



BLUE RIDGE

REGIONAL JAIL AUTHORITY

BLUE RIDGE REGIONAL JAIL AUTHORITY

FINANCIAL REPORT

June 30, 2023



TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Directory of Principal Officials	i
Organizational Chart	ii

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis	4a
Basic Financial Statements	
Statement of Net Position	5
Statement of Revenues, Expenses, and Changes in Fund Net Position	6
Statement of Cash Flows	7
Statement of Fiduciary Net Position	9
Statement of Changes in Fiduciary Net Position	10
Notes to Financial Statements	11

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net Pension Liability and Related Ratios	35
Schedule of Pension Contributions	36
Schedule of Employer's Share of Net OPEB Liability – VRS	37
Schedule of OPEB Contributions – VRS	38
Schedule of Changes in Net OPEB Liability and Related Ratios – Local Plan	39
Notes to Required Supplementary Information	40

COMPLIANCE SECTION

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	42
Summary of Compliance Matters	44
Schedule of Finding and Response	45

INTRODUCTORY SECTION

DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2023

COUNTY OF AMHERST

Member: E. W. Viar, Sheriff – Alternate: Eric Elliot, Major
Member: Jeremy Bryant, County Administrator – Alternate: David Proffitt, Assistant County Administrator

COUNTY OF APPOMATTOX

Member: Donald D. Simpson, Sheriff – Alternate: Robert N. Richardson, Major
Member: Susan M. Adams, County Administrator – Alternate: John Spencer, Assistant County Administrator

COUNTY OF BEDFORD

Member: Michael W. Miller, Sheriff – Alternate: Jon Wilks, Major
Member: Robert Hiss, County Administrator – Alternate: Vacant

COUNTY OF CAMPBELL

Member: Whit Clark, Sheriff – Alternate: Brandon Epperson, Major
Member: Clifton M. Tweedy, Assistant County Administrator (Chairman) –
Alternate: Frank J. Rogers, County Administrator

COUNTY OF HALIFAX

Member: Fred Clark, Sheriff – Alternate: Thomas Spencer, Major
Member: Scott Simpson, County Administrator – Alternate: Stephanie C. Jackson, Director of Finance

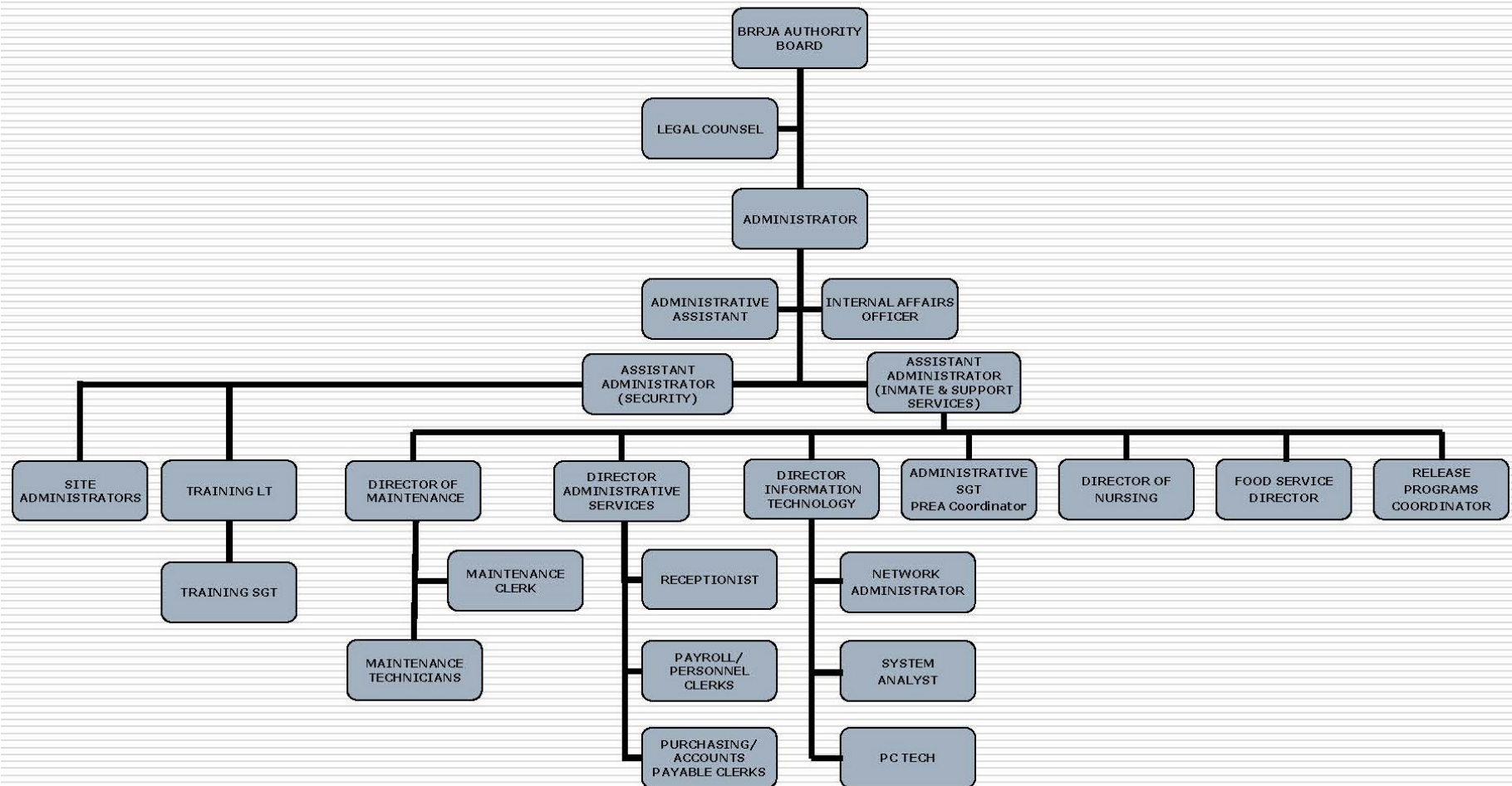
CITY OF LYNCHBURG

Member: Donald T. Sloan, Sheriff (Vice Chairman) – Alternate: Thomas Carter, Major
Member: Wynter Benda, City Manager – Alternate: Ryan M. Zuidema, Chief of Police

ADMINISTRATOR

Chad Lipscomb

BLUE RIDGE REGIONAL JAIL AUTHORITY ADMINISTRATION ORGANIZATIONAL CHART



REVISED 03.10.16

THIS PAGE INTENTIONALLY BLANK

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of
the Board of Directors
Blue Ridge Regional Jail Authority
Lynchburg, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, the major fund, and the aggregate remaining fund information of the Blue Ridge Regional Jail Authority (the "Authority"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the major fund, and the aggregate remaining fund information of the Authority, as of June 30, 2023, and the respective changes in financial position and 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 *Specifications for Audits of Authorities, Boards, and Commission* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical requirements, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information 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.

Report on the Audit of the Financial Statements (Continued)

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
October 19, 2023

BLUE RIDGE REGIONAL JAIL AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

This management's discussion and analysis of Blue Ridge Regional Jail Authority's (the "Authority") financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2023. Please read this information in conjunction with the Authority's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority presents its financial statements under Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

The Authority presents three basic financial statements, including a Statement of Net Position, Statement of Revenues, Expenses, and Changes in Fund Net Position, and Statement of Cash Flows.

Financial position is measured in terms of resources (assets and deferred outflows of resources) we own and obligations (liabilities and deferred inflows of resources) we owe on a given date. This information is reported on the Statement of Net Position, which reflects the Authority's assets and deferred outflows of resources in relation to its debts to its creditors, employees and bondholders, and deferred inflows. The excess of our assets and deferred outflows over liabilities and deferred inflows of resources is our equity or net position.

