

PIEDMONT REGIONAL JAIL AUTHORITY
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

PIEDMONT REGIONAL JAIL AUTHORITY

Jerry Townsend, Superintendent

Authority Board Members and Alternates

County	Members	Alternates
Amelia	David M. Felts, Jr. Eric Pollitt Ricky Walker, Sheriff	Phillip Siegle
Buckingham	Daniel Braxton William Kidd, Sheriff Karl Carter	Albert Jamerson
Cumberland	Robert Saunders, Jr. Derek Stamey Darrell Hodges, Sheriff	Vacant
Lunenburg	Edward Pennington Tracy Gee Arthur Townsend, Sheriff	Donald R. Penland, Jr.
Nottoway	Steve Bowen Robert Jones, Sheriff William Collins	Vacant
Prince Edward	J. David Emert Douglas P. Stanley L.A. Tony Epps, Sheriff	Sarah Puckett David Wilmoth

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE PIEDMONT REGIONAL JAIL AUTHORITY
FARMVILLE, VIRGINIA

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Change in Accounting Principle

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

Restatement of Beginning Balances

As described in Note 14 to the financial statements, in 2025, Piedmont Regional Jail Authority restated beginning balances to reflect the requirements of GASB Statement No. 101. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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 Piedmont Regional Jail Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2025, on our consideration of Piedmont Regional Jail Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Piedmont Regional Jail Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Piedmont Regional Jail Authority's internal control over financial reporting and compliance.

Robinson Faxon Cox Associates

Charlottesville, Virginia
October 29, 2025

PIEDMONT REGIONAL JAIL AUTHORITY

Management's Discussion and Analysis Year Ended June 30, 2025

This management's discussion and analysis of the Piedmont Regional Jail Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2024. Please read this information in conjunction with the Authority's financial statements, which follow this section.

Financial Highlights

The Authority's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$6,614,782 (net position). This reflects an increase of \$2,492,024 over the prior year compared to an annual increase of \$1,218,222 in 2024.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of the following:

1. Statement of Net Position
2. Statement of Revenues, Expenses, and Changes in Net Position
3. Statement of Cash Flows
4. Statement of Fiduciary Net Position
5. Statement of Changes in Fiduciary Net Position
6. Notes to the financial statements

This report also contains required and other supplementary information in addition to the basic financial statements themselves.

The financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. The accrual basis of accounting is used to prepare the financial statements.

The statement of net position presents information on all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information showing the results of operations during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The statement of cash flows presents the flow of cash resources into and out of the Authority during the year (from operations, financing, and other sources) and how those funds were applied (payment of expenses, repayment of debt, etc.).

The statement of fiduciary net position presents the balances of funds held on behalf of others. These funds are not reflected with other Authority activity because the resources of those funds are not available to support the Authority's own programs.

The statement of changes in fiduciary net position presents information showing the activity in fiduciary funds during the most recent fiscal year.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Overview of the Financial Statements: (Continued)

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for pension and OPEB funding and other supplementary information for budgetary comparison information and other miscellaneous information.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Authority's financial position. In this case, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$6,614,782 at the close of the most recent fiscal year. The financial position of the Authority has improved this year. With respect to liquidity, the quick ratio (current assets/current liabilities) for the year ended at 3.5:1, a slight decrease from 3.1:1 a year ago.

Condensed Statement of Net Position

	<u>2025</u>	<u>2024</u>
Current and other assets	\$ 4,297,723	\$ 2,979,181
Capital assets	8,830,882	7,955,554
Total assets	<u>\$ 13,128,605</u>	<u>\$ 10,934,735</u>
Deferred outflows of resources	<u>\$ 1,719,243</u>	<u>\$ 1,388,375</u>
Long-term liabilities	\$ 5,187,973	\$ 5,490,280
Current liabilities	1,218,620	972,249
Total liabilities	<u>\$ 6,406,593</u>	<u>\$ 6,462,529</u>
Deferred inflows of resources	<u>\$ 1,826,473</u>	<u>\$ 1,593,934</u>
Net position:		
Net investment in capital assets	\$ 6,527,134	\$ 5,467,747
Restricted	705,743	538,617
Unrestricted (deficit)	<u>(618,095)</u>	<u>(1,739,717)</u>
Total net position	<u><u>\$ 6,614,782</u></u>	<u><u>\$ 4,266,647</u></u>

At the end of the current fiscal year, the Authority's net investment in capital assets was \$6,527,134. The Authority uses these capital assets to provide incarceration services to participating localities and other governmental entities; therefore, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Change in Net Position: The Authority's net position increased by \$2,492,024.

Financial Analysis: (Continued)

A comparative analysis of information is presented below:

	<u>Condensed Statement of Revenues, Expenses, and Change in Net Position</u>	
	<u>2025</u>	<u>2024</u>
Operating revenues	\$ 19,069,149	\$ 14,532,104
Operating expenses	16,941,463	14,107,984
Net operating income (loss)	<u>\$ 2,127,686</u>	<u>\$ 424,120</u>
Nonoperating revenues	\$ 433,012	\$ 340,645
Nonoperating expenses	68,674	76,326
Nonoperating revenues (expenses), net	<u>\$ 364,338</u>	<u>\$ 264,319</u>
Capital contributions	\$ -	\$ 529,783
Change in net position	<u>\$ 2,492,024</u>	<u>\$ 1,218,222</u>
Net position, beginning of year	\$ 4,266,647	\$ 3,048,425
Restatement	<u>(143,889)</u>	<u>-</u>
Net position, beginning of year, as restated	<u>\$ 4,122,758</u>	<u>\$ 3,048,425</u>
Net position, end of year	<u>\$ 6,614,782</u>	<u>\$ 4,266,647</u>

Operating revenues are defined as charges for services to participant localities and outside localities and the federal government based on the number of days that inmates are housed. Operating revenues also include grants received from the Compensation Board to help defray salary costs and other expenses. Telephone commissions, work release fees, weekender fees, home electronic monitoring fees, and other miscellaneous revenues are also reported as operating revenues. Operating revenues include commissary and employee fund activity.

Operating expenses are comprised of the direct expenses of operating the Authority. These include salaries and benefits, contractual services and other related operating costs (please reference the schedule of revenues and expenses for a complete breakdown of these charges).

Nonoperating revenues consist of interest earnings, gains on the disposal of capital assets, and grants. Interest expense comprises nonoperating expenses.

Capital contributions represent funding received specifically for capital additions, such as projects funded by the member jurisdictions and capital grants from USDA.

Operating revenues increased by \$4,537,045 compared to an increase of \$718,428 in 2024. Charges for services showed an increase of \$4,161,813 compared to a decrease of \$667,425 in 2024. Federal inmates returned in the last quarter of 2024, which brought in extra revenue of \$4,916,898 along with the rate increase that was effective as of November 1, 2024. Housing revenue from member localities decreased by \$416,976, while housing revenues from other localities decreased \$350,630.

Financial Analysis: (Continued)

The work release and electronic monitoring programs showed an increase in revenue from the prior year in the amount of \$7,160 and \$2,870, respectively, while electronic monitoring showed a decrease of \$4,656. Operating expenses increased by \$\$2,833,479 as compared to the prior year increase of \$457,411. Personnel costs and fringe benefits increased by \$1,083,714 and \$662,768, respectively. Costs for the medical care provider were relatively constant with an increase of \$88,899 while contractual services decreased by \$20,697. Other operating expenses showed an increase of \$691,304. This category had increases in hospitalization insurance and food supply costs. Other categories showed modest changes.

Cash Flows: A comparative analysis of information is presented below:

Condensed Statement of Cash Flows

	<u>2025</u>	<u>2024</u>
Cash flows provided by (used for) operating activities	\$ 3,101,756	\$ (320,066)
Cash flows provided by (used for) noncapital financing activities	130,051	33,449
Cash flows provided by (used for) capital and related financing activities	(1,424,535)	(225,283)
Cash flows provided by (used for) investing activities	<u>3,206</u>	<u>1,915</u>
Net increase (decrease) in cash and cash equivalents	\$ <u>1,810,478</u>	\$ <u>(509,985)</u>
Cash and cash equivalents, beginning of year	\$ 1,469,636	\$ 1,979,621
Cash and cash equivalents, end of year	<u>\$ 3,280,114</u>	<u>\$ 1,469,636</u>

Cash flows from operating activities are comprised of operating revenues combined with expenses for personnel, benefits and payments to operating suppliers. The increase in this category is the result of higher charges for services, which exceeded the increase in personnel and fringes costs. Management continues to actively work with other parties to provide additional housing to achieve greater capacity.

