Virginia Peninsula Regional Jail Authority

Basic Financial Statements and Supplementary Information

(With Report of Independent Auditor Thereon)

As of and for Year Ended June 30, 2024

Virginia Peninsula Regional Jail Authority

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Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

To the Board of Directors
Virginia Peninsula Regional Jail Authority
Williamsburg, Virginia

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the aggregate remaining fund information of the Authority, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 "Specifications"). Our responsibilities under those standards and Specifications are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards,* and the Specifications, 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 the pension and other postemployment benefits trend 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.

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Statistical 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 18, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Richmond, Virginia
October 18, 2024

This section of the Virginia Peninsula Regional Jail Authority's (Authority) annual financial report presents our discussion and analysis of the Authority's financial performance as of and for the fiscal year ended June 30, 2024.

Financial Highlights

The Authority's net position increased by $1,650,892 for fiscal year 2024. The increase was primarily due to higher revenue from the Commonwealth and fees from the member jurisdictions. Total assets increased by $1,138,760 due to the higher pension assets and current assets. Deferred inflows of resources experienced a decrease of ($337,589) primarily due to a decrease in pension and OPEB related inflows.

Overview of the Financial Statements

This report has two components - Management's Discussion and Analysis (this section) and the basic financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements. The basic financial statements are comprised of the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows, and notes to the financial statements.

Transactions are accounted for under the economic resources measurement focus and the accrual basis of accounting utilizing an enterprise fund. Accordingly, revenues are recognized in the period earned and expenses are recognized when they are incurred. Enterprise funds are used to account for activities that are financed and operated similar to those often found in the private sector.

The Statement of Net Position presents information on the Authority's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. However, it is also important to consider other nonfinancial factors, such as changes in economic conditions, population, and service area growth, and new or changed legislation.

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. Notes to the financial statements are an integral part of the statements and should be read in conjunction with the financial statements and the Management's Discussion and Analysis.

The Authority is also responsible for the assets of an Inmate Trust Fund. The Authority is responsible for ensuring that the assets reported in this fund are used for their intended purposes. This fiduciary activity is reported as a custodial fund in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. This activity is excluded from the Authority's other financial statements because the Authority cannot use the Inmate Trust Fund's assets to finance its operations.

Financial Analysis

Statements of Net Position

	6/30/2024	6/30/2023
Current and other assets	$ 10,567,316	$ 9,369,817
Capital assets, net	12,422,767	13,220,357
Net pension asset	6,652,572	5,913,721
Total assets	29,642,655	28,503,895
Deferred outflows of resources	357,623	360,426
Total assets and deferred outflows of resources	$ 30,000,278	$ 28,864,321
Current liabilities	$ 434,491	$ 231,939
Long-term liabilities	2,010,084	2,389,982
Total liabilities	2,444,575	2,621,921
Deferred inflows of resources	898,201	1,235,790
Net position:		
Net investment in capital assets	11,543,830	12,098,099
Restricted	6,652,572	5,913,721
Unrestricted	8,461,100	6,994,790
Total net position	26,657,502	25,006,610
Total liabilities, deferred inflows of resources, and net position	$ 30,000,278	$ 28,864,321

Total assets increased by $1,138,760 from fiscal year 2023, primarily due to an increase in the Authority's net pension asset and current assets. Total liabilities experienced a slight decrease of ($177,346) primarily due to a decrease in long-term liabilities related to leases. Total net position was $25,006,610 and $26,657,502 at June 30, 2023 and 2024, respectively.

Statements of Revenues, Expenses and Changes in Net Position for the Year Ended

	6/30/2024	6/30/2023
Operating revenues:		
Fees from member jurisdictions	$ 7,003,089	$ 6,077,964
Commonwealth of Virginia	6,366,248	5,455,985
Federal government	104,879	50,912
Other	1,153,557	1,108,888
Total operating revenues	14,627,773	12,693,749
Operating expenses:		
Salaries and benefits	6,703,642	6,087,300
Contractual services	2,360,991	2,583,482
Depreciation and amortization	945,421	973,542
Other	2,877,564	2,235,464
Total operating expenses	12,887,618	11,879,788
Operating income	1,740,155	813,961
Nonoperating revenues (expenses):		
Interest expense	(22,928)	(27,279)
Interest income	345,110	168,664
(Loss) gain on disposal of capital assets	(411,445)	6,709
Net nonoperating revenues (expenses)	(89,263)	148,094
Change in net position	1,650,892	962,055
Net position, beginning of year	25,006,610	24,044,555
Net position, end of year	$ 26,657,502	$ 25,006,610

Operating revenues increased by $1,934,024, due to fees from the member jurisdictions and the Commonwealth. Operating expenses increased by $1,007,830 primarily due to increased salary expenses and repairs to the facility. Change in net position was $1,650,892 for 2024.