Information regarding the results of operations during the year is reported on the Statement of Revenues, Expenses, and Changes in Fund Net Position. This statement shows how much our overall net position increased or decreased during the year as a result of our operations and other factors.

Our Statement of Cash Flows discloses the flow of cash resources into and out of the Authority during the year (from operations, financing, and other sources) and how we applied those funds (payment of expenses, repayment of the debt, etc.).

BLUE RIDGE REGIONAL JAIL AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

FINANCIAL SUMMARY

A summary of the Authority's Statement of Net Position for the operating and canteen funds for 2023 and 2022 is presented below:

Condensed Statement of Net Position		
	2023	2022
Current assets	\$ 24,124,743	\$ 25,518,812
Restricted assets	4,685,297	4,564,952
Noncurrent assets	81,640,971	87,355,743
Total assets	110,451,244	117,439,507
Deferred outflows of resources	3,294,039	3,980,615
Current liabilities	5,590,312	6,577,792
Noncurrent liabilities	30,432,749	32,584,871
Total liabilities	36,023,061	39,162,663
Deferred inflows of resources	3,054,764	8,289,507
Net position:		
Net investment in capital assets	45,642,922	45,976,086
Restricted	10,117,627	13,762,558
Unrestricted	18,906,909	14,229,308
Total net position	\$ 74,667,458	\$ 73,967,952

The financial position of the Authority continues to remain strong. The Authority's unrestricted net position increased by 32.87% in 2023 and the total net position increased by 0.95% in 2023.

BLUE RIDGE REGIONAL JAIL AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

CHANGE IN NET POSITION

A summary of the Authority's Statement of Revenues, Expenses, and Changes in Fund Net Position for 2023 and 2022 is presented below:

Condensed Statement of Revenues, Expenses, and Changes in Fund Net Position		
	2023	2022
Operating revenues	\$ 38,158,337	\$ 37,933,603
Operating expenses	36,978,062	34,218,382
Operating income	1,180,275	3,715,221
Net non-operating expenses	(480,769)	(1,191,105)
Change in net position	<u>\$ 699,506</u>	<u>\$ 2,524,116</u>

Operating revenues are defined as charges for services to participant localities, outside localities, and the Commonwealth based upon inmate days. Operating revenues also include other outside revenue sources.

Operating expenses are comprised of the direct expenses of operating the jail. These include salaries and benefits, contractual services, and other inmate-related jail operating costs.

Non-operating revenues (expenses) consist of rental income, interest and investment earnings, and interest expense.

Operating revenues showed an increase of \$224,734 in 2023. This represents a 0.59% increase. Compensation Board revenues increased \$1,943,714 or 12.36% in 2023. Our outside jurisdiction revenue decreased 64.24% in 2023 due to a decrease in the number of outside jurisdiction inmates housed. During the same time, federal per diem revenue decreased 41.11% or \$46,331 due to a decrease in the number of Federal inmates housed. Operating expenses increased \$2,759,680 or 8.06% in 2023.

(Continued)

BLUE RIDGE REGIONAL JAIL AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

CASH FLOWS

A summary of the Authority's Statement of Cash Flows for 2023 and 2022 is presented below:

Condensed Statement of Cash Flows		
	2023	2022
Cash flows provided by operating activities	\$ 2,920,927	\$ 6,010,182
Cash flows provided by noncapital financing activities	30,000	60,000
Cash flows used in capital and related financing activities	(4,822,741)	(7,654,913)
Cash flows provided by investing activities	<u>729,298</u>	<u>45,130</u>
Net increase (decrease) in cash and cash equivalents	(1,142,516)	(1,539,601)
Cash and cash equivalents, beginning of the year	<u>27,577,436</u>	<u>29,117,037</u>
Cash and cash equivalents, end of year	<u><u>\$ 26,434,920</u></u>	<u><u>\$ 27,577,436</u></u>

Cash flows provided by operating activities are comprised of operating revenues combined with expenditures for personnel, benefits, and payments to operating suppliers. Cash flows provided by noncapital transactions are comprised of funds received from non-operating sources.

Cash flows used in capital and related financing activities include the purchase of capital assets and principal and interest paid on capital debt. Cash flows provided by investing activities include interest and investment earnings, and the purchase and sale of investments.

The net difference in cash and cash equivalents from the beginning to the end of the year was a net decrease of \$1,142,516 or 4.14%.

CAPITAL ASSETS

The Authority's net capital assets decreased by \$2,255,788 in the fiscal year 2023. Assets of \$1,526,439 were placed in service in 2023, including UVC HEPA Air Handling Systems, Medical Isolation Room, Road Gates, Sally Port, HVAC Commissioning, Unit Doors, Laundry Room Project, Elevator Circuit Upgrade, Stainless Steel Showers, Security Camera Systems, Radios, and Server Upgrades. However, those increases were offset by a depreciation expense of \$3,782,226.

See Note 4 for more details on capital assets.

LONG TERM DEBT

Revenue bonds, which were issued on November 1, 1997, were advance refunded in November 2009 and again in October 2019. Additional bonds were issued on November 19, 2009, to advance refund the 1997 issue and to provide funding for the completion of the Amherst jail facility and the Halifax jail renovations. The total of these bonds was \$56,980,000, which mature in various installments through October 1, 2034. Principal payments of \$1,200,000 were made on these bonds in the fiscal year 2023.

See Note 5 for more details on long-term debt.

(Continued)

BLUE RIDGE REGIONAL JAIL AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

ALLOCATION OF UNRESTRICTED NET POSITION

In the fiscal year 2023, the Authority Board of Directors authorized the allocation of its unrestricted net position. These allocations are detailed in Note 13.

SUMMARY

As demonstrated above, the financial position of the Blue Ridge Regional Jail Authority is measured in terms of resources (assets and deferred outflows) we own and obligations (liabilities and deferred inflows) we owe on a given date. Under the guidance of the Authority Board of Directors, supplemental sources of revenue such as outside jurisdiction housing fees have been sought and negotiated. In addition, we are beginning to realize the benefits of the Honeywell ESCO energy project, with guaranteed energy efficiency savings, carried forward into the future. Finally, special acknowledgment is extended to the BRRJA employees whose continued dedication and commitment contributed to our stable financial condition.

REQUESTS FOR INFORMATION

This financial report is designed to provide our customers and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional information regarding the Authority, contact the Director of Administration at 510 Ninth Street, Lynchburg, Virginia 24504.