Cash flows from noncapital and related financing activities represent grants received for supplies and equipment purchases.

Cash flows from capital and related financing activities include the purchase of capital assets and principal and interest payments on debt. The change is attributable to the purchase of capital assets.

Cash flows from investing activities include interest and investment earnings.

Capital Asset and Debt Administration

Capital assets - The Authority's investment in capital assets as of June 30, 2025 amounted to \$8,830,882 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, other improvements, vehicles, and equipment. The investment in capital assets increased \$875,328 during the year. Additions of \$1,437,053 during the year included a K-9 narcotics dog, a shed, a passenger van, a double convection oven, and an x-ray system as well as several other pieces of equipment. The commissary building expansion project in progress at the end of fiscal year 2024 was capitalized in the amount of \$50,313. The security doors and locks project and the fence intrusion system project were still in process at year-end. A convection oven, tilt oven, dishwasher and an ac unit were disposed of during the year. Depreciation recorded in the current year totaled \$561,725.

Additional information on the Authority's capital assets can be found in Note 7 of this report.

Capital Asset and Debt Administration: (Continued)

Long-term debt - At the end of the current fiscal year, the Authority had total long-term debt and other obligations of \$5,514,545 outstanding. The Authority's total debt and other long-term obligations outstanding decreased by \$290,271 during the current fiscal year. Other obligations include lease liabilities, subscription liabilities, the net pension liability, net OPEB liabilities, and compensated absences.

Additional information on the Authority's long-term liabilities can be found in Notes 8 and 9 of this report.

SUMMARY

As demonstrated above, the financial position of Piedmont Regional Jail Authority is measured in terms of resources (assets) we own and obligations (liabilities) we owe on a given date. Every effort is being made to fill the Jail's vacancies and increase the Jail's population and in turn increase revenue, with increased focus on contracts from other states and seeking grants. Management will continue to focus its efforts in this regard to lessen the burden on participating localities.

Requests for Information

This financial report is designed to provide a general overview of the Piedmont Regional Jail Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Superintendent, P.O. Drawer 388, or Rte. 676 Industrial Park Rd., Farmville, Virginia 23901.

Basic Financial Statements

PIEDMONT REGIONAL JAIL AUTHORITY

Statement of Net Position
As of June 30, 2025

ASSETS	Operating	Commissary	Employee	Total
Current Assets:				
Cash and cash equivalents	\$ 2,624,900	\$ 642,660	\$ 12,554	\$ 3,280,114
Internal balances	12,000	(12,000)	-	-
Receivable from custodial funds	413	86,639	-	87,052
Due from other governmental units	729,241	-	-	729,241
Prepaid items	199,021	-	-	199,021
Total current assets	<u>\$ 3,565,575</u>	<u>\$ 717,299</u>	<u>\$ 12,554</u>	<u>\$ 4,295,428</u>
Noncurrent Assets:				
Net OPEB asset	<u>\$ 2,295</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,295</u>
Capital assets (net of accumulated depreciation):				
Land	\$ 12,554	\$ -	\$ -	\$ 12,554
Construction in progress	1,358,069	-	-	1,358,069
Buildings and improvements	6,058,795	-	-	6,058,795
Other improvements	675,742	-	-	675,742
Furniture and equipment	466,374	-	-	466,374
Lease equipment	12,957	-	-	12,957
Subscription assets	19,278	-	-	19,278
Vehicles	227,113	-	-	227,113
Total capital assets	<u>\$ 8,830,882</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,830,882</u>
Total noncurrent assets	<u>\$ 8,833,177</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,833,177</u>
Total assets	<u>\$ 12,398,752</u>	<u>\$ 717,299</u>	<u>\$ 12,554</u>	<u>\$ 13,128,605</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 1,132,163	\$ -	\$ -	\$ 1,132,163
OPEB related items	587,080	-	-	587,080
Total deferred outflows of resources	<u>\$ 1,719,243</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,719,243</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 600,041	\$ 26,335	\$ 70	\$ 626,446
Accrued liabilities	21,074	-	-	21,074
Contracts payable	117,755	-	-	117,755
Retainage payable	59,894	-	-	59,894
Accrued interest payable	212	-	-	212
Unearned revenue	66,667	-	-	66,667
Compensated absences, current portion	75,389	-	-	75,389
Lease liabilities, current portion	7,407	-	-	7,407
Subscription liabilities, current portion	7,476	-	-	7,476
Bonds payable, current portion	236,300	-	-	236,300
Total current liabilities	<u>\$ 1,192,215</u>	<u>\$ 26,335</u>	<u>\$ 70</u>	<u>\$ 1,218,620</u>
Noncurrent Liabilities:				
Compensated absences, net of current portion	\$ 678,500	\$ -	\$ -	\$ 678,500
Lease liabilities, net of current portion	5,936	-	-	5,936
Subscription liabilities, net of current portion	3,180	-	-	3,180
Net pension liability	920,567	-	-	920,567
Net OPEB liabilities	1,713,990	-	-	1,713,990
Bonds payable, net of current portion	1,865,800	-	-	1,865,800
Total noncurrent liabilities	<u>\$ 5,187,973</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,187,973</u>
Total liabilities	<u>\$ 6,380,188</u>	<u>\$ 26,335</u>	<u>\$ 70</u>	<u>\$ 6,406,593</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$ 550,700	\$ -	\$ -	\$ 550,700
OPEB related items	1,275,773	-	-	1,275,773
Total deferred inflows of resources	<u>\$ 1,826,473</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,826,473</u>
NET POSITION				
Net investment in capital assets	\$ 6,527,134	\$ -	\$ -	\$ 6,527,134
Restricted for VLDP OPEB benefits	2,295	-	-	2,295
Restricted for benefit of inmates	-	690,964	-	690,964
Restricted for benefit of employees	-	-	12,484	12,484
Unrestricted (deficit)	(618,095)	-	-	(618,095)
Total net position	<u>\$ 5,911,334</u>	<u>\$ 690,964</u>	<u>\$ 12,484</u>	<u>\$ 6,614,782</u>

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

PIEDMONT REGIONAL JAIL AUTHORITY

Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2025

	<u>Operating</u>	<u>Commissary</u>	<u>Employee</u>	<u>Total</u>
Operating Revenues:				
Charges for services	\$ 12,313,595	\$ -	\$ -	\$ 12,313,595
Intergovernmental	5,097,456	-	-	5,097,456
Telephone commission	483,874	-	-	483,874
Medical and pharmacy reimbursement	19,946	-	-	19,946
Work release fees and weekenders	49,905	-	-	49,905
Home electronic monitoring	21,360	-	-	21,360
Commissary sales and profit	-	915,467	-	915,467
Miscellaneous	59,537	93,925	14,084	167,546
Total operating revenues	<u>\$ 18,045,673</u>	<u>\$ 1,009,392</u>	<u>\$ 14,084</u>	<u>\$ 19,069,149</u>
Operating Expenses:				
Personnel costs	\$ 6,879,831	\$ 47,860	\$ -	\$ 6,927,691
Fringe benefits	2,063,097	-	-	2,063,097
Medical service provider	2,595,017	-	-	2,595,017
Contractual services	353,862	38,370	-	392,232
Other charges	3,629,390	41,717	-	3,671,107
Commissary supplies (food, etc.)	-	545,204	-	545,204
Inmate supplies	-	169,844	-	169,844
Employee appreciation, awards, luncheons, etc.	-	-	15,546	15,546
Depreciation	561,725	-	-	561,725
Total operating expenses	<u>\$ 16,082,922</u>	<u>\$ 842,995</u>	<u>\$ 15,546</u>	<u>\$ 16,941,463</u>
Operating income (loss)	<u>\$ 1,962,751</u>	<u>\$ 166,397</u>	<u>\$ (1,462)</u>	<u>\$ 2,127,686</u>
Nonoperating Revenues (Expenses):				
Interest income	\$ 2,128	\$ 1,078	\$ -	\$ 3,206
Grant income	130,051	-	-	130,051
Locality reimbursement for bonds	299,578	-	-	299,578
Interest expense	(68,674)	-	-	(68,674)
Gain (Loss) on disposal of capital assets	177	-	-	177
Net nonoperating revenues (expenses)	<u>\$ 363,260</u>	<u>\$ 1,078</u>	<u>\$ -</u>	<u>\$ 364,338</u>
Change in net position	<u>\$ 2,326,011</u>	<u>\$ 167,475</u>	<u>\$ (1,462)</u>	<u>\$ 2,492,024</u>
Net position, beginning of year, as previously reported	3,729,212	523,489	13,946	4,266,647
Restatement for implementation of GASB 101	(143,889)	-	-	(143,889)
Net position, beginning of year, as restated	<u>\$ 3,585,323</u>	<u>\$ 523,489</u>	<u>\$ 13,946</u>	<u>\$ 4,122,758</u>
Net position, end of year	<u>\$ 5,911,334</u>	<u>\$ 690,964</u>	<u>\$ 12,484</u>	<u>\$ 6,614,782</u>