Capital Assets

	6/30/2024	6/30/2023
Nondepreciable	$ 881,571	$ 881,571
Depreciable, net	11,535,868	12,273,303
Leased assets, net	5,328	65,483
Capital assets, net	$ 12,422,767	$ 13,220,357

During fiscal year 2024, the Authority replaced the hot water system and installed two cooling towers. Also, the parking lot was repaved and new inmate tracking software was purchased. A higher threshold for capitalization was implemented in 2024 leading to the disposal of assets below the new thresholds. The net effect of this activity and the current year's depreciation expense collectively comprises the decrease of ($797,590) in capital assets from 2023.

Additional information can be found in Note 3 to the basic financial statements regarding capital assets, and Notes 1 and 7 regarding the lease standard.

Debt Administration

In February 2013, the Authority signed a $1,766,000 financed purchase agreement, with an interest rate of 2.85%, with Siemens Public, Inc. The agreement is part of an Energy Performance Contract, with the proceeds of the agreement held in an escrow account with UMB Corporate Trust Services. The balance of the financed purchase agreement at June 30, 2024, and 2023, was $723,372 and $858,361, respectively.

In January 2022, the Authority signed a $245,008 financed purchase agreement, with an interest rate of 2.04%, with York County for the purchase of Motorola radios. The balance of the financed purchase agreement at June 30, 2024, and 2023, was $149,963 and $197,965, respectively.

Additional information can be found in Note 4 to the basic financial statements.

Economic Factors and Next Year's Budget

The Authority adopts an annual budget for its operating and capital activities for the purpose of determining the annual contributions from the member jurisdictions required to fund these activities. The fiscal year 2025 approved budget for the Authority is $15,132,105. This budget reflects an increase of $974,845 above fiscal year 2024 and is primarily due to expenses directly related to staffing the jail.

The Authority will continue to face challenges in the upcoming fiscal year to address staffing shortages and the costs associated with recruitment and retention. The upcoming fiscal year will see continued improvements with facilities upgrades related to maintaining an aging facility. There will also be replacements of security equipment to keep current with ever-changing technology and hardware infrastructure.

Request for Financial Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to the James City County Department of Financial and Management Services, 101-F Mounts Bay Road, P.O. Box 8784, Williamsburg, Virginia 23187-8784.

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Virginia Peninsula Regional Jail Authority

Statement of Net Position

June 30, 2024

Assets		
Cash and short-term investments (Note 2)	$	9,029,854
Due from the Commonwealth of Virginia		1,402,302
Due from James City County, net (Note 8)		2,594
Accounts receivable		63,852
Lease interest receivable (Note 7)		297
Lease receivable (Note 7):		
Due within one year		3,430
Due in more than one year		52,749
Capital assets, net (Note 3):		
Nondepreciable		881,571
Depreciable, net		11,535,868
Lease asset, net (Note 7)		5,328
Net pension asset (Note 5)		6,652,572
Total assets		29,630,417
Deferred outflows of resources		
Deferred pension outflows (Note 5)		274,083
Deferred retiree healthcare OPEB outflows (Note 6)		27,925
Deferred GLI OPEB outflows (Note 6)		55,615
Total deferred outflows of resources		357,623
Total assets and deferred outflows of resources	$	29,988,040
Liabilities		
Accounts payable	$	395,365
Due to fiduciary fund		14,210
Interest payable		1,718
Lease interest payable (Note 7)		65
Accrued payroll		10,895
Long-term liabilities (Notes 4 and 7):		
Due within one year		910,762
Due in more than one year		1,099,322
Total liabilities		2,432,337
Deferred inflows of resources		
Deferred lease inflows (Note 7)		52,530
Deferred pension inflows (Note 5)		586,361
Deferred retiree healthcare OPEB inflows (Note 6)		170,662
Deferred GLI OPEB inflows (Note 6)		88,648
Total deferred inflows of resources		898,201
Net position		
Net investment in capital assets		11,543,830
Restricted for pensions		6,652,572
Unrestricted		8,461,100
Total net position		26,657,502
Total liabilities, deferred inflows of resources, and net position	$	29,988,040

See accompanying notes to financial statements.