THIS PAGE INTENTIONALLY BLANK

BASIC FINANCIAL STATEMENTS

BLUE RIDGE REGIONAL JAIL AUTHORITY

STATEMENT OF NET POSITION June 30, 2023

	<u>Major Fund</u> <u>Operating Fund</u>	<u>Nonmajor Fund</u> <u>Canteen Fund</u>	<u>Total</u> <u>Business-Type</u> <u>Activities</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents (Note 2)	\$ 21,045,575	\$ -	\$ 21,045,575
Cash and cash equivalents, restricted (Note 2)	-	704,048	704,048
Accounts receivable (Note 3)	2,149,969	-	2,149,969
Prepaid and other assets	225,151	-	225,151
Total current assets	<u>23,420,695</u>	<u>704,048</u>	<u>24,124,743</u>
NONCURRENT ASSETS			
Cash and cash equivalents, restricted (Note 2)	4,685,297	-	4,685,297
Net pension asset (Note 6)	4,728,282	-	4,728,282
Capital assets:			
Nondepreciable (Note 4)	1,495,510	-	1,495,510
Depreciable, net (Note 4)	75,005,799	411,613	75,417,412
Total noncurrent assets	<u>85,914,888</u>	<u>411,613</u>	<u>86,326,501</u>
Total assets	<u>109,335,583</u>	<u>1,115,661</u>	<u>110,451,244</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions (Note 6)	3,013,800	-	3,013,800
Deferred outflows related to other post-employment benefits (Notes 7 and 8)	280,239	-	280,239
Total deferred outflows of resources	<u>3,294,039</u>	<u>-</u>	<u>3,294,039</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	155,878	-	155,878
Due to member jurisdiction (Note 12)	212,618	-	212,618
Accrued liabilities	105,848	-	105,848
Compensated absences (Note 5)	1,287,520	-	1,287,520
Unearned revenue (Note 11)	1,274,000	-	1,274,000
Interest payable	454,448	-	454,448
Bonds payable, current portion (Note 5)	2,100,000	-	2,100,000
Total current liabilities	<u>5,590,312</u>	<u>-</u>	<u>5,590,312</u>
NONCURRENT LIABILITIES			
Unearned revenue, noncurrent portion (Note 11)	106,167	-	106,167
Other post-employment benefits (Notes 7 and 8)	1,156,582	-	1,156,582
Bonds payable, noncurrent portion (Note 5)	29,170,000	-	29,170,000
Total noncurrent liabilities	<u>30,432,749</u>	<u>-</u>	<u>30,432,749</u>
Total liabilities	<u>36,023,061</u>	<u>-</u>	<u>36,023,061</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions (Note 6)	2,653,768	-	2,653,768
Deferred inflows related to other post-employment benefits (Notes 7 and 8)	400,996	-	400,996
Total deferred outflows of resources	<u>3,054,764</u>	<u>-</u>	<u>3,054,764</u>
NET POSITION			
Net investment in capital assets	45,231,309	411,613	45,642,922
Restricted for:			
Debt service	4,685,297	-	4,685,297
Pension	4,728,282	-	4,728,282
Canteen funds	-	704,048	704,048
Unrestricted (Note 13)	18,906,909	-	18,906,909
Total net position	<u>\$ 73,551,797</u>	<u>\$ 1,115,661</u>	<u>\$ 74,667,458</u>

The Notes to Financial Statements are an integral part of this statement.

BLUE RIDGE REGIONAL JAIL AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Year Ended June 30, 2023

	<u>Major Fund</u> <u>Operating Fund</u>	<u>Nonmajor Fund</u> <u>Canteen Fund</u>	<u>Total</u> <u>Business-Type</u> <u>Activities</u>
OPERATING REVENUES			
Charges for services – inmate housing	\$ 16,492,936	\$ -	\$ 16,492,936
State Compensation Board	17,666,550	-	17,666,550
Commonwealth of Virginia jail costs	1,528,343	-	1,528,343
Telephone commissions	1,274,000	-	1,274,000
Canteen sales	-	441,477	441,477
Grant revenue	246,994	-	246,994
Miscellaneous operating income	508,037	-	508,037
Total operating revenues	37,716,860	441,477	38,158,337
OPERATING EXPENSES			
Salaries and wages	16,104,593	-	16,104,593
Fringe benefits	5,487,519	-	5,487,519
Contractual services	1,391,399	-	1,391,399
Materials and supplies	145,876	-	145,876
Medical services and supplies	4,117,588	-	4,117,588
Food services and supplies	1,597,162	611,265	2,208,427
Repairs and maintenance	767,673	-	767,673
Utilities	1,828,169	-	1,828,169
Insurance	270,891	-	270,891
Depreciation	3,782,226	107,377	3,889,603
Other expenses	766,324	-	766,324
Total operating expenses	36,259,420	718,642	36,978,062
Operating income (loss)	1,457,440	(277,165)	1,180,275
NONOPERATING REVENUES (EXPENSES)			
Interest and investment income	729,298	-	729,298
Rental income	30,000	-	30,000
Bond interest subsidy (Note 5)	603,960	-	603,960
Interest expense	(1,844,027)	-	(1,844,027)
Total nonoperating revenues (expenses)	(480,769)	-	(480,769)
Income (loss) before transfers	976,671	(277,165)	699,506
Transfer in (Note 9)	244,113	-	244,113
Transfer out (Note 9)	-	(244,113)	(244,113)
Total transfers	244,113	(244,113)	-
Change in net position	1,220,784	(521,278)	699,506
NET POSITION			
At July 1	72,331,013	1,636,939	73,967,952
At June 30	<u>\$ 73,551,797</u>	<u>\$ 1,115,661</u>	<u>\$ 74,667,458</u>

The Notes to Financial Statements are an integral part of this statement.

BLUE RIDGE REGIONAL JAIL AUTHORITY

STATEMENT OF CASH FLOWS

Year Ended June 30, 2023

	<u>Major Fund</u> <u>Operating Fund</u>	<u>Nonmajor Fund</u> <u>Canteen Fund</u>	<u>Total</u> <u>Business-Type</u> <u>Activities</u>
OPERATING ACTIVITIES			
Receipts from jurisdictions	\$ 16,793,495	\$ -	\$ 16,793,495
Receipts from state agencies	18,848,160	-	18,848,160
Receipts from inmates and contracts	2,029,031	-	2,029,031
Receipts from canteen sales	-	441,477	441,477
Payments to suppliers	(11,316,594)	(611,265)	(11,927,859)
Payments to and for employees	(23,263,377)	-	(23,263,377)
	<u>3,090,715</u>	<u>(169,788)</u>	<u>2,920,927</u>
Net cash provided by (used in) operating activities			
NONCAPITAL FINANCING ACTIVITIES			
Transfer from (to) other fund	244,113	(244,113)	-
Other receipts	30,000	-	30,000
	<u>274,113</u>	<u>(244,113)</u>	<u>30,000</u>
Net cash provided by (used in) noncapital financing activities			
CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(1,526,439)	-	(1,526,439)
Receipt (reimbursement) to other fund	536,886	(536,886)	-
Principal paid on capital debt	(2,030,000)	-	(2,030,000)
Interest paid on capital debt	(1,870,262)	-	(1,870,262)
Bond interest subsidy	603,960	-	603,960
	<u>(4,285,855)</u>	<u>(536,886)</u>	<u>(4,822,741)</u>
Net cash used in capital and related financing activities			
INVESTING ACTIVITIES			
Interest and investment income received	729,298	-	729,298
	<u>(191,729)</u>	<u>(950,787)</u>	<u>(1,142,516)</u>
Net decrease in cash and cash equivalents			
CASH AND CASH EQUIVALENTS			
Beginning at July 1	25,922,601	1,654,835	27,577,436
Ending at June 30	<u>\$ 25,730,872</u>	<u>\$ 704,048</u>	<u>\$ 26,434,920</u>

(Continued)

The Notes to Financial Statements are an integral part of this statement.

BLUE RIDGE REGIONAL JAIL AUTHORITY

STATEMENT OF CASH FLOWS

Year Ended June 30, 2023

	<u>Major Fund</u> <u>Operating Fund</u>	<u>Nonmajor Fund</u> <u>Canteen Fund</u>	<u>Total</u> <u>Business-Type</u> <u>Activities</u>
RECONCILIATION TO STATEMENT OF			
NET POSITION			
Cash and cash equivalents	\$ 21,045,575	\$ -	\$ 21,045,575
Cash and cash equivalents, restricted	-	704,048	704,048
Cash and cash equivalents – non-current, restricted	4,685,297	-	4,685,297
	<u>\$ 25,730,872</u>	<u>\$ 704,048</u>	<u>\$ 26,434,920</u>
RECONCILIATION OF OPERATING INCOME (LOSS)			
TO NET CASH PROVIDED BY (USED IN)			
OPERATING ACTIVITIES			
Operating income (loss)	\$ 1,457,440	\$ (277,165)	\$ 1,180,275
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	3,782,226	107,377	3,889,603
Pension expense net of employer contribution	(1,148,740)	-	(1,148,740)
Other post-employment expense net of employer contribution	(100,174)	-	(100,174)
Changes in assets and liabilities:			
Accounts receivable	(258,792)	-	(258,792)
Prepaid and other assets	(146,886)	-	(146,886)
Accounts payable	(284,626)	-	(284,626)
Due to member jurisdiction	212,618	-	212,618
Accrued liabilities	(412,338)	-	(412,338)
Compensated absences	(10,013)	-	(10,013)
	<u> </u>	<u> </u>	<u> </u>
Net cash provided by (used in) operating activities	<u>\$ 3,090,715</u>	<u>\$ (169,788)</u>	<u>\$ 2,920,927</u>

The Notes to Financial Statements are an integral part of this statement.