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

PIEDMONT REGIONAL JAIL AUTHORITY

Statement of Cash Flows
For the Year Ended June 30, 2025

	<u>Operating</u>	<u>Commissary</u>	<u>Employee</u>	<u>Total</u>
Cash flows from operating activities:				
Receipts from customers	\$ 18,834,140	\$ 973,120	\$ -	\$ 19,807,260
Other receipts	-	-	14,084	14,084
Payments to suppliers	(6,649,723)	(774,958)	-	(7,424,681)
Payments to and for employees	(9,231,249)	(47,860)	(15,798)	(9,294,907)
Total cash flows provided by (used for) operating activities	<u>\$ 2,953,168</u>	<u>\$ 150,302</u>	<u>\$ (1,714)</u>	<u>\$ 3,101,756</u>
Cash flows from noncapital financing activities:				
Federal grants	\$ 130,051	-	-	\$ 130,051
Total cash flows provided by (used for) noncapital financing activities	<u>\$ 130,051</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130,051</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	\$ (1,361,805)	-	-	\$ (1,361,805)
Sale of capital assets	177	-	-	177
Locality share of debt service	299,578	-	-	299,578
Principal paid on bonds	(229,400)	-	-	(229,400)
Principal paid on leases	(10,609)	-	-	(10,609)
Principal paid on subscriptions	(19,298)	-	-	(19,298)
Interest paid on capital debt	(103,178)	-	-	(103,178)
Total cash flows provided by (used for) capital and related financing activities	<u>\$ (1,424,535)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,424,535)</u>
Cash flows from investing activities:				
Interest income	\$ 2,128	\$ 1,078	\$ -	\$ 3,206
Total cash flows provided by (used for) investing activities	<u>\$ 2,128</u>	<u>\$ 1,078</u>	<u>\$ -</u>	<u>\$ 3,206</u>
Net increase (decrease) in cash and cash equivalents	\$ 1,660,812	\$ 151,380	\$ (1,714)	\$ 1,810,478
Cash and cash equivalents, beginning of year	964,088	491,280	14,268	1,469,636
Cash and cash equivalents, end of year	<u>\$ 2,624,900</u>	<u>\$ 642,660</u>	<u>\$ 12,554</u>	<u>\$ 3,280,114</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 1,962,751	\$ 166,397	\$ (1,462)	\$ 2,127,686
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	561,725	-	-	561,725
Changes in assets/deferred outflows and liabilities/deferred inflows:				
Accounts receivable	100,000	2,042	-	102,042
Internal balances	(6,542)	6,542	-	-
Receivable from custodial funds	119	(38,314)	-	(38,195)
Due from other governmental units	628,223	-	-	628,223
Prepaid items	(193,428)	-	-	(193,428)
Net OPEB asset	(1,113)	-	-	(1,113)
Deferred outflows of resources pension related items	(359,687)	-	-	(359,687)
Deferred outflows of resources OPEB related items	28,819	-	-	28,819
Accounts payable	121,974	13,635	(252)	135,357
Accrued liabilities	(8,045)	-	-	(8,045)
Unearned revenue	66,667	-	-	66,667
Compensated absences	48,035	-	-	48,035
Net pension liability	(245,456)	-	-	(245,456)
Net OPEB liabilities	16,587	-	-	16,587
Deferred inflows of resources pension related items	244,121	-	-	244,121
Deferred inflows of resources OPEB related items	(11,582)	-	-	(11,582)
Total cash flows provided by (used for) operating activities	<u>\$ 2,953,168</u>	<u>\$ 150,302</u>	<u>\$ (1,714)</u>	<u>\$ 3,101,756</u>
Noncash capital and financing activities:				
Construction related payables - change	\$ 69,267	\$ -	\$ -	\$ 69,267
Acquisition of lease assets	\$ 5,981	\$ -	\$ -	\$ 5,981

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

PIEDMONT REGIONAL JAIL AUTHORITY

FIDUCIARY FUNDS

Statement of Fiduciary Net Position
As of June 30, 2025

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 138,507
Total assets	<u>\$ 138,507</u>
LIABILITIES	
Accounts payable	\$ 18,491
Payable to operating fund	413
Payable to commissary fund	86,639
Total liabilities	<u>\$ 105,543</u>
NET POSITION	
Restricted for inmates	\$ 32,964
Total net position	<u><u>\$ 32,964</u></u>

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

PIEDMONT REGIONAL JAIL AUTHORITY

FIDUCIARY FUNDS

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

	Custodial Funds
ADDITIONS	
Payments received from and on behalf of inmates	\$ 1,296,452
Total additions	\$ 1,296,452
DEDUCTIONS	
Payments for inmate benefits and releases	\$ 1,415,220
Total deductions	\$ 1,415,220
Net increase (decrease) in fiduciary net position	\$ (118,768)
Net position, beginning of year	\$ 151,732
Net position, end of year	\$ 32,964

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

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2025

NOTE 1 - FINANCIAL REPORTING ENTITY:

The Counties of Amelia, Buckingham, Cumberland, Lunenburg, Nottoway and Prince Edward entered into an agreement dated January 1, 1986, for the purpose of cooperatively establishing and administering the Piedmont Regional Jail. The Board is governed by two members (including the sheriff) from each of the participating localities and conforms to the statutory provisions of the Code of Virginia (1950) as amended. The Jail is considered to be a Jointly Governed Organization of the above localities because each locality is equally represented on the Board. However, the localities do not retain an ongoing financial interest or responsibility. On January 1, 2017, the Jail transitioned to an Authority. The related Service Agreement with the Counties of Amelia, Buckingham, Cumberland, Lunenburg, Nottoway, and Prince Edward was adopted by resolution on April 19, 2017.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Basis of Accounting:

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

Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the principal ongoing operations. The principal operating revenues are charges for services. Operating expenses include the cost of providing services and comprise administrative and depreciation expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Operating Fund is the primary operating fund of the Authority and accounts for all revenues and expenses applicable to the general operations of the Jail. Additionally, the Authority reports the Commissary and Employee Funds, which are restricted for the benefit of inmates and employees, respectively. Expenses paid with Commissary funds include a portion of salaries and related benefits for the commissary officer, canteen food and supplies, educational supplies, and other items benefiting inmates. The employee funds are derived from payroll deductions and are used for employee benefits such as holiday parties, summer picnics, and other events.

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

B. Cash and Cash Equivalents:

Cash and cash equivalents (including cash in custody of fiscal agent) include cash on hand, amounts in demand deposits, and short-term investments with a maturity date within three months of the date acquired by the Authority. For purposes of the statement of cash flows, the Authority considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

C. Investments:

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

D. Accounts Receivable:

Accounts receivable are stated at book value utilizing the direct write-off method for uncollectible accounts. Uncollected balances have not been significant and no allowance for uncollectible accounts is recorded.

E. Capital Assets:

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items). To the extent the Authority's capitalization threshold of \$5,000 is met, capital outlays are recorded as capital assets and depreciated over their estimated useful lives on a straight-line basis. Leased and subscription-based IT arrangement (subscription) assets are amortized on a straight-line basis over the shorter of the lease term or their estimated useful lives. Construction-in-progress is depreciated upon project completion.

The following estimated useful lives (or life of the associated contract for lease and subscription assets) are used to depreciate/amortize assets:

Buildings and improvements	30-40 years
Other improvements	15 years
Vehicles, furniture, and other equipment	5-20 years
Lease equipment	3-5 years
Subscription assets	2-5 years

All purchased capital assets are valued at historical cost. Donated capital assets are recorded at acquisition value on the date donated. At the commencement of a lease and subscription, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. A lease/subscription liability and an intangible right-to-use lease/subscription asset is recognized in the financial statements.

F. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources consist of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

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

F. Deferred Outflows/Inflows of Resources: (Continued)

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Certain items related to pension and OPEB are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

G. Compensated Absences:

The Authority recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences - vacation and sick leave. The liability for compensated absences is reported as incurred in the financial statements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The Authority's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment. The Authority's employees earn vacation leave in varying amounts and can accumulate vacation leave based on length of service. Maximum annual leave accumulation hours are the hours allowable at the time of separation or at the end of any calendar year. Employees terminating their employment are paid, by the Authority, their accumulated annual leave up to the maximum limit.

Sick Leave

The Authority's policy permits employees to accumulate earned but unused sick leave. All employees earn the same sick pay rate regardless of the length of service. All sick leave lapses when employees leave the employ of the Authority and, upon separation from service, no monetary obligation exists. However, a liability for the estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

H. Pensions:

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

I. Other Postemployment Benefits (OPEB):

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

J. Net Position:

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

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

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the 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.

PIEDMONT REGIONAL JAIL AUTHORITY

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

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

K. Use of Estimates:

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

L. Budgets and Budgetary Accounting:

A budget is prepared for informational and fiscal planning purposes. None of the participating entities are required to approve the budget. The budget is adopted as a planning document and is not a legal control on expenses. The budget is prepared on the same basis of accounting as the actual amounts in the financial statements.

NOTE 3 - FISCAL AGENT:

The Treasurer of the County of Prince Edward, Virginia is the fiscal agent for Piedmont Regional Jail Authority.

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 the 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 that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard & Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). At June 30, 2025, the Authority held no investments.

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 5 - INTERFUND BALANCES:

Interfund balances for the year ended June 30, 2025, consisted of the following:

	<u>Due From</u>	<u>Due To</u>	<u>Net</u>
Operating Account	\$ 12,413	\$ -	\$ 12,413
Inmate Account	-	87,052	(87,052)
Commissary Account	<u>86,639</u>	<u>12,000</u>	<u>74,639</u>
Net	<u>\$ 99,052</u>	<u>\$ 99,052</u>	<u>\$ -</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the Operating Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

NOTE 6 - DUE FROM OTHER GOVERNMENTAL UNITS:

Meal reimbursement:

Piedmont Juvenile Detention Center \$ 2,858

Due from Commonwealth of Virginia:

Compensation Board 87,371

Department of Corrections 1,005

Due from Federal Government:

Bureau of Prisons - North Carolina 1,953

US Marshals 636,054

Total due from other governmental units \$ 729,241

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 7 - CAPITAL ASSETS:

The following is a summary of changes in capital assets during the year:

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Capital assets not being depreciated:				
Land	\$ 12,554	\$ -	\$ -	\$ 12,554
Construction in progress	119,188	1,289,194	50,313	1,358,069
Total capital assets not being depreciated	<u>\$ 131,742</u>	<u>\$ 1,289,194</u>	<u>\$ 50,313</u>	<u>\$ 1,370,623</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 11,113,032	\$ 66,950	\$ -	\$ 11,179,982
Other improvements	797,335	-	-	797,335
Furniture and equipment	1,909,318	67,896	52,746	1,924,468
Lease equipment	47,145	5,981	17,353	35,773
Subscription assets	68,083	-	-	68,083
Vehicles	914,116	57,345	-	971,461
Total capital assets being depreciated	<u>\$ 14,849,029</u>	<u>\$ 198,172</u>	<u>\$ 70,099</u>	<u>\$ 14,977,102</u>
Accumulated depreciation:				
Buildings and improvements	\$ 4,840,709	\$ 280,478	\$ -	\$ 5,121,187
Other improvements	99,066	22,527	-	121,593
Furniture and equipment	1,373,845	136,995	52,746	1,458,094
Lease equipment	29,757	10,412	17,353	22,816
Subscription assets	29,522	19,283	-	48,805
Vehicles	652,318	92,030	-	744,348
Total accumulated depreciation	<u>\$ 7,025,217</u>	<u>\$ 561,725</u>	<u>\$ 70,099</u>	<u>\$ 7,516,843</u>
Total capital assets being depreciated, net	<u>\$ 7,823,812</u>	<u>\$ (363,553)</u>	<u>\$ -</u>	<u>\$ 7,460,259</u>
Net capital assets	<u>\$ 7,955,554</u>	<u>\$ 925,641</u>	<u>\$ 50,313</u>	<u>\$ 8,830,882</u>

Depreciation amounted to \$561,725 at June 30, 2025.

Construction in progress consists of the security doors and lock systems and fence intrusion system projects. At June 30, 2025, there were four contracts outstanding in the amount of \$642,657 related to projects.

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 8 - COMPENSATED ABSENCES:

The Authority had outstanding compensated absences totaling \$753,889 at June 30, 2025. Of this amount 10% or \$75,389 is estimated as a current obligation.

Balance, June 30, 2024	\$	561,965
Restatement		143,889
Increase (Decrease)		<u>48,035</u>
Balance, June 30, 2025	\$	<u><u>753,889</u></u>

NOTE 9 - LONG-TERM LIABILITIES:

The following is a summary of changes in long-term liabilities for the year ended June 30, 2025:

	<u>Balance</u> <u>July 1, 2024</u>	<u>Restatement</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2025</u>	<u>Due Within</u> <u>One Year</u>
Direct Borrowings and Placements:						
Revenue Bond	\$ <u>2,331,500</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>229,400</u>	\$ <u>2,102,100</u>	\$ <u>236,300</u>
Other obligations:						
Lease liabilities	\$ 17,971	\$ -	\$ 5,981	\$ 10,609	\$ 13,343	\$ 7,407
Subscription liabilities	29,954	-	-	19,298	10,656	7,476
Net pension liability	1,166,023	-	2,652,549	2,898,005	920,567	-
Net OPEB liabilities	1,697,403	-	1,902,603	1,886,016	1,713,990	-
Compensated absences *	561,965	143,889	48,035	-	753,889	75,389
Total other obligations	\$ <u>3,473,316</u>	\$ <u>143,889</u>	\$ <u>4,609,168</u>	\$ <u>4,813,928</u>	\$ <u>3,412,445</u>	\$ <u>90,272</u>
Total long-term liabilities	\$ <u><u>5,804,816</u></u>	\$ <u><u>143,889</u></u>	\$ <u><u>4,609,168</u></u>	\$ <u><u>5,043,328</u></u>	\$ <u><u>5,514,545</u></u>	\$ <u><u>326,572</u></u>

* Balances were restated as a result of GASB 101 implementation and net change is presented for current year activity.

As of June 30, 2025, the Authority's long-term debt, leases, and subscriptions consisted of the following:

<u>Date</u> <u>Issued</u>	<u>Description</u>	<u>Interest</u> <u>Rate (a)</u>	<u>Amount</u> <u>Outstanding</u>	<u>Installments</u>	<u>Frequency</u>
Direct Borrowings and Placements:					
12/1/2017	Jail Facility Revenue Bond, 2017	3.01%	\$ 2,102,100	\$176,400 - \$290,800	Annual

(a) Interest payments due semi-annually on each February 1 and August 1 commencing August 1, 2018.

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 9 - LONG-TERM LIABILITIES: (CONTINUED)

Equipment Leases

The Authority has entered into noncancellable lease agreements for the use of copier equipment and a timekeeping system. The lease agreements require monthly payments ranging from \$101 to \$245 over varying terms. The Authority has discount rates ranging from 2.323% to 3.570%.

Subscriptions

The Authority has entered into subscription-based IT arrangements for a timekeeping and document management system. The agreements require monthly payments of \$641 and an annual payment ranging from \$12,515 to \$12,487, respectively, over varying terms. The Authority used a discount rate of 2.895% and 3.752%, respectively, for subscriptions.

The annual requirements to amortize long-term debt, leases, and subscriptions are as follows:

<u>June 30,</u>	<u>Direct Borrowings and Placements</u>		<u>Lease Equipment</u>		<u>Subscription Assets</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 236,300	\$ 63,273	\$ 7,407	\$ 277	\$ 7,476	\$ 210
2027	243,400	56,161	3,885	97	3,180	22
2028	250,800	48,834	1,533	31	-	-
2029	258,300	41,285	518	4	-	-
2030	266,100	33,510	-	-	-	-
2031-2033	847,200	51,504	-	-	-	-
Totals	\$ <u>2,102,100</u>	\$ <u>294,567</u>	\$ <u>13,343</u>	\$ <u>409</u>	\$ <u>10,656</u>	\$ <u>232</u>

NOTE 10 - RISK MANAGEMENT:

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries insurance.