Virginia Peninsula Regional Jail Authority

Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2024

Operating revenues	
Fees from member jurisdictions	$ 7,003,089
Commonwealth of Virginia	6,366,248
Telephone commissions	750,000
Miscellaneous	238,636
Canteen sales	101,461
Federal government	104,879
Work release fees	47,661
Home Electronic Incarceration fees	5,046
Donations	6,250
Lease revenues (Note 7)	4,503
Total operating revenues	14,627,773
Operating expenses	
Salaries and benefits	6,703,642
Contractual services	2,360,991
Depreciation and amortization (Note 3)	945,421
Utilities	551,316
Food and food supplies	424,219
Other supplies	165,103
Medical supplies	275,295
Building and field maintenance	590,536
Fiscal agent fee (Note 8)	133,339
Insurance	95,590
Transportation	60,627
Staff clothing	41,870
Inmate betterment	35,336
Furniture and equipment	305,164
Inmate clothing	58,779
Staff development	28,490
Advertising	13,294
Indigent expenses	17,450
Software	46,841
Other	29,323
Donations	4,992
Total operating expenses	12,887,618
Operating income	1,740,155
Nonoperating revenues (expenses)	
Interest income	345,110
Interest expense	(22,928)
Loss on disposal of capital assets (Note 3)	(411,445)
Net nonoperating expenses	(89,263)
Changes in net position	1,650,892
Net position, beginning of year	25,006,610
Net position, end of year	$ 26,657,502

See accompanying notes to financial statements.

Virginia Peninsula Regional Jail Authority

Statements of Cash Flows

Year Ended June 30, 2024

Cash flows from operating activities:	
Cash received from customers	$ 13,672,330
Cash payments to suppliers for goods and services	(5,028,759)
Cash payments for personnel services	(7,917,583)
Net cash provided by operating activities	725,988
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(616,134)
Proceeds from sale of capital assets	56,858
Principal payments on debt	(182,991)
Payment of lease liabilities	(60,330)
Interest paid	(23,357)
Net cash used in capital and financing activities	(825,954)
Cash flows from investment activities:	
Lease payments received	3,329
Interest received	345,119
Net cash provided by investing activities	348,448
Increase in cash and short-term investments	248,482
Cash and short-term investments, beginning of year	8,781,372
Cash and short-term investments, end of year	$ 9,029,854
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 1,740,155
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	945,421
Pension recovery, net of employer contributions	(995,210)
Retiree healthcare OPEB expense, net of employer contributions	(55,343)
Group life insurance OPEB expense, net of employer contributions	(39,369)
Lease income	(4,503)
Changes in operating assets and liabilities:	
Due from James City County	(964)
Accounts receivable	(954,479)
Accounts payable	184,763
Due to fiduciary fund	29,536
Accrued payroll	(8,230)
Compensated absences	(115,789)
Total adjustments	(1,014,167)
Net cash provided by operating activities	$ 725,988

See accompanying notes to financial statements.

Virginia Peninsula Regional Jail Authority

Statement of Fiduciary Net Deficit

June 30, 2024

		Inmate Trust Fund
Assets		
Cash and short-term investments (Note 2)	$	28,035
Due from other funds		14,210
Total assets	$	42,245
Liabilities		
Accounts payable	$	29,413
Amounts held for others		14,752
Total liabilities	$	44,165
Net deficit		
Unrestricted	$	(1,920)
Total net deficit	$	(1,920)

See independent auditor's report.

Virginia Peninsula Regional Jail Authority

Statement of Changes in Fiduciary Net Position (Deficit)

Year Ended June 30, 2024

		Inmate Trust Fund
Additions		
Inmate contributions	$	527,765
Other		29,537
Total additions		557,302
Deductions		
Inmate expenses		565,971
Changes in net position		(8,669)
Net position, beginning of year		6,749
Net position (deficit), end of year	$	(1,920)

See independent auditor's report.