BLUE RIDGE REGIONAL JAIL AUTHORITY

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2023

	Custodial Funds			
	Inmate Trust Fund	Employee Benefit Fund	Flexible Benefits Fund	Total
ASSETS				
Cash and cash equivalents, restricted (Note 2)	\$ 251,152	\$ 9,747	\$ 3,903	\$ 264,802
LIABILITIES				
Accounts payable	\$ 108,104	\$ -	\$ -	\$ 108,104
NET POSITION				
Restricted				
Amounts held for benefits of inmates	\$ 143,048	\$ -	\$ -	\$ 143,048
Amounts held for employee benefits	-	9,747	3,903	13,650
Total net position	\$ 143,048	\$ 9,747	\$ 3,903	\$ 156,698

The Notes to Financial Statements are an integral part of this statement.

BLUE RIDGE REGIONAL JAIL AUTHORITY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended June 30, 2023

	Custodial Funds			
	Inmate Trust Funds	Employee Benefit Fund	Flexible Benefits Fund	Total
ADDITIONS				
Payments received from and on behalf of inmates	\$ 2,430,938	\$ -	\$ -	\$ 2,430,938
Payroll deductions received from and on behalf of employees	-	7,188	-	7,188
Total additions	2,430,938	7,188	-	2,438,126
DEDUCTIONS				
Reimbursements made to the Authority	1,089,741	-	-	1,089,741
Payments to vendors	1,269,386	-	-	1,269,386
Payments to employees	-	10,562	-	10,562
Total deductions	2,359,127	10,562	-	2,369,689
Net increase (decrease) in fiduciary net position	71,811	(3,374)	-	68,437
NET POSITION – AT JULY 1	71,237	13,121	3,903	88,261
NET POSITION – AT JUNE 30	<u>\$ 143,048</u>	<u>\$ 9,747</u>	<u>\$ 3,903</u>	<u>\$ 156,698</u>

The Notes to Financial Statements are an integral part of this statement.

BLUE RIDGE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 1. Summary of Significant Accounting Policies

Organization and purpose

The Blue Ridge Regional Jail Authority (the “Authority”) was created pursuant to the provisions of Chapter 7.1 of Title 53 of the *Code of Virginia*. Its member localities include the City of Lynchburg and the Counties of Amherst, Appomattox, Bedford, Campbell, and Halifax.

Reporting entity

The Authority has determined that it is a related organization to the participating localities, in accordance with Governmental Accounting Standards Board (GASB) Statement 14. The Authority is a legally separate organization whose twelve Board members are appointed by the governing bodies of the participating localities. None of the participating localities can impose its will on the Authority and there is no potential financial benefit or burden in the relationship between the participating localities and the Authority. Accordingly, the Authority is not considered a component unit of any of the participating localities. The Board members from each locality consist of the local Sheriff and an individual appointed by the governing body of each jurisdiction.

Measurement focus and basis of accounting

Business-type activities and proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) and deferred outflows/inflows of resources are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Authority reports one major proprietary fund, the Operating Fund. This fund is used to account for the activities necessary for operating the jail facility. This fund does not account for funds collected from or held for inmates. The nonmajor proprietary Canteen Fund accounts for inmate charges related to commissary purchases.

The Authority distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with the Authority’s principal ongoing operations. The principal operating revenues of the Authority are charges for services for inmate housing, fees collected from inmates, and revenue from the State Compensation Board. Operating expenses include salaries, wages and fringe benefits, medical services and supplies, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating.

When both restricted and unrestricted resources are available for use, it is the Authority’s policy to use restricted resources first, then unrestricted resources as they are needed.

(Continued)

BLUE RIDGE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement focus and basis of accounting (Continued)

The Inmate Trust Fund, Employee Benefit Fund, and Flexible Benefit Fund comprise the Authority's Custodial Funds. The Inmate Trust Fund accounts for funds held on behalf of the inmates housed at the various sites. The Employee Benefit and Flexible Benefit Funds are held for the benefit of employees, funded by payroll deductions. The Employee Benefit Fund is used to boost employee morale. The Flexible Benefits Fund is used to reimburse participating employees for claims incurred through their Section 125 Cafeteria Plan account. Custodial funds use the economic resources measurement focus and the accrual basis of accounting.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, checking and savings accounts, and short-term, highly liquid investments (including repurchase agreements) with original maturities of three months or less. The Authority maintains cash accounts with financial institutions in accordance with the Virginia Security for Public Deposits Act of the *Code of Virginia*. The Act requires financial institutions to meet specific collateralization requirements.

Investments

Money market investments, nonnegotiable certificates of deposit (CDs), and external investment pools are measured at amortized cost.

Capital assets

Capital assets are recorded at cost. Donated capital assets are recorded at acquisition value at the date of gift. The Authority's capitalization threshold is \$5,000. Items below this threshold are expensed in the period acquired. Maintenance and repairs which do not increase the capacity or efficiency of the item or extend its useful life are expensed.

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

Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

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

Buildings and improvements	40-50 years
Land and site improvements	10-15 years
Equipment, furniture, and fixtures	5-10 years
Vehicles	5 years

(Continued)

BLUE RIDGE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

Deferred outflows/inflows of resources

In addition to assets, the statement that presents financial position reports a separate section for deferred outflows of resources. These items represent a consumption of net assets that applies to future periods and so will *not* be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement that presents financial position reports a separate section for deferred inflows of resources. These items represent an acquisition of net assets that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until then.

The Authority has the following items that qualify for reporting in these categories:

- Contributions subsequent to the measurement date for pensions and other post-employment benefits (OPEB) are always a deferred outflow; this will be applied to the net pension or OPEB liability in the next fiscal year.
- Differences between expected and actual experience for economic/demographic factors and changes in assumption in the measurement of the total pension or OPEB liability. This difference will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.
- Difference between projected and actual earnings on pension and OPEB plan investments. This difference will be recognized in pension or OPEB expense over a closed five-year period and may be reported as a deferred outflow or inflow as appropriate.
- Changes in proportionate share between measurement dates on OPEB liability. This difference will be recognized in OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred outflow or inflow as appropriate.

Compensated absences

The Authority's employees earn annual leave (vacation pay) in varying amounts and can accumulate annual leave based on length of service. All employees earn the same sick pay rate regardless of the 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. Employees may accumulate an unlimited amount of sick leave, which is forfeited upon separation from the Authority, except when separation is result of retirement. Employees who retire with at least five years of consecutive service to the Authority are compensated for up to \$1,500 of unused sick leave and those with at least ten years of consecutive service up to \$2,500.

(Continued)

BLUE RIDGE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

Pensions and other post-employment benefits (OPEB)

For purposes of measuring all financial statement elements related to VRS administered pension and OPEB plans, information about the fiduciary net position of the Authority's Plans and the additions to/deductions from the Authority's Plans' net fiduciary 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.

Revenue recognition

Revenues for charges for services to participant localities are based on inmate days for each locality and are recorded when earned.

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Net position

Net position is the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds.

Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Operating Fund amounts are restricted in accordance with the Master Indenture debt agreement and for the net pension asset. Restrictions on Canteen Fund net position are imposed by §53.1-127.1 of the *Code of Virginia*.

Unrestricted net position represents the remaining net position not included in the previous categories.

Unearned revenues

Unearned revenues represent a liability that arises when resources are obtained before revenue recognition criteria have been satisfied.

(Continued)

BLUE RIDGE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 2. 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

The Authority does not have a formal investment policy. However, the Authority does follow state law with regard to its investments.

State law authorizes the Authority to invest in obligations of the United States or agencies thereof; obligations of the Commonwealth of Virginia or political subdivisions thereof; obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, banker’s acceptances, repurchase agreements and the state Treasurer’s Local Government Investment Pool (LGIP), and the Commonwealth of Virginia State Non-Arbitrage Program (SNAP).

As of June 30, 2023, the Authority’s deposits and investments consisted of the following:

Deposits	
Demand deposits	\$ 6,863,252
Money market	22,558
	<hr/>
Total deposits	6,885,810
	<hr/>
Investments	
LGIP	15,128,615
Money market mutual funds	4,685,297
	<hr/>
Total investments	19,813,912
	<hr/>
Total deposits and investments	\$ 26,699,722

The Authority has no custodial credit risk policy. However, the Authority had no custodial credit risk related to its investments at June 30, 2023.

(Continued)

BLUE RIDGE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 2. Deposits and Investments (Continued)

Investments (Continued)

The Authority's related debt investments as of June 30, 2023 were rated by Standard and Poor's and the ratings are presented below:

	<u>AAAm</u>	<u>Unrated</u>	<u>Total</u>
LGIP	\$ 15,128,615	\$ -	\$ 15,128,615
Money market mutual funds	4,685,297	-	4,685,297
	<u>\$ 19,813,912</u>	<u>\$ -</u>	<u>\$ 19,813,912</u>

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

The Authority's investments' weighted average maturities are as follows:

	<u>Value</u>	<u>Less Than 1 Year</u>
LGIP	\$ 15,128,615	\$ 15,128,615
Money market mutual funds	4,685,297	4,685,297
	<u>\$ 19,813,912</u>	<u>\$ 19,813,912</u>

External investment pool and money market mutual funds

The value of the positions in the external investment pool (LGIP) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is reported at amortized cost under the provisions of GASB Statement No. 79. There are no withdrawal limitations or restrictions imposed on participants.

Reconciliation of deposits and investments to the Statement of Net Position and Statement of Fiduciary Net Position:

	<u>Statement of Net Position</u>	<u>Statement of Fiduciary Net Position</u>	<u>Total</u>
Cash and cash equivalents	\$ 21,045,575	\$ -	\$ 21,045,575
Cash and cash equivalents, restricted	704,048	264,802	968,850
Cash and cash equivalents – non-current, restricted	4,685,297	-	4,685,297
	<u>\$ 26,434,920</u>	<u>\$ 264,802</u>	<u>\$ 26,699,722</u>

The money market mutual funds are also carried at a stable \$1.00 net asset value, and thus reported at amortized cost.

Restricted cash and cash equivalents are for inmate canteen funds and the non-current portion is for bond debt service as required by the bond trustee.

(Continued)

BLUE RIDGE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 3. Accounts Receivable

Accounts receivable consist of the following:

Commonwealth of Virginia	
Department of Corrections	
Inmate per diem	\$ 492,227
Compensation Board – operating costs	1,329,301
Non-member per diems (including federal)	81,427
Miscellaneous receivables	247,014
	<u>\$ 2,149,969</u>

Note 4. Capital Assets

A summary of changes in the operating fund capital assets is as follows:

<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not depreciated				
Land	\$ 1,495,510	\$ -	\$ -	\$ 1,495,510
Capital assets, depreciated				
Land and site improvements	350,225	-	-	350,225
Buildings and improvements	109,024,647	258,379	-	109,283,026
Equipment, furniture, and fixtures	14,928,768	936,929	-	15,865,697
Vehicles	1,874,067	331,131	-	2,205,198
Total capital assets, depreciated	<u>126,177,707</u>	<u>1,526,439</u>	<u>-</u>	<u>127,704,146</u>
Less accumulated depreciation:				
Land and site improvements	(264,408)	(6,100)	-	(270,508)
Buildings and improvements	(37,067,864)	(2,499,055)	-	(39,566,919)
Equipment, furniture, and fixtures	(9,978,491)	(1,150,383)	-	(11,128,874)
Vehicles	(1,605,358)	(126,688)	-	(1,732,046)
Total accumulated depreciation	<u>(48,916,121)</u>	<u>(3,782,226)</u>	<u>-</u>	<u>(52,698,347)</u>
Net capital assets, depreciated	<u>77,261,586</u>	<u>(2,255,787)</u>	<u>-</u>	<u>75,005,799</u>
Total capital assets	<u>\$ 78,757,096</u>	<u>\$ (2,255,787)</u>	<u>\$ -</u>	<u>\$ 76,501,309</u>

(Continued)

BLUE RIDGE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 4. Capital Assets (Continued)

A summary of changes in the Canteen Fund capital assets is as follows:

<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, depreciated Equipment	\$ 536,886	\$ -	\$ -	\$ 536,886
Less accumulated depreciation: Equipment	(17,896)	(107,377)	-	(125,273)
Total capital assets	<u>\$ 518,990</u>	<u>\$ (107,377)</u>	<u>\$ -</u>	<u>\$ 411,613</u>

Note 5. Long-Term Liabilities

A summary of changes in long-term liabilities is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Revenue bonds	\$ 33,300,000	\$ -	\$ 2,030,000	\$ 31,270,000	\$ 2,100,000
Compensated absences	1,297,533	-	10,013	1,287,520	1,287,520
	<u>\$ 34,597,533</u>	<u>\$ -</u>	<u>\$ 2,040,013</u>	<u>\$ 32,557,520</u>	<u>\$ 3,387,520</u>

The amounts required to amortize bond principal and related interest are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Anticipated BAB Subsidy</u>	<u>Net Interest</u>
2024	\$ 2,100,000	\$ 1,763,507	\$ (604,006)	\$ 1,159,501
2025	2,170,000	1,653,128	(566,308)	1,086,820
2026	2,255,000	1,530,346	(524,302)	1,006,044
2027	2,340,000	1,394,446	(477,742)	916,704
2028	2,435,000	1,253,222	(453,070)	800,152
2029-2033	13,700,000	3,943,736	(1,351,137)	2,592,599
2034-2035	6,270,000	374,422	(128,278)	246,144
	<u>\$ 31,270,000</u>	<u>\$ 11,912,807</u>	<u>\$ (4,104,843)</u>	<u>\$ 7,807,964</u>

Bonds payable are as follows:

\$33,300,000 refunding revenue bonds, issued November 19, 2009 to finance construction of jail facilities, maturing in various annual installments ranging from \$2,030,000 to \$3,195,000 from October 1, 2022 through October 1, 2034, interest at rates from 5.17% to 5.915%	<u>\$ 31,270,000</u>
---	----------------------

The refunding revenue bonds issued in November 2009 included a Build America Bonds (BABs) Federal subsidy, a provision of the American Recovery and Reinvestment Act of 2009. This was utilized to capture federal interest credits.

(Continued)

BLUE RIDGE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 6. Defined Benefit Pension Plan

Plan Description

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

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are available at

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

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>209</u>
Inactive members:	
Vested inactive members	54
Non-vested inactive members	323
Inactive members active elsewhere in VRS	<u>157</u>
Total inactive members	<u>534</u>
Active members	<u>334</u>
Total covered employees	<u><u>1,077</u></u>

(Continued)

BLUE RIDGE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 6. Defined Benefit Pension Plan (Continued)

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 political subdivision's contractually required contribution rate for the year ended June 30, 2023 was 13.13% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were \$1,937,521 and \$1,660,123 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Asset

The net pension asset is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension asset was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2021 rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions

The total pension liability for General Employees and Public Safety employees with Hazardous Duty Benefits in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.50%
General Employees – Salary increases, including inflation	3.50 – 5.35%
Public Safety Employees with hazardous duty benefits – Salary increases, including inflation	3.50 – 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

(Continued)

BLUE RIDGE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 6. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (Continued)

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 45% to 70% of deaths are assumed to be service related. Mortality is projected using the applicable Pub-2010 Morality Table with various set backs or set forwards for both males and females.

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

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Update mortality table; adjusted retirement rates; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; no change to disability rates, no change to salary scale, no change to line of duty disability, and no change to discount rate.

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Updated mortality table; adjusted retirement rate to better fit experience and increased final retirement age to 70; decreased rates of withdrawal; no change to disability rates; no changes to salary scale; no change to line of duty disability; and no change to discount rate.

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:

(Continued)

BLUE RIDGE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 6. Defined Benefit Pension Plan (Continued)

Long-Term Expected Rate of Return (Continued)

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

- * The above allocation provides for a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in the fiscal year 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. From July 1, 2022 on, participating employers are assumed to 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.

(Continued)

BLUE RIDGE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 6. Defined Benefit Pension Plan (Continued)

Changes in Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) – (b)
Balances at June 30, 2021	\$ 56,479,141	\$ 64,558,798	\$ (8,079,657)
Changes for the year:			
Service cost	2,435,765	-	2,435,765
Interest	3,885,322	-	3,885,322
Differences between expected and actual experience	(774,276)	-	(774,276)
Contributions – employer	-	1,660,123	(1,660,123)
Contributions – employee	-	671,103	(671,103)
Net investment income	-	(97,345)	97,345
Benefit payments, including refunds of employee contributions	(2,709,155)	(2,709,155)	-
Administrative expenses	-	(39,950)	39,950
Other changes	-	1,505	(1,505)
Net changes	2,837,656	(513,719)	3,351,375
Balances at June 30, 2022	\$ 59,316,797	\$ 64,045,079	\$ (4,728,282)

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Political subdivision's net pension liability (asset)	\$ 3,523,872	\$ (4,728,282)	\$ (11,477,158)

(Continued)

BLUE RIDGE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 6. Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2023, the political subdivision recognized pension expense of \$788,511. At June 30, 2023, the political subdivision 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	\$ -	\$ 846,953
Change in assumptions	1,076,279	-
Net difference between projected and actual earnings on pension plan investments	-	1,806,815
Employer contributions subsequent to the measurement date	<u>1,937,521</u>	<u>-</u>
	<u><u>\$ 3,013,800</u></u>	<u><u>\$ 2,653,768</u></u>

The \$1,937,521 reported as deferred outflows of resources related to pensions resulting from the political subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Increase (Reduction) to Pension Expense
2024	\$ (525,815)
2025	(691,554)
2026	(1,248,323)
2027	888,203
2028	-
Thereafter	-

(Continued)

BLUE RIDGE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 6. Defined Benefit Pension Plan (Continued)

Pension Plan Data

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

Payables to the Pension Plan

At June 30, 2023, \$80,118 was payable to the Virginia Retirement System for the legally required contributions related to June 2023 payroll.

Note 7. Other Post-Employment Benefits Liability – Virginia Retirement System Plans

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the Authority also participates in various cost-sharing and agent multi-employer other postemployment benefit plans, described as follows.

Plan Descriptions

Group Life Insurance Program

All full-time employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

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

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2021. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

(Continued)

BLUE RIDGE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 7. Other Post-Employment Benefits Liability – Virginia Retirement System Plans (Continued)

Contributions (Continued)

Group Life Insurance Program

Governed by:	<i>Code of Virginia</i> 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2023 Contribution	\$80,441
June 30, 2022 Contribution	\$75,050

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act.

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

The net OPEB liabilities were measured as of June 30, 2022 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the net OPEB liabilities were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

June 30, 2023 proportionate share of liability	\$	768,936
June 30, 2022 proportion		0.06386 %
June 30, 2021 proportion		0.06990 %
June 30, 2023 expense (revenue)	\$	(23,405)

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

(Continued)

BLUE RIDGE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 7. Other Post-Employment Benefits Liability – Virginia Retirement System Plans (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 60,890	\$ 30,848
Change in assumptions	28,680	74,897
Net difference between projected and actual earnings on OPEB plan investments	-	48,047
Changes in proportion	-	141,175
Employer contributions subsequent to the measurement date	80,441	-
	<u>\$ 170,011</u>	<u>\$ 294,967</u>

The deferred outflows of resources related to OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future reporting periods as follows:

Year Ended June 30,	Reduction to OPEB Expense
2024	\$ (55,383)
2025	(47,868)
2026	(65,959)
2027	(16,452)
2028	(19,735)
Thereafter	-

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2021, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

Inflation	2.50%
Salary increases, including inflation:	
• Locality – general employees	3.50 – 5.35%
• Locality – hazardous duty employees	3.50 – 4.75%
Investment rate of return, net of expenses, including inflation	GLI: 6.75%

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 6.

(Continued)

BLUE RIDGE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 7. Other Post-Employment Benefits Liability – Virginia Retirement System Plans (Continued)

Net OPEB Liabilities

The net OPEB liabilities represent each 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, 2022, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program
Total OPEB liability	\$ 3,672,085
Plan fiduciary net position	2,467,989
Employers' net OPEB liability (asset)	1,204,096
Plan fiduciary net position as a percentage of total OPEB liability	67.21%

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

Long-Term Expected Rate of Return

Group Life Insurance Program

The long-term expected rate of return on VRS investments was determined as described in Note 6.

Discount Rate

The discount rate used to measure the GLI OPEB liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2022, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2022 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' 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 OPEB liability.

(Continued)

BLUE RIDGE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 7. Other Post-Employment Benefits Liability – Virginia Retirement System Plans (Continued)

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

The following presents the net OPEB liabilities of the Authority, as well as what the Authority's net OPEB liabilities 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 discount rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
GLI Net OPEB liability	\$ 1,118,892	\$ 768,936	\$ 486,124

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 8. Other Post-Employment Benefits Liability – Local Plan

Plan Description

The Authority provides a retiree health insurance credit program that provides for a reimbursement for health insurance to its retired employees.

Benefits Provided

The Authority pays a health insurance credit up to \$45 per month to each employee with 15 years or more of service (including prior years of service with other jails or the Virginia Department of Corrections), or 5 years in the event of disability and the retiree must have retired after July 1, 2006. The monthly health insurance credit is a dollar amount for each year of service, up to a maximum of 30 years of service. It applies to the retiree portion of the premium only, and the health insurance credit cannot exceed the amount of the insurance premium paid. The maximum annual benefit is \$540. The payments are made until the death of the person covered. The plan is currently funded on a pay-as-you-go basis.

(Continued)

BLUE RIDGE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 8. Other Post-Employment Benefits Liability – Local Plan (Continued)

Employees Covered by Benefit Terms

As of the July 1, 2021 actuarial valuation, the following employees were covered by the benefit terms of the plan:

	<u>Members</u>
Inactive employees or beneficiaries:	
Currently receiving benefits	44
Active plan members	<u>247</u>
	<u><u>291</u></u>

Total OPEB Liability

The Authority's total OPEB liability of \$387,646 was measured as of June 30, 2023 and was determined based on an actuarial valuation performed as of July 1, 2021.

Actuarial Assumptions and Other Inputs

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

Salary increases 3.50%

Mortality rates: Pub-2010 General Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, and Pub-2010 General Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021.

Changes in assumptions and other inputs reflect increasing the discount rate from 3.54% to 3.65% and the payroll growth rate increasing from 3.00% to 3.50%.

Changes in the Total OPEB Liability

Balance at June 30, 2022	\$ <u>394,879</u>
Changes for the year:	
Service cost	6,075
Interest	13,990
Change in assumptions	(8,057)
Benefit payments	<u>(19,241)</u>
Net changes	<u>(7,233)</u>
Balance at June 30, 2023	<u><u>\$ 387,646</u></u>

(Continued)

BLUE RIDGE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 8. Other Post-Employment Benefits Liability – Local Plan (Continued)

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

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current discount rate:

	1.00% Decrease (2.65%)	Current Discount Rate (3.65%)	1.00% Increase (4.65%)
Total OPEB liability	\$ 443,292	\$ 387,646	\$ 342,191

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

For the year ended June 30, 2023, the Authority recognized OPEB expense of \$42,312. At June 30, 2023, the Authority reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 65,487	\$ 106,029
Difference between expected and actual experience	44,741	-
	<u>\$ 110,228</u>	<u>\$ 106,029</u>

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Increase (Reduction) to OPEB Expense
2024	\$ 22,247
2025	22,247
2026	1,649
2027	(8,966)
2028	(1,223)
Thereafter	(31,755)

(Continued)

BLUE RIDGE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 9. Interfund Transfers

The following interfund transfers are included in the fund financial statements at June 30, 2023:

	<u>Transfers In</u>	<u>Transfers Out</u>
Operating Fund	\$ 244,113	\$ -
Canteen Fund	<u>-</u>	<u>244,113</u>
	<u>\$ 244,113</u>	<u>\$ 244,113</u>

Transfers between the Operating Fund and the Canteen Fund include grant revenues for reimbursement of eligible expenses.

Note 10. Risk Management

The Authority contracts with the Virginia Association of Counties Group Self-Insurance Risk Pool (VACORP) for property, liability, automobile, Line of Duty Act, and worker's compensation. VACORP provides coverage and risk management expertise to local government entities throughout Virginia. VACORP is governed by a Supervisory Board that is comprised of pool members that have a common interest.

There have been no settlements which exceeded insurance coverage in the past five years. Unemployment insurance is fully self-insured. The Authority's liability is generally limited to insurance policy deductibles unless claims exceed policy amounts.

Note 11. Unearned Revenue

In May 2021, the Authority entered into a contract with Global Tel*Link Corporation for inmate telephone services through July 2026. The Authority receives annually a payment net of management fees of \$1,274,000 representing one year of phone commissions, net of management fees to be charged over the one year period. The funds received were recorded in unearned revenue and will be recognized as revenue over the one year period. The unearned revenue balance at June 30, 2023 was \$1,380,167.

Note 12. Commitments and Contingencies

Contingencies

The Authority may be involved in potential litigation arising in the ordinary course of business. It is management's belief that any liability resulting from such litigation would not be material related to the Authority's financial position.

Due to other government

At June 30, 2023, \$212,618 was due to a member locality for an overpayment of the current year contributions. Annual requirements for each member locality are estimated upon estimated inmate population by locality. Subsequent to each fiscal year end, each locality's contribution is revised based on an actual inmate population by locality.

(Continued)

BLUE RIDGE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 13. Allocation of Unrestricted Net Position

At June 30, 2023, the Authority has allocated its unrestricted net position as follows:

Designated	
Operating reserve funds	\$ 6,133,368
Debt service reserve	295,491
Capital services	166,914
Undesignated	<u>12,311,136</u>
 Total unrestricted net position	 <u>\$ 18,906,909</u>

The Authority maintains a formal policy which provides guidance in establishing and maintaining reserves of net position. As of June 30, 2023 all reserve balances were in compliance with the stated policy.

Note 14. Pending Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective. The effective dates below are updated based on **Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*** due to the COVID-19 pandemic.

In April 2022, the GASB issued **Statement No. 99, *Omnibus 2022***. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, the GASB issued **Statement No. 100, *Accounting Changes and Error Corrections***. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

(Continued)

BLUE RIDGE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 14. Pending Pronouncements (Continued)

In June 2022, the GASB issued **Statement No. 101**, *Compensated Absences*. This statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

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

THIS PAGE INTENTIONALLY BLANK

**REQUIRED
SUPPLEMENTARY INFORMATION**

BLUE RIDGE REGIONAL JAIL AUTHORITY

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
June 30, 2023**

	Plan Year Ending June 30,			
	2022	2021	2020	2019
Total Pension Liability				
Service cost	\$ 2,435,765	\$ 2,445,081	\$ 2,472,602	\$ 2,391,134
Interest on total pension liability	3,885,322	3,379,939	3,188,076	2,988,065
Difference between expected and actual experience	(774,276)	(627,608)	(608,564)	(462,180)
Changes in assumptions	-	2,405,019	-	1,491,639
Benefit payments, including refunds of employee contributions	(2,709,155)	(2,392,928)	(2,026,459)	(1,702,626)
Net change in total pension liability	2,837,656	5,209,503	3,025,655	4,706,032
Total pension liability – beginning	56,479,141	51,269,638	48,243,983	43,537,951
Total pension liability – ending	59,316,797	56,479,141	51,269,638	48,243,983
Plan Fiduciary Net Position				
Contributions – employer	1,660,123	1,736,127	1,759,986	1,685,766
Contributions – employee	671,103	701,149	745,202	707,053
Net investment income	(97,345)	13,971,946	948,988	3,098,901
Benefit payments, including refunds of employee contributions	(2,709,155)	(2,392,928)	(2,026,459)	(1,702,626)
Administrative expenses	(39,950)	(33,790)	(31,209)	(29,078)
Other	1,505	1,325	(1,140)	(1,963)
Net change in plan fiduciary net position	(513,719)	13,983,829	1,395,368	3,758,053
Plan fiduciary net position – beginning	64,558,798	50,574,969	49,179,601	45,421,548
Plan fiduciary net position – ending	64,045,079	64,558,798	50,574,969	49,179,601
Net pension liability (asset) – ending	\$ (4,728,282)	\$ (8,079,657)	\$ 694,669	\$ (935,618)
Plan fiduciary net position as a percentage of total pension liability	107.97%	114.31%	98.65%	101.94%
Covered payroll	\$ 13,766,026	\$ 14,333,516	\$ 14,925,940	\$ 14,490,849
Net pension liability (asset) as a percentage of covered payroll	-34.35%	-56.37%	4.65%	-6.46%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year – i.e., plan year 2014 information was presented in the entity's fiscal year 2015 financial report.

This schedule is intended to show information for 10 years. Since fiscal year 2015 (plan year 2014) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

The Notes to Required Supplementary Information are an integral part of this statement.

Plan Year Ending June 30,				
2018	2017	2016	2015	2014
\$ 2,414,897	\$ 2,601,205	\$ 2,558,425	\$ 2,497,987	\$ 2,450,436
2,798,713	2,607,660	2,398,797	2,162,432	1,922,890
(899,307)	(746,552)	(656,322)	(216,343)	-
-	(244,355)	-	-	-
(1,515,937)	(1,461,309)	(1,172,989)	(961,865)	(940,731)
2,798,366	2,756,649	3,127,911	3,482,211	3,432,595
40,739,585	37,982,936	34,855,025	31,372,814	27,940,219
43,537,951	40,739,585	37,982,936	34,855,025	31,372,814
1,766,984	1,731,911	1,959,823	1,930,265	2,275,898
733,843	726,473	740,014	728,359	707,078
3,104,223	4,481,614	647,489	1,466,375	4,050,423
(1,515,937)	(1,461,309)	(1,172,989)	(961,865)	(940,731)
(25,497)	(24,453)	(20,026)	(18,075)	(19,905)
(2,819)	(4,042)	(262)	(317)	213
4,060,797	5,450,194	2,154,049	3,144,742	6,072,976
41,360,751	35,910,557	33,756,508	30,611,766	24,538,790
45,421,548	41,360,751	35,910,557	33,756,508	30,611,766
\$ (1,883,597)	\$ (621,166)	\$ 2,072,379	\$ 1,098,517	\$ 761,048
104.33%	101.52%	94.54%	96.85%	97.57%
\$ 14,767,739	\$ 14,446,030	\$ 14,859,114	\$ 14,601,097	\$ 14,182,865
-12.75%	-4.30%	13.95%	7.52%	5.37%

BLUE RIDGE REGIONAL JAIL AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2023

Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 1,937,521	\$ 1,937,521	\$ -	\$ 14,761,334	13.13 %
2022	1,660,123	1,660,123	-	13,766,026	12.06
2021	1,736,127	1,736,127	-	14,333,516	12.11
2020	1,759,986	1,759,986	-	14,925,940	11.79
2019	1,685,766	1,685,766	-	14,490,849	11.63
2018	1,766,984	1,766,984	-	14,767,739	11.97
2017	1,731,911	1,731,911	-	14,446,030	11.99
2016	1,964,375	1,964,375	-	14,859,114	13.22
2015	1,930,265	1,930,265	-	14,601,097	13.22

This schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

The covered payroll amounts above are for the Authority's fiscal year – i.e., the covered payroll on which required contributions were based for the same year.

BLUE RIDGE REGIONAL JAIL AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY – VRS

June 30, 2023

Entity Fiscal Year Ended June 30,	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Virginia Retirement System – Group Life Insurance					
2023	0.06 %	\$ 768,936	\$ 13,766,026	5.59 %	67.21 %
2022	0.07	813,825	14,333,516	5.68	67.45
2021	0.07	1,215,914	14,925,940	8.15	52.64
2020	0.07	1,201,000	14,490,849	8.29	52.00
2019	0.08	1,182,000	14,767,739	8.00	51.22
2018	0.08	1,191,000	14,446,030	8.24	48.86

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the measurement period, which is the twelve months prior to the entity's fiscal year.

BLUE RIDGE REGIONAL JAIL AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS – VRS
June 30, 2023

Entity Fiscal Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Virginia Retirement System – Group Life Insurance					
2023	\$ 80,441	\$ 80,441	\$ -	\$ 14,761,334	0.54 %
2022	75,050	75,050	-	13,766,026	0.54
2021	77,998	77,998	-	14,333,516	0.54
2020	77,974	77,974	-	14,925,940	0.52
2019	75,420	75,420	-	14,490,849	0.52
2018	76,978	76,978	-	14,767,739	0.52

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the entity's fiscal year – i.e., the covered payroll on which required contributions were based for the same year.

BLUE RIDGE REGIONAL JAIL AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS – LOCAL PLAN June 30, 2023

	Plan Year					
	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 6,075	\$ 6,052	\$ 13,695	\$ 13,399	\$ 4,876	\$ 4,817
Interest cost	13,990	13,818	10,250	10,038	9,351	8,999
Changes in assumptions	(8,057)	(125,044)	-	177,427	-	-
Difference between actual and expected experience	-	37,831	-	20,466	6,758	5,939
Benefit payments	(19,241)	(18,563)	(13,956)	(13,654)	(10,505)	(10,381)
Net change in total OPEB liability	(7,233)	(85,906)	9,989	207,676	10,480	9,374
Total OPEB liability – beginning	394,879	480,785	470,796	263,120	252,640	243,266
Total OPEB liability – ending	387,646	394,879	480,785	470,796	263,120	252,640
Plan Fiduciary Net Position						
Contributions – employer	19,241	18,563	13,956	13,654	10,505	10,381
Benefit payments	(19,241)	(18,563)	(13,956)	(13,654)	(10,505)	(10,381)
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position – beginning	-	-	-	-	-	-
Plan fiduciary net position – ending	-	-	-	-	-	-
Net OPEB liability – ending	\$ 387,646	\$ 394,879	\$ 480,785	\$ 470,796	\$ 263,120	\$ 252,640
Plan fiduciary net position as a percentage of total OPEB liability	0%	0%	0%	0%	0%	0%
Covered payroll	\$ 10,869,215	\$ 10,501,657	\$ 15,371,534	\$ 15,070,131	\$ 13,557,411	\$ 13,291,579
Net OPEB liability as a percentage of covered payroll	4%	4%	3%	3%	2%	2%

This schedule is intended to show information for 10 years. Since fiscal year 2018 is the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

The Notes to Required Supplementary Information are an integral part of this statement.

BLUE RIDGE REGIONAL JAIL AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2023

Note 1. Changes of Benefit Terms

Pension

There have been no actuarially material changes to the Virginia Retirement System (the “System”) benefit provisions since the prior actuarial valuation.

Other Post-Employment Benefits (OPEB)

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

Note 2. Changes of Assumptions

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

Largest 10 – Non-Hazardous Duty:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.
- Applicable to: Pension and GLI OPEB

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.
- Applicable to: Pension and GLI OPEB

(Continued)

BLUE RIDGE REGIONAL JAIL AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2023

Note 2. Changes of Assumptions (Continued)

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

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to line of duty rates.
- No change to discount rate.
- Applicable to: Pension and GLI OPEB

All Others (Non 10 Largest) – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal 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.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.
- Applicable to: Pension and GLI OPEB

THIS PAGE INTENTIONALLY BLANK

COMPLIANCE SECTION

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

To The Honorable Members of
the Board of Directors
Blue Ridge Regional Jail Authority
Lynchburg, Virginia

We have audited, 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, the financial statements of the business-type activities, the major fund, and aggregate remaining fund information of the Blue Ridge Regional Jail Authority (the "Authority") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated October 19, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. **However, as described in the accompanying schedule of finding and response, we identified a certain deficiency in internal control as Item 2023-001 that we consider to be a significant deficiency.**

Report on Compliance and Other Matters

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

Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the finding identified in our audit and described in the accompanying schedule of finding and response. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
October 19, 2023

BLUE RIDGE REGIONAL JAIL AUTHORITY

SUMMARY OF COMPLIANCE MATTERS

June 30, 2023

As more fully described in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the Authority's compliance with certain provisions of laws, regulations, contracts, and grants shown below:

STATE COMPLIANCE MATTERS

Code of Virginia

- Cash and Investment Laws
- Conflicts of Interest Act
- Debt Provisions
- Inmate Canteen Funds
- Local Retirement Systems
- Procurement Laws
- Uniform Disposition of Unclaimed Property Act

BLUE RIDGE REGIONAL JAIL AUTHORITY

SCHEDULE OF FINDING AND RESPONSE

June 30, 2023

A. FINDING – FINANCIAL STATEMENT AUDIT

2023-001: Segregation of Duties (Significant Deficiency)

Condition:

An important aspect of any internal control system is the segregation of duties. Not all duties at the Authority related to system access have been adequately segregated. In an ideal system, no individual would perform more than one duty in connection with any transaction or series of transactions. With limited staff, sufficiently separating duties can be difficult or even impossible. As with all areas of internal control, management and those charged with governance should make careful decisions about the cost versus benefit of any internal control.

Recommendation:

Steps should be taken to eliminate performance of conflicting duties where possible or to implement effective compensating controls.

Management's Response:

Management will continue to monitor and evaluate opportunities to further segregate duties while considering the cost versus benefit of those changes.

THIS PAGE INTENTIONALLY BLANK