The Authority is a member of the Virginia Association of Counties Risk Pool (VAcorp), a self-insurance risk pool, for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 10 - RISK MANAGEMENT: (CONTINUED)

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The Authority pays VAcorp contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association 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 continues to carry commercial insurance for all other risks of losses. For the previous three fiscal years, settled claims from these risks have not exceeded commercial coverage.

NOTE 11 - LITIGATION:

At June 30, 2025, there were no matters of litigation involving the Authority which would materially affect the Authority's financial position should any court decisions on pending matters not be favorable.

NOTE 12 - PENSION PLAN:

Plan Description

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

Benefit Structures

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

NOTE 12 - PENSION PLAN: (CONTINUED)

Benefit Structures: (Continued)

- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

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

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

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

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 12 - PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	71
Inactive members:	
Vested inactive members	37
Non-vested inactive members	187
Inactive members active elsewhere in VRS	<u>112</u>
Total inactive members	336
Active members	<u>78</u>
Total covered employees	<u><u>485</u></u>

Contributions

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

The Authority's contractually required employer contribution rate for the year ended June 30, 2025 was 17.56% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were \$962,222 and \$772,476 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$7,514 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll, which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$3,356 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$744,697 for the year ended June 30, 2025.

PIEDMONT REGIONAL JAIL AUTHORITY

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

NOTE 12 - PENSION PLAN: (CONTINUED)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the Authority, the net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023, rolled forward to the measurement date of June 30, 2024.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

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

Mortality Improvement:

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

PIEDMONT REGIONAL JAIL AUTHORITY

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

NOTE 12 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees: (Continued)

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

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

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

Mortality rates:

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

Pre-Retirement:

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

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 12 - PENSION PLAN: (CONTINUED)

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

Mortality rates: (Continued)

Post-Retirement:

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

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

All Others (Non-10 Largest) Hazardous Duty:

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

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 12 - PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
	Expected arithmetic nominal return**		7.07%

* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 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%.

Discount Rate

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

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 12 - PENSION PLAN: (CONTINUED)

Discount Rate: (Continued)

July 1, 2024 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2023	\$ 20,845,905	\$ 19,679,882	\$ 1,166,023
Changes for the year:			
Service cost	\$ 681,195	\$ -	\$ 681,195
Interest	1,411,409	-	1,411,409
Differences between expected and actual experience	547,588	-	547,588
Contributions - employer	-	772,476	(772,476)
Contributions - employee	-	220,335	(220,335)
Net investment income	-	1,904,789	(1,904,789)
Benefit payments, including refunds of employee contributions	(1,234,660)	(1,234,660)	-
Administrative expenses	-	(12,357)	12,357
Other changes	-	405	(405)
Net changes	\$ 1,405,532	\$ 1,650,988	\$ (245,456)
Balances at June 30, 2024	\$ 22,251,437	\$ 21,330,870	\$ 920,567

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 12 - PENSION PLAN: (CONTINUED)

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Authority's Net Pension Liability	\$ 3,583,901	\$ 920,567	\$ (1,263,951)

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

For the year ended June 30, 2025, the Authority recognized pension expense of \$601,200. At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 169,941	\$ -
Net difference between projected and actual earnings on pension plan investments	-	550,700
Employer contributions subsequent to the measurement date	962,222	-
Total	\$ 1,132,163	\$ 550,700

\$962,222 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2026	\$ (305,012)
2027	149,522
2028	(108,278)
2029	(116,991)

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 12 - PENSION PLAN: (CONTINUED)

Pension Plan Data

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

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB):

Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

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

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

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

Eligible Employees

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

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Benefit Amounts

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

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025 was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$25,957 and \$24,488 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

At June 30, 2025, the entity reported a liability of \$197,073 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was 0.01766% as compared to 0.01787% at June 30, 2023.

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of (\$13,329). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 31,083	\$ 4,814
Net difference between projected and actual earnings on GLI OPEB plan investments	-	16,611
Change in assumptions	1,123	9,766
Changes in proportionate share	4,677	29,891
Employer contributions subsequent to the measurement date	25,957	-
Total	<u>\$ 62,840</u>	<u>\$ 61,082</u>

\$25,957 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2026	\$ (23,083)
2027	(4,208)
2028	(2,463)
2029	2,873
2030	2,682
Thereafter	-

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

PIEDMONT REGIONAL JAIL AUTHORITY

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

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

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

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

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
	Expected arithmetic nominal return**		7.07%

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 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%.

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2024, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Authority's proportionate share of the GLI Plan Net OPEB Liability	\$ 306,472	\$ 197,073	\$ 108,691

GLI Plan Fiduciary Net Position

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

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Virginia Local Disability Program (VLDP):

Plan Description

Political subdivisions are required by Title 51.1 of the Code of Virginia, as amended, to provide short-term and long-term disability benefits for their hybrid plan employees either through a local plan or through the Virginia Local Disability Program (VLDP). This is a multiple-employer, cost-sharing plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia.

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

Eligible Employees

The Political Subdivision VLDP was implemented January 1, 2014 to provide disability benefits for non-work-related and work-related disabilities for employees with hybrid plan retirement benefits. All full-time, salaried general employees; including local law enforcement officers, firefighters, or emergency medical technicians of political subdivisions who do not provide enhanced hazardous duty benefits; who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Political Subdivision VLDP.

Benefit Amounts

The VLDP provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer. During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related or work-related disability. Once the eligibility period is satisfied, employees are eligible for higher income replacement levels.

The VLDP provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week. Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Virginia Local Disability Program (VLDP): (Continued)

VLDP Notes

Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible. VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

Contributions

The contribution requirements for active hybrid plan employees is governed by §51.1-1178(C) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the year ended June 30, 2025 was 0.74% of covered employee compensation for employees in the VRS Political Subdivision VDLP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Authority to the VRS Political Subdivision VDLP were \$5,511 and \$4,184 for the years ended June 30, 2025 and June 30, 2024, respectively.

VLDP OPEB Asset, VLDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to VLDP OPEB

At June 30, 2025, the Authority reported an asset of \$2,295 for its proportionate share of the VLDP Net OPEB Asset. The Net VLDP OPEB Asset was measured as of June 30, 2024, and the total VLDP OPEB liability used to calculate the Net VLDP OPEB Asset was determined by an actuarial valuation as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The Authority's proportion of the Net VLDP OPEB Asset was based on the Authority's actuarially determined employer contributions to the VLDP OPEB plan for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the Authority's proportion of the VLDP was 0.06364% as compared to 0.07350% at June 30, 2023.

For the year ended June 30, 2025, the Authority recognized VLDP OPEB expense of \$3,125. Since there was a change in proportionate share between measurement dates a portion of the VLDP Net OPEB expense was related to deferred amounts from changes in proportion.

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Virginia Local Disability Program (VLDP): (Continued)

VLDP OPEB Asset, VLDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to VLDP OPEB: (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 273	\$ 484
Net difference between projected and actual earnings on VLDP OPEB program investments	-	208
Change in assumptions	-	53
Changes in proportionate share	121	151
Employer contributions subsequent to the measurement date	<u>5,511</u>	<u>-</u>
Total	<u>\$ 5,905</u>	<u>\$ 896</u>

\$5,511 reported as deferred outflows of resources related to the VLDP OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net VLDP OPEB Liability (Asset) in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB will be recognized in the VLDP OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2026	\$ (208)
2027	(24)
2028	(72)
2029	(117)
2030	(77)
Thereafter	(4)

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Virginia Local Disability Program (VLDP): (Continued)

Actuarial Assumptions

The total VLDP OPEB liability for the VLDP was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Inflation	2.50%
Salary increases, including inflation	3.50%-5.35%
Investment rate of return	6.75%, net of program investment expenses, including inflation

Mortality Rates - Non-Largest Ten Locality Employers - General and Non-Hazardous Duty 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 General 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 General 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

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Virginia Local Disability Program (VLDP): (Continued)

Actuarial Assumptions: (Continued)

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

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

Net VLDP OPEB Liability (Asset)

The net OPEB liability (asset) (NOL(A)) for the Political Subdivision VLDP represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2024, NOL amounts for the VRS Political Subdivision VLDP is as follows (amounts expressed in thousands):

		Political Subdivision VLDP OPEB Plan
Total Political Subdivision VLDP OPEB Liability	\$	12,230
Plan Fiduciary Net Position		15,837
Political Subdivision VLDP Net OPEB Liability (Asset)	\$	<u>(3,607)</u>
Plan Fiduciary Net Position as a Percentage of the Total Political Subdivision VLDP OPEB Liability		129.49%

The total Political Subdivision VLDP OPEB liability is calculated by the System’s actuary, and the plan’s fiduciary net position is reported in the System’s financial statements. The net Political Subdivision Employee VLDP OPEB liability (asset) 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.

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Virginia Local Disability Program (VLDP): (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on VRS 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 VRS System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Expected arithmetic nominal return**	7.07%

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 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%.

Discount Rate

The discount rate used to measure the total VLDP OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2024, the rate contributed by the Authority for the VLDP

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Virginia Local Disability Program (VLDP): (Continued)

Discount Rate: (Continued)

was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2024 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VLDP OPEB 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 VLDP OPEB liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Authority's proportionate share of the VLDP Net OPEB Liability (Asset)	\$ (1,669)	\$ (2,295)	\$ (2,847)

VLDP OPEB Fiduciary Net Position

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

Line of Duty Act (LODA) Program:

Plan Description

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) was established pursuant to §9.1-400 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 LODA Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System). Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Line of Duty Act (LODA) Program: (Continued)

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

Eligible Employees

All paid employees and volunteers in hazardous duty positions in Virginia localities as well as hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the LODA Program. As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program.

Benefit Amounts

The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after; \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date (the benefit will be \$75,000 for approved presumptive deaths occurring on or after January 1, 2025); or an additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.

The LODA program also provides health insurance benefits. The health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members.

Contributions

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2025 was \$1,015 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were \$75,110 and \$58,170 for the years ended June 30, 2025 and June 30, 2024, respectively.

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Line of Duty Act (LODA) Program: (Continued)

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

At June 30, 2025, the entity reported a liability of \$1,516,917 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2024 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2024 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2024, the entity's proportion was 0.38544% as compared to 0.36990% at June 30, 2023.

For the year ended June 30, 2025, the entity recognized LODA OPEB expense of \$149,424. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 52,779	\$ 370,537
Net difference between projected and actual earnings on LODA OPEB program investments	-	5,014
Change in assumptions	279,629	305,514
Change in proportionate share	110,817	532,730
Employer contributions subsequent to the measurement date	75,110	-
Total	<u>\$ 518,335</u>	<u>\$ 1,213,795</u>

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Line of Duty Act (LODA) Program: (Continued)

LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB: (Continued)

\$75,110 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2026	\$ (67,310)
2027	(93,340)
2028	(108,544)
2029	(113,040)
2030	(114,016)
Thereafter	(274,320)

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.25%-4.25%
Ages 65 and older	6.50%-4.25%
Year of ultimate trend rate:	
Under age 65	Fiscal year ended 2034
Ages 65 and older	Fiscal year ended 2034
Investment rate of return	3.97%, including inflation*

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.97% was used since it approximates the risk-free rate of return.

PIEDMONT REGIONAL JAIL AUTHORITY

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

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Line of Duty Act (LODA) Program: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers with Public Safety Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Line of Duty Act (LODA) Program: (Continued)

Net LODA OPEB Liability

The net OPEB liability (NOL) for the LODA Program 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, 2024, NOL amounts for the LODA Program is as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 398,395
Plan Fiduciary Net Position	4,841
LODA Net OPEB Liability (Asset)	<u>\$ 393,554</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.22%

The total LODA 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 OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.97% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 3.97% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Fidelity Fixed Income General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2024.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.97%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2024, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Sensitivity of the Covered Employer’s Proportionate Share of the Net LODA OPEB Liability to Changes in the Discount Rate

The following presents the covered employer’s proportionate share of the net LODA OPEB liability using the discount rate of 3.97%, as well as what the covered employer’s proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.97%) or one percentage point higher (4.97%) than the current rate:

	Discount Rate		
	1% Decrease (2.97%)	Current (3.97%)	1% Increase (4.97%)
Authority's proportionate share of the LODA Net OPEB Liability	\$ 1,681,621	\$ 1,516,917	\$ 1,375,291

Sensitivity of the Covered Employer’s Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate

Because the LODA Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer’s proportionate share of the net LODA OPEB liability using the health care trend rate of 7.25% decreasing to 4.25%, as well as what the covered employer’s proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.25% decreasing to 3.25%) or one percentage point higher (8.25% decreasing to 5.25%) than the current rate:

	Health Care Trend Rates		
	1% Decrease (6.25% decreasing to 3.25%)	Current (7.25% decreasing to 4.25%)	1% Increase (8.25% decreasing to 5.25%)
Authority's proportionate share of the LODA Net OPEB Liability	\$ 1,292,212	\$ 1,516,917	\$ 1,792,634

LODA OPEB Fiduciary Net Position

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

OPEB Aggregate Totals

	Net OPEB Asset	Deferred Outflows	Net OPEB Liabilities	Deferred Inflows	Expense
GLI	\$ -	\$ 62,840	\$ 197,073	\$ 61,082	\$ (13,329)
VLDP	2,295	5,905	-	896	3,125
LODA	-	518,335	1,516,917	1,213,795	149,424
Total	<u>\$ 2,295</u>	<u>\$ 587,080</u>	<u>\$ 1,713,990</u>	<u>\$ 1,275,773</u>	<u>\$ 139,220</u>

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 14 - ADOPTION OF ACCOUNTING PRINCIPLE:

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

	<u>Operating Fund</u>
Net position, as previously reported	\$ 3,729,212
Restatement for GASB 101 implementation	<u>(143,889)</u>
Net position, as restated	<u>\$ 3,585,323</u>

NOTE 15 - UPCOMING PRONOUNCEMENTS:

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

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of assets (lease assets, subscription assets, intangible right-to-use assets, and other intangible assets) to be disclosed separately in the capital asset note disclosures by major class of underlying asset. It also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Implementation Guide No. 2025-1, *Implementation Guidance Update—2025*, effective for fiscal years beginning after June 15, 2025.

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

NOTE 16 - SUBSEQUENT EVENTS:

The federal government shut down on October 1, 2025. During the shutdown, all federal activities are being evaluated to determine whether they qualify as "exempted" or essential. The Authority's services are considered essential to USMS operations and will continue through the shutdown. However, the USMS is unable to process payments for inmate housing due to the lack of federal appropriation and furloughed staff. Reimbursement for housing federal inmates for the month of September 2025 and future billings will commence when the appropriation is funded through the enactment of a full budget or continuing resolution. Management is closely monitoring the situation and operational expenses due to the uncertainty of the duration of the shutdown.

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios
For the Measurement Dates of June 30, 2015 through June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability					
Service cost	\$ 681,195	\$ 749,551	\$ 660,412	\$ 619,612	\$ 698,946
Interest	1,411,409	1,353,264	1,321,247	1,216,903	1,155,658
Changes of assumptions	-	-	-	604,146	-
Differences between expected and actual experience	547,588	(5,715)	(507,620)	(495,394)	33,796
Benefit payments	(1,234,660)	(1,100,010)	(1,077,698)	(1,041,982)	(920,136)
Net change in total pension liability	<u>\$ 1,405,532</u>	<u>\$ 997,090</u>	<u>\$ 396,341</u>	<u>\$ 903,285</u>	<u>\$ 968,264</u>
Total pension liability - beginning	<u>20,845,905</u>	<u>19,848,815</u>	<u>19,452,474</u>	<u>18,549,189</u>	<u>17,580,925</u>
Total pension liability - ending (a)	<u>\$ 22,251,437</u>	<u>\$ 20,845,905</u>	<u>\$ 19,848,815</u>	<u>\$ 19,452,474</u>	<u>\$ 18,549,189</u>
Plan fiduciary net position					
Contributions - employer	\$ 772,476	\$ 718,532	\$ 556,336	\$ 573,001	\$ 514,683
Contributions - employee	220,335	214,113	182,785	188,335	208,404
Net investment income	1,904,789	1,209,224	(17,180)	4,136,566	290,802
Benefit payments	(1,234,660)	(1,100,010)	(1,077,698)	(1,041,982)	(920,136)
Administrator charges	(12,357)	(11,883)	(11,827)	(10,284)	(9,755)
Other	405	487	438	390	(342)
Net change in plan fiduciary net position	<u>\$ 1,650,988</u>	<u>\$ 1,030,463</u>	<u>\$ (367,146)</u>	<u>\$ 3,846,026</u>	<u>\$ 83,656</u>
Plan fiduciary net position - beginning	<u>19,679,882</u>	<u>18,649,419</u>	<u>19,016,565</u>	<u>15,170,539</u>	<u>15,086,883</u>
Plan fiduciary net position - ending (b)	<u>\$ 21,330,870</u>	<u>\$ 19,679,882</u>	<u>\$ 18,649,419</u>	<u>\$ 19,016,565</u>	<u>\$ 15,170,539</u>
Authority's net pension liability - ending (a) - (b)	\$ 920,567	\$ 1,166,023	\$ 1,199,396	\$ 435,909	\$ 3,378,650
Plan fiduciary net position as a percentage of the total pension liability	95.86%	94.41%	93.96%	97.76%	81.79%
Covered payroll	\$ 4,505,105	\$ 4,190,463	\$ 3,699,493	\$ 3,804,941	\$ 4,151,319
Authority's net pension liability as a percentage of covered payroll	20.43%	27.83%	32.42%	11.46%	81.39%

Schedule of Changes in Net Pension Liability and Related Ratios
For the Measurement Dates of June 30, 2015 through June 30, 2024

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 713,345	\$ 717,014	\$ 690,790	\$ 576,490	\$ 612,966
Interest	1,034,530	990,680	946,183	909,641	813,004
Changes of assumptions	542,130	-	(190,981)	-	-
Differences between expected and actual experience	980,062	(246,773)	(208,204)	(503,505)	414,810
Benefit payments	(936,283)	(732,690)	(471,562)	(449,620)	(470,880)
Net change in total pension liability	\$ 2,333,784	\$ 728,231	\$ 766,226	\$ 533,006	\$ 1,369,900
Total pension liability - beginning	15,247,141	14,518,910	13,752,684	13,219,678	11,849,778
Total pension liability - ending (a)	\$ 17,580,925	\$ 15,247,141	\$ 14,518,910	\$ 13,752,684	\$ 13,219,678
Plan fiduciary net position					
Contributions - employer	\$ 547,435	\$ 643,737	\$ 595,603	\$ 568,490	\$ 507,606
Contributions - employee	243,745	264,878	238,371	213,593	198,327
Net investment income	958,165	984,589	1,415,059	202,505	471,723
Benefit payments	(936,283)	(732,690)	(471,562)	(449,620)	(470,880)
Administrator charges	(9,303)	(8,195)	(7,659)	(6,444)	(6,146)
Other	(602)	(886)	(1,283)	(83)	(100)
Net change in plan fiduciary net position	\$ 803,157	\$ 1,151,433	\$ 1,768,529	\$ 528,441	\$ 700,530
Plan fiduciary net position - beginning	14,283,726	13,132,293	11,363,764	10,835,323	10,134,793
Plan fiduciary net position - ending (b)	\$ 15,086,883	\$ 14,283,726	\$ 13,132,293	\$ 11,363,764	\$ 10,835,323
Authority's net pension liability - ending (a) - (b)	\$ 2,494,042	\$ 963,415	\$ 1,386,617	\$ 2,388,920	\$ 2,384,355
Plan fiduciary net position as a percentage of the total pension liability	85.81%	93.68%	90.45%	82.63%	81.96%
Covered payroll	\$ 4,387,858	\$ 4,818,551	\$ 4,477,838	\$ 4,223,842	\$ 3,764,719
Authority's net pension liability as a percentage of covered payroll	56.84%	19.99%	30.97%	56.56%	63.33%

PIEDMONT REGIONAL JAIL AUTHORITY

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

Date	Contractually Required Contribution* (1)*	Contributions in Relation to Contractually Required Contribution* (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2025	\$ 962,222	\$ 962,222	\$ -	\$ 5,479,623	17.56%
2024	772,476	772,476	-	4,505,105	17.15%
2023	718,556	718,556	-	4,190,463	17.15%
2022	556,336	556,336	-	3,699,493	15.04%
2021	573,001	573,001	-	3,804,941	15.06%
2020	514,681	514,681	-	4,151,319	12.40%
2019	544,930	544,930	-	4,387,858	12.42%
2018	643,737	643,737	-	4,818,551	13.36%
2017	598,717	598,717	-	4,477,838	13.37%
2016	570,219	570,219	-	4,223,842	13.50%

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

PIEDMONT REGIONAL JAIL AUTHORITY

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

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

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

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

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

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

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

PIEDMONT REGIONAL JAIL AUTHORITY

Schedule of Authority's Share of Net OPEB Liability (Asset) - OPEB Plans
For the Measurement Dates of June 30, 2017 through 2024

Date (1)	Employer's Proportion of the Net OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total OPEB Liability (6)
Group Life Insurance (GLI) Plan					
2024	0.01766%	\$ 197,073	\$ 4,534,835	4.35%	73.41%
2023	0.01787%	214,317	4,209,467	5.09%	69.30%
2022	0.01730%	208,670	3,768,626	5.54%	67.21%
2021	0.01900%	220,629	3,911,442	5.64%	67.45%
2020	0.02040%	340,442	4,199,176	8.11%	52.64%
2019	0.02263%	368,250	4,437,288	8.30%	52.00%
2018	0.02553%	388,000	4,854,956	7.99%	51.22%
2017	0.02439%	367,000	4,499,073	8.16%	48.86%
Virginia Local Disability Program (VLDP)					
2024	0.06364%	\$ (2,295)	\$ 492,189	-0.47%	129.49%
2023	0.07350%	(1,182)	449,726	-0.26%	116.89%
2022	0.06690%	(393)	313,440	-0.13%	107.99%
2021	0.06316%	(639)	253,772	-0.25%	119.59%
2020	0.05829%	582	217,260	0.27%	76.84%
2019	0.07510%	1,521	232,073	0.66%	49.19%
2018	0.07134%	-	173,216	0.00%	51.39%
2017	0.09163%	1,000	168,254	0.59%	38.40%
Line of Duty Act Program (LODA)					
2024	0.38544%	\$ 1,516,917	\$ 3,793,996	39.98%	1.22%
2023	0.36990%	1,483,086	3,735,686	39.70%	1.31%
2022	0.41450%	1,568,546	3,304,377	47.47%	1.87%
2021	0.46890%	2,067,854	3,382,601	61.13%	1.68%
2020	0.53491%	2,240,286	3,836,204	58.40%	1.02%
2019	0.58371%	2,094,270	4,093,968	51.16%	0.79%
2018	0.61256%	1,920,000	4,512,158	42.55%	0.60%
2017	0.57341%	1,507,000	4,363,648	34.54%	1.30%

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

PIEDMONT REGIONAL JAIL AUTHORITY

Schedule of Employer Contributions - OPEB Plans
For the Years Ended June 30, 2016 through June 30, 2025

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Group Life Insurance (GLI) Plan					
2025	\$ 25,957	\$ 25,957	\$ -	5,522,437	0.47%
2024	24,488	24,488	-	4,534,835	0.54%
2023	22,681	22,681	-	4,209,467	0.54%
2022	20,351	20,351	-	3,768,626	0.54%
2021	21,122	21,122	-	3,911,442	0.54%
2020	21,836	21,836	-	4,199,176	0.52%
2019	23,105	23,105	-	4,437,288	0.52%
2018	25,440	25,440	-	4,854,956	0.52%
2017	23,395	23,395	-	4,499,073	0.52%
2016	20,397	20,397	-	4,249,472	0.48%
Virginia Local Disability Program (VLDP)					
2025	\$ 5,511	\$ 5,511	\$ -	744,697	0.74%
2024	4,184	4,184	-	492,189	0.85%
2023	3,823	3,823	-	449,726	0.85%
2022	2,602	2,602	-	313,440	0.83%
2021	2,106	2,106	-	253,772	0.83%
2020	1,564	1,564	-	217,260	0.72%
2019	1,671	1,671	-	232,073	0.72%
2018	1,039	1,039	-	173,216	0.60%
2017	1,010	1,010	-	168,254	0.60%
2016	1,037	1,037	-	172,882	0.60%
Line of Duty Act (LODA) Program					
2025	\$ 75,110	\$ 75,110	\$ -	4,082,767	1.84%
2024	58,170	58,170	-	3,793,996	1.53%
2023	49,092	49,092	-	3,735,686	1.31%
2022	57,081	57,081	-	3,304,377	1.73%
2021	64,558	64,558	-	3,382,601	1.91%
2020	72,694	72,694	-	3,836,204	1.89%
2019	78,340	78,340	-	4,093,968	1.91%
2018	65,248	65,248	-	4,512,158	1.45%
2017	61,843	61,843	-	4,363,648	1.42%
2016	47,733	47,733	-	4,197,868	1.14%

The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan.

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Required Supplementary Information - Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2025

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

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Required Supplementary Information - Virginia Local Disability Program (VLDP)
For the Year Ended June 30, 2025

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

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

Non-Largest Ten Locality Employers - General and Non-Hazardous Duty Employees

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

PIEDMONT REGIONAL JAIL AUTHORITY

**Notes to Required Supplementary Information - Line of Duty Act (LODA) Program
For the Year Ended June 30, 2025**

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

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

Employees in the Non-Largest Ten Locality Employers with Public Safety Employees

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

Other Supplementary Information

PIEDMONT REGIONAL JAIL AUTHORITY

Schedule of Revenues, Expenses, and Changes in Net Position
Budget and Actual - Operating Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Operating revenues:				
Local revenue:				
Charges to governmental entities	\$ 9,413,159	\$ 9,436,884	\$ 12,313,595	\$ 2,876,711
Telephone commission	600,000	600,000	483,874	(116,126)
Medical and pharmacy reimbursement	4,500	4,500	19,946	15,446
Work release fees and weekenders	42,500	42,500	49,905	7,405
Home electronic monitoring	20,000	20,000	21,360	1,360
Other income	29,600	29,600	59,537	29,937
Total local revenue	<u>\$ 10,109,759</u>	<u>\$ 10,133,484</u>	<u>\$ 12,948,217</u>	<u>\$ 2,814,733</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Compensation Board	\$ 6,245,496	\$ 6,245,496	\$ 5,097,456	\$ (1,148,040)
Total revenue from the Commonwealth	<u>\$ 6,245,496</u>	<u>\$ 6,245,496</u>	<u>\$ 5,097,456</u>	<u>\$ (1,148,040)</u>
Total operating revenues	<u>\$ 16,355,255</u>	<u>\$ 16,378,980</u>	<u>\$ 18,045,673</u>	<u>\$ 1,666,693</u>
Operating expenses:				
Salaries	\$ 6,717,319	\$ 6,717,319	\$ 6,879,831	\$ (162,512)
Employee fringe benefits	2,309,014	2,309,014	2,391,408	(82,394)
Advertising	15,000	15,000	3,858	11,142
Dues and memberships	7,000	7,000	6,327	673
Books and subscriptions	4,000	4,000	-	4,000
Uniforms	25,000	25,000	26,564	(1,564)
In-Service training	70,000	70,000	76,222	(6,222)
Food supplies	700,000	700,000	1,112,640	(412,640)
Food Juvenile Detention Center	35,000	35,000	63,231	(28,231)
Kitchen supplies	47,000	47,000	63,216	(16,216)
Janitorial and laundry supplies	24,000	24,000	62,301	(38,301)
Maintenance contracts	71,000	71,000	73,659	(2,659)
Maintenance - buildings and grounds	160,000	160,000	170,227	(10,227)
Medical service provider	2,600,000	2,600,000	2,595,017	4,983
Medical and pharmacy supplies	324,000	324,000	443,883	(119,883)
Postage	7,000	7,000	6,747	253
Office supplies	31,677	31,677	52,242	(20,565)
Technology equipment	25,000	25,000	32,093	(7,093)
Office equipment - rental/lease	18,000	18,000	20,709	(2,709)
Physician and dentist, etc.	266,117	266,117	223,808	42,309
Printing and copying	3,000	3,000	610	2,390
Professional services	107,400	107,400	130,054	(22,654)
Freight/delivery	4,896	4,896	4,506	390
Telephone	50,000	50,000	42,375	7,625

PIEDMONT REGIONAL JAIL AUTHORITY

Schedule of Revenues, Expenses, and Changes in Net Position
Budget and Actual
For the Year Ended June 30, 2025 (Continued)

	Budgeted Amounts		Actual Amounts	Final Budget- Positive (Negative)
	Original	Final		
Operating expenses: (Continued)				
Repairs and maintenance	\$ 92,000	\$ 92,000	\$ 60,513	\$ 31,487
Radio maintenance	4,496	4,496	2,595	1,901
Vehicle fuel	53,000	53,000	48,918	4,082
Security supplies	40,000	40,000	46,475	(6,475)
Extermination	2,000	2,000	1,680	320
Miscellaneous	4,001	4,001	8,651	(4,650)
Travel and lodging	11,996	11,996	15,824	(3,828)
Propane	70,000	70,000	71,881	(1,881)
Electricity/heating	155,004	155,004	176,166	(21,162)
Water/sewer	249,299	249,299	291,397	(42,098)
Insurance	221,355	221,355	616,338	(394,983)
Refuse collection	9,000	9,000	9,150	(150)
Jail administration costs	25,000	25,000	22,241	2,759
Home electronic monitoring expenses	20,000	20,000	11,066	8,934
Other inmate expenses	-	-	348	(348)
K-9 expenses	3,000	19,250	2,976	16,274
Capital outlays	1,686,731	1,686,731	1,373,727	313,004
Vehicle purchase	60,000	60,000	57,345	2,655
Contingencies	51,950	59,425	13,031	46,394
	<u>\$ 16,380,255</u>	<u>\$ 16,403,980</u>	<u>\$ 17,311,850</u>	<u>\$ (907,870)</u>
Total operating expenses				
Net operating income (loss)	<u>\$ (25,000)</u>	<u>\$ (25,000)</u>	<u>\$ 733,823</u>	<u>\$ 758,823</u>
Nonoperating revenues (expenses):				
Interest income	\$ -	\$ -	\$ 2,128	\$ 2,128
Grant income	25,000	25,000	130,051	105,051
Locality reimbursement for bonds	299,578	299,578	299,578	-
Principal bond payments	(229,400)	(229,400)	(229,400)	-
Principal lease payments	-	-	(10,609)	(10,609)
Principal SBITA payments	-	-	(19,298)	(19,298)
Interest expense	(70,178)	(70,178)	(68,674)	1,504
	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 103,776</u>	<u>\$ 78,776</u>
Net nonoperating revenues (expenses)				
Reconciling items from budgetary basis to change in net position:				
Principal payments	\$ -	\$ -	\$ 259,307	\$ 259,307
Capital outlay and vehicle purchases	-	-	1,431,073	1,431,073
Lease and SBITA adjustments	-	-	31,270	31,270
Pension adjustments	-	-	361,022	361,022
OPEB adjustments	-	-	(32,712)	(32,712)
Gain (loss) on disposal of capital assets	-	-	177	177
Depreciation	-	-	(561,725)	(561,725)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,488,412</u>	<u>\$ 1,488,412</u>
Net reconciling items from budgetary basis				
Change in net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,326,011</u>	<u>\$ 2,326,011</u>
Net position, beginning of year, as previously reported	-	-	3,729,212	3,729,212
Restatement for implementation of GASB 101	-	-	(143,889)	(143,889)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,585,323</u>	<u>\$ 3,585,323</u>
Net position, beginning of year, as restated				
Net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,911,334</u>	<u>\$ 6,055,223</u>

PIEDMONT REGIONAL JAIL AUTHORITY

Summary of Changes in Miscellaneous Items
For the Year Ended June 30, 2025

	<u>Receipts</u>	<u>Disbursements</u>	<u>Excess of Revenues over (under) Expenditures</u>
Inmate Canteen Account	\$ 1,010,470	\$ 842,995	\$ 167,475
Jail Telephone Commissions	736,359	252,485	483,874 *
Home Electronic Monitoring	21,360	11,066	10,294
Work Release Fees	19,670	-	19,670
Weekenders	30,235	-	30,235
Inmate Medical Co-payment	<u>3,139</u>	<u>3,139</u>	<u>-</u>
	<u>\$ 1,821,233</u>	<u>\$ 1,109,685</u>	<u>\$ 711,548</u>

* Note: This includes activity in the operating account, commissary account, and inmate account.

Compliance



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**TO THE MEMBERS OF THE PIEDMONT REGIONAL JAIL AUTHORITY
FARMVILLE, VIRGINIA**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities and aggregate remaining fund information of Piedmont Regional Jail Authority as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Piedmont Regional Jail Authority's basic financial statements and have issued our report thereon dated October 29, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Robinson Faren Cox Associates

Charlottesville, Virginia
October 29, 2025