1) Summary of Significant Accounting Policies

The Virginia Peninsula Regional Jail Authority (the Authority) was created as a political subdivision of the Commonwealth of Virginia by resolutions adopted in 1993, by and between the Cities of Poquoson, Virgina, and Williamsburg, Virginia, (the Cities) and the Counties of James City, Virginia, and York, Virginia, (the Counties), pursuant to the provisions of Article 3.1, Chapter 3, Title 53.1 of the Code of Virginia, as amended. The Authority is governed by a seven-member board of directors (the Board), consisting of one representative from each member jurisdiction and the sheriff of each jurisdiction that has a sheriff. The host jurisdiction, James City County (the County), is also entitled to an additional member who was appointed in January 1998. The general purpose of the Authority is to maintain and operate a regional jail and the Authority began accepting prisoners on June 14, 1997.

Financial Reporting Entity

The Authority is a legally separate organization. Neither the City Councils of the Cities nor the Boards of Supervisors of the Counties can impose their will on the Authority and there is no potential financial benefit or burden in the relationship. Accordingly, the Authority is not considered a component unit of any of the Cities or the Counties. The County is the fiscal agent for the Authority.

Basis of Accounting and Measurement Focus

The Authority prepares its financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority uses the economic resources management focus and the accrual basis of accounting similar to an enterprise fund. Accordingly, revenues are recognized in the period earned and expenses are recognized when they are incurred. Enterprise funds are used to account for activities that are financed and operated similar to those often found in the private sector. An enterprise fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from the Authority's ongoing operations. Operating revenues are comprised primarily of fees from member jurisdictions and intergovernmental revenues. Operating expenses include salaries and benefits, contractual services, supplies and depreciation. Revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses. The Authority generally first uses restricted resources for expenses incurred for which both restricted and unrestricted net position are available.

Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash, and (b) so near the maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, the Authority considers investments with original maturities of three months or less to be cash equivalents.

Capital Assets

In fiscal year 2024, the Authority implemented new capital asset thresholds as noted in the below table, and this change was treated prospectively as a change in accounting estimate. Previously, the Authority capitalized assets with a historical cost or acquisition value at the time of donation of $5,000 or greater.

Asset Class	Threshold	Asset Class	Threshold
Land	All	Right-to-Use: Land Leases	All
Land improvements	$ 10,000	Right-to-Use: Building Leases	$ 50,000
Easements	$ 10,000	Right-to-Use: Equipment Leases	$ 10,000
Intangibles	$ 10,000	Right-to-Use: SBITAs	$ 10,000
Buildings	$ 50,000		
Building improvements	$ 25,000		
Infrastructure	$ 25,000		
Equipment	$ 10,000		
Vehicles	$ 10,000		

1) Summary of Significant Accounting Policies, Continued

The costs of major improvements are capitalized while the cost of maintenance and repairs, which do not improve or extend the list of an asset, are expensed. When capital assets are sold or retired, the cost and related accumulated depreciation, if applicable, are removed from the accounts, and any resulting gain or loss on disposal is included in non-operating revenues (expenses). Depreciation of capital assets is calculated on the straight-line basis over the following estimated useful lives:

Buildings and improvements	10-40 years
Furniture, equipment, and vehicles	3-12 years
Right to Use Leased asset - equipment	1-6 years

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources until then. Deferred inflows represent an acquisition of net position that is applicable to a future reporting period and, therefore, will not be recognized as an inflow of resources until that time.

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

- ***Contributions subsequent to the measurement date for pension and OPEB:*** These contributions are always a deferred outflow, which 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 in the measurement of the net pension asset 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.
- ***Differences resulting from changes in proportion of the collective net OPEB liabilities:*** This difference will be recognized in pension and 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 the closed five-year period and may be reported as a deferred outflow or inflow as appropriate.
- ***Differences resulting from changes in assumptions on pension plan or OPEB investments:*** These differences will be recognized in pension or OPEB expense over the estimated remaining service life of employees subject to the plan.
- ***Value of lease receivables plus any payments received at or before the commencement of the lease term that relate to future periods:*** These values will be recognized as inflows of resources systematically over the term of the lease.

Fees from Member Jurisdictions

Fees from member jurisdictions consist of charges billed on a rolling five-year utilization average. The member's annual charge is based on the ratio of each member jurisdiction's bed usage in the jail during the preceding five fiscal years to the aggregate usage of space by all member jurisdictions during the same five fiscal years.

Estimates

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

1) Summary of Significant Accounting Policies, Continued

Leases

Lessee: The Authority is a lessee for noncancellable leases of equipment. The Authority recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the statement of net position. The Authority recognizes lease liabilities with an initial, individual value based on the right-to-use value indicated in the capital asset section.