurance

Authority employees and employee dependents are eligible for medical benefits from a health insurance Internal Service Fund. Funding is provided by charges to the Authorities employees and retirees. The program is supplemented by stop loss protection, which limits the Authorities annual liability.

Fiscal Year Ended	Beginning Liability	Claims and Changes in Estimates	Claim Payments	Ending Liability
June 30, 2024	$ 158,000	$ 1,633,442	$ 1,670,442	$ 121,000
June 30, 2023	157,000	1,617,635	1,616,635	158,000

Note 11. Contingency

The Authority is a defendant in various legal matters generally incidental to its business. It is management's opinion that the financial position of the Authority will not be materially affected by the ultimate resolution of litigation pending or threatened at June 30, 2024.

The Authority has received proceeds from several federal and state grant programs. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. Based upon past experience, no provision has been made in the accompanying financial statements for the refund of grant monies.

Note 12. Pending GASB Statements

At June 30, 2024, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the Authority. The statements which might impact the Authority are as follows:

GASB Statement No. 101, *Compensated Absences,* is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Statement 101 will be effective for fiscal years beginning after December 15, 2023.

GASB Statement No. 102, *Certain Risk Disclosures*, requires the Authority to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires the Authority to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If the Authority determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. Statement 102 will be effective for the Authority beginning with its year ending June 30, 2025.

GASB Statement No. 103, *Financial Reporting Model Improvements*, provides guidance to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. Statement 103 will be effective for the Authority beginning with its year ending June 30, 2026.

Note 12. Pending GASB Statements (Continued)

GASB Statement No. 104, *Disclosures of Certain Capital Assets*, provides users of government financial statements with essential information about certain types of capital assets. This statement requires certain types of capital assets to be disclosed separately in the capital assets not disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnership and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

The requirements related to Statement No. 104 will be effective for the Authority beginning with its year ending June 30, 2026.

Management has not determined the effect these new Statements may have on prospective financial statements.

Note 13. Subsequent Events

In August 2024, the Authority refunded its VRA 2014C bond. The total net present value of savings from the refunding is approximately $800,000.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION ASSET AND RELATED RATIOS – VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Pension Liability										
Service cost	$ 1,088,683	$ 1,081,998	$ 1,150,730	$ 1,234,668	$ 1,289,668	$ 1,321,628	$ 1,439,296	$ 1,308,814	$ 1,450,701	$ 1,358,422
Interest	444,658	542,543	620,835	686,312	784,376	874,342	978,894	1,081,983	1,261,671	1,294,918
Changes of benefit terms	-	-	-	(182,574)	-	-	-	-	-	-
Difference between expected and actual experience	-	(321,907)	(475,700)	9,127	(541,692)	(345,766)	(477,619)	(1,658,978)	(1,610,802)	(943,861)
Changes of assumptions	-	-	-	-	-	506,699	-	938,757	-	-
Benefit payments, including refunds of employee contributions	(153,313)	(116,657)	(251,709)	(469,258)	(223,956)	(270,305)	(420,424)	(406,224)	(512,252)	(521,238)
Net change in total pension liability	1,380,028	1,185,977	1,044,156	1,278,275	1,308,396	2,086,598	1,520,147	1,264,352	589,318	1,188,241
Total pension liability - beginning	6,428,918	7,808,946	8,994,923	10,039,079	11,317,354	12,625,750	14,712,348	16,232,495	17,496,847	18,086,165
Total pension liability - ending (a)	$ 7,808,946	$ 8,994,923	$ 10,039,079	$ 11,317,354	$ 12,625,750	$ 14,712,348	$ 16,232,495	$ 17,496,847	$ 18,086,165	$ 19,274,406
Plan Fiduciary Net Position										
Contributions - employer	$ 763,721	$ 778,228	$ 825,943	$ 781,150	$ 840,802	$ 871,612	$ 913,063	$ 894,763	$ 880,706	$ 823,551
Contributions - employee	269,134	279,945	297,368	319,765	351,241	355,909	371,865	365,336	359,011	415,541
Net investment income	1,205,451	451,289	215,679	1,477,150	1,051,416	1,113,039	358,880	5,398,025	(56,603)	1,725,580
Benefit payments, including refunds of employee contributions	(153,313)	(116,657)	(251,709)	(469,258)	(223,956)	(270,305)	(420,424)	(406,224)	(512,252)	(521,238)
Administrative expense	(5,674)	(5,141)	(5,984)	(7,751)	(8,092)	(9,605)	(10,863)	(12,217)	(15,342)	(16,164)
Other	63	(98)	(85)	(1,350)	(982)	(714)	(431)	520	611	704
Net change in plan fiduciary net position	2,079,382	1,387,566	1,081,212	2,099,706	2,010,429	2,059,936	1,212,090	6,240,203	656,131	2,427,974
Plan fiduciary net position - beginning	7,169,845	9,249,227	10,636,793	11,718,005	13,817,711	15,828,140	17,888,076	19,100,166	25,340,369	25,996,500
Plan fiduciary net position - ending (b)	$ 9,249,227	$ 10,636,793	$ 11,718,005	$ 13,817,711	$ 15,828,140	$ 17,888,076	$ 19,100,166	$ 25,340,369	$ 25,996,500	$ 28,424,474
Authority's net pension asset - ending (a) - (b)	$ (1,440,281)	$ (1,641,870)	$ (1,678,926)	$ (2,500,357)	$ (3,202,390)	$ (3,175,728)	$ (2,867,671)	$ (7,843,522)	$ (7,910,335)	$ (9,150,068)
Plan fiduciary net position as a percentage of the total pension liability	118.44%	118.25%	116.72%	122.09%	125.36%	121.59%	117.67%	144.83%	143.74%	147.47%
Covered payroll	$ 5,385,903	$ 5,623,035	$ 5,967,796	$ 6,397,625	$ 6,886,175	$ 7,185,589	$ 7,527,312	$ 7,406,978	$ 7,290,613	$ 8,276,894
Authority's net pension asset as a percentage of covered payroll	26.74%	29.20%	28.13%	39.08%	46.50%	44.20%	38.10%	105.89%	108.50%	110.55%

MIDDLE RIVER REGIONAL JAIL AUTHORITY

EXHIBIT 9

SCHEDULE OF CONTRIBUTIONS –VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution (CRC)	$ 778,228	$ 825,943	$ 781,150	$ 840,802	$ 871,612	$ 913,063	$ 894,763	$ 880,706	$ 823,551	$ 935,455
Contributions in relation to the CRC	778,228	825,943	781,150	840,802	871,612	913,063	894,763	880,706	823,551	935,455
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 5,623,035	$ 5,967,796	$ 6,397,625	$ 6,886,175	$ 7,185,589	$ 7,527,312	$ 7,406,978	$ 7,290,613	$ 8,276,894	$ 9,401,558
Contributions as a percentage of covered payroll	13.84%	13.84%	12.21%	12.21%	12.13%	12.13%	12.08%	12.08%	9.95%	9.95%

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
VIRGINIA RETIREMENT SYSTEM
Year Ended June 30, 2024

Note 1. Changes of Benefit Terms

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

Note 2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

General Employees

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
VIRGINIA RETIREMENT SYSTEM
Year Ended June 30, 2024

Note 2. Changes of Assumptions (Continued)

Public Safety Employees with Hazardous Duty Benefits

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

SCHEDULE OF CHANGES IN THE AUTHORITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS – MEDICAL INSURANCE PROGRAM

	Fiscal Year June 30,						
	2017	2018	2019	2020	2021	2022	2023
Total OPEB liability:							
Service cost	$ 94,000	$ 96,000	$ 80,000	$ 215,000	$ 256,000	$ 245,000	$ 180,000
Interest	56,000	56,000	56,000	87,000	82,000	38,000	61,000
Changes of benefit terms	-	-	603,000	-	(760,000)	-	138,000
Differences between expected and actual experience	-	14,000	248,000	5,000	(1,137,000)	(112,000)	(370,000)
Changes of assumptions or other inputs	-	(38,000)	142,000	244,000	206,000	(384,000)	(34,000)
Contributions - employer	(26,000)	(252,000)	(53,000)	3,000	(23,000)	(30,000)	(41,000)
Net change in total OPEB liability	124,000	(124,000)	1,076,000	554,000	(1,376,000)	(243,000)	(66,000)
Total OPEB liability, beginning	1,486,000	1,610,000	1,486,000	2,562,000	3,116,000	1,740,000	1,497,000
Total Medical Insurance OPEB liability, ending	$ 1,610,000	$ 1,486,000	$ 2,562,000	$ 3,116,000	$ 1,740,000	$ 1,497,000	$ 1,431,000
Covered payroll	$ 6,264,999	$ 6,265,000	$ 7,787,000	$ 7,787,000	$ 7,834,000	$ 7,441,000	$ 7,834,000
Total OPEB liability as a percentage of covered payroll	25.70%	23.72%	32.90%	40.02%	22.21%	20.12%	18.27%

Note to Schedule:

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years which information is available.

MIDDLE RIVER REGIONAL JAIL AUTHORITY — EXHIBIT 11

SCHEDULE OF EMPLOYER CONTRIBUTIONS – OPEB – MEDICAL INSURANCE PROGRAM

	Fiscal Year June 30,							
	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution (CRC)	$ 26,000	$ 252,000	$ 53,000	$ 3,000	$ 23,000	$ 36,039	$ 40,002	$ 20,339
Contributions in relation to the CRC	26,000	252,000	53,000	3,000	23,000	36,039	40,002	20,339
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 6,264,999	$ 6,265,000	$ 7,787,000	$ 7,787,000	$ 7,834,000	$ 7,441,000	$ 7,834,000	$ 8,136,000
Contributions as a percentage of covered payroll	0.42%	4.02%	0.68%	0.04%	0.29%	0.48%	0.51%	0.25%

Note to Schedule:

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY – GROUP LIFE INSURANCE PROGRAM

	Fiscal Year June 30,						
	2017	2018	2019	2020	2021	2022	2023
Employer's proportion of the net GLI OPEB liability	0.03489%	0.03650%	0.03674%	0.03698%	0.03645%	0.03421%	0.03643%
Employer's proportionate share of the net GLI OPEB liability	$ 525,535	$ 554,535	$ 597,858	$ 617,135	$ 424,377	$ 411,921	$ 436,910
Employer's covered payroll	6,435,577	6,934,198	7,202,439	7,610,991	7,525,256	7,440,870	8,582,265
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.17%	8.00%	8.30%	8.11%	5.64%	5.54%	5.09%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%	52.00%	52.64%	67.45%	67.21%	69.30%

Note to Schedule:

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

MIDDLE RIVER REGIONAL JAIL AUTHORITY EXHIBIT 13

SCHEDULE OF EMPLOYER CONTRIBUTIONS – OPEB – GROUP LIFE INSURANCE PROGRAM

	Fiscal Year June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution (CRC)	$ 27,006	$ 28,735	$ 33,465	$ 36,090	$ 37,453	$ 39,578	$ 40,636	$ 40,181	$ 46,344	$ 50,959
Contributions in relation to the CRC	27,006	28,735	33,465	36,090	37,453	39,578	40,636	40,181	46,344	50,959
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 5,626,315	$ 5,986,407	$ 6,435,577	$ 6,934,198	$ 7,202,439	$ 7,610,991	$ 7,525,256	$ 7,440,870	$ 8,582,265	$ 9,436,852
Contributions as a percentage of covered payroll	0.48%	0.48%	0.52%	0.52%	0.52%	0.52%	0.54%	0.54%	0.54%	0.54%

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
Year Ended June 30, 2024

Note 1. Medical Insurance Program

A. <u>Changes of Benefit Terms</u>

There have been no actuarially material changes to the VRS benefit provisions since the prior actuarial valuation.

B. <u>Changes of Assumptions</u>

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following is the discount rate used for the period presented:

2024	3.86%
2023	3.69%
2022	1.92%

Note 2. Group Life Insurance Program

A. <u>Changes of Benefit Terms</u>

There have been no actuarially material changes to the VRS benefit provisions since the prior actuarial valuation.

B. <u>Changes of Assumptions</u>

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each 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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
Year Ended June 30, 2024

Note 2. Group Life Insurance Program (Continued)

B. Changes of Assumptions (Continued)

Hazardous Duty Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and services 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

SUPPLEMENTARY INFORMATION

COMBINING STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
June 30, 2024

	Custodial Funds					
	Inmate Account	Inmate Canteen	Telephone Commissions	Work Release Account	Keep Fees	Total
ASSETS						
Cash and Cash Equivalents	$ 989,147	$ (95,425)	$ 103,336	$ 142,658	$ 9,137	$ 1,148,853
Total assets	$ 989,147	$ (95,425)	$ 103,336	$ 142,658	$ 9,137	$ 1,148,853
NET POSITION						
Restricted for:						
Inmate accounts	$ 989,147	$ -	$ -	$ -	$ -	$ 989,147
Inmate canteen	-	(95,425)	-	-	-	(95,425)
Other	-	-	103,336	142,658	9,137	255,131
Total net position	$ 989,147	$ (95,425)	$ 103,336	$ 142,658	$ 9,137	$ 1,148,853

MIDDLE RIVER REGIONAL JAIL AUTHORITY — EXHIBIT 15

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS
Year Ended June 30, 2024

	Custodial Funds					
	Inmate Account	Inmate Canteen	Telephone Commissions	Work Release Account	Keep Fees	Total
ADDITIONS						
Contributions:						
Inmate	$ 1,159,532	$ -	$ -	$ -	$ -	$ 1,159,532
Commissary	-	870,970	-	-	-	870,970
Telephone commission	-	-	321,867	-	-	321,867
Work release	-	-	-	465,087	-	465,087
Keep fees	-	-	-	-	245,578	245,578
Total contributions	1,159,532	870,970	321,867	465,087	245,578	3,063,034
Investment Earnings:						
Interest	-	28,351	-	-	-	28,351
Total additions	1,159,532	899,321	321,867	465,087	245,578	3,091,385
DEDUCTIONS						
Medical and Prescription Co-pays	65,590	-	-	-	-	65,590
Inmate Withdrawals and Allowances	267,129	-	-	-	-	267,129
Canteen Supplies	996,188	18,352	-	-	-	1,014,540
Inmate Adult Education	-	382,808	-	-	-	382,808
Inmate Library Costs	-	11,315	-	-	-	11,315
Cable/TV Service	-	12,306	-	-	-	12,306
Inmate Supplies/Capital Items	-	21,096	-	-	-	21,096
Miscellaneous	40,736	341,044	-	-	-	381,780
Telephone Commissions	-	-	321,867	-	-	321,867
Work Release	-	-	-	465,087	-	465,087
Keep Fees	-	-	-	-	245,578	245,578
Total deductions	1,369,643	786,921	321,867	465,087	245,578	3,189,096
Net increase (decrease) in fiduciary net position	(210,111)	112,400	-	-	-	(97,711)
Net Position, beginning	1,199,258	(207,825)	103,336	142,658	9,137	1,246,564
Net Position, ending	$ 989,147	$ (95,425)	$ 103,336	$ 142,658	$ 9,137	$ 1,148,853

SCHEDULE OF EXPENDITURES, NON-GAAP – CAPITAL PROJECTS FUND
Year Ended June 30, 2024

	Current Year Actual	Total Actual to Date	Project Authorization	Project Balance
Expenditures				
Jail Fence	$ 120,000	$ 120,000	$ 250,300	$ 130,300
Heating Boiler Replacement	114,035	413,235	413,235	-
Lobby Renovation	86,284	94,684	94,684	-
Inmate Housing Seating	59,014	59,014	150,000	90,986
Electrical Capacity Upgrade	24,584	24,584	760,769	736,185
Kitchen Renovation	-	-	1,025,000	1,025,000
Air Handler Unit Replacements	-	-	499,700	499,700
Fire Prevention Form System	-	-	175,000	175,000
Generator Work	-	-	100,000	100,000
Completed Projects	-	131,332	131,332	-
Total expenditures	$ 403,917	$ 842,849	$ 3,600,020	$ 2,757,171

MIDDLE RIVER REGIONAL JAIL AUTHORITY — EXHIBIT 17

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE, NON-GAAP MODIFIED ACCRUAL
Year Ended June 30, 2024

	Operating Fund	Capital Projects Fund	Total
Revenues:			
From member jurisdictions	$ 14,413,674	$ -	$ 14,413,674
Local bed rentals	57,886	-	57,886
Other income	23,274	-	23,274
Recovered costs	400,261	-	400,261
Fees and charges for services	1,200,799	-	1,200,799
State compensation board	10,047,504	-	10,047,504
Per diem reimbursement	1,711,098	-	1,711,098
Other state grants	252,061	-	252,061
Federal grants	39,346	-	39,346
Interest income	1,429,635	-	1,429,635
Total revenues	29,579,234	-	29,579,234
Expenditures			
Salaries and wages	11,110,921	-	11,110,921
Fringe benefits	3,737,086	-	3,737,086
Contractual services	3,480,977	-	3,480,977
Other charges	1,070,758	-	1,070,758
Materials and supplies	1,926,253	-	1,926,253
Interest expense and other charges	479,346	-	479,346
Heating Boiler Replacement	-	114,035	114,035
Inmate Housing Seating	-	59,014	59,014
Fence	-	120,000	120,000
Lobby Renovation	-	86,284	86,284
Electrical Capacity Upgrade	-	24,584	24,584
Other capital outlay	346,362	-	346,362
Debt service	1,333,472	-	1,333,472
Total expenditures	23,485,175	403,917	23,889,092
Excess (deficiency) of revenues over (under) expenditures	6,094,059	(403,917)	5,690,142
Other Financing Sources (uses)			
Transfers out	(1,600,000)	-	(1,600,000)
Transfers in	-	1,600,000	1,600,000
Total other financing sources (uses)	(1,600,000)	1,600,000	-
Change in fund balance	$ 4,494,059	$ 1,196,083	$ 5,690,142

Reconciliation - modified accrual basis with full accrual:	
Capital Outlay	$ 750,279
Depreciation and amortization	(1,529,170)
Loss on disposal	(5,749)
Debt service - principal	1,333,472
Change in accrued interest	(11,966)
Change in compensated absence	(114,882)
Change in pension asset/liabilities and related deferred outflows and inflows of resources	1,593,583
Change in OPEB liabilities and related deferred outflows and inflows of resources	(179,250)
Increase in net position	$ 7,526,459

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*

To the Board
Middle River 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 the business-type activities, major fund, and the remaining fund information of the Middle River Regional Jail Authority (Authority) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 4, 2024.

Report on Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PBMares, LLP

Harrisonburg, Virginia
November 4, 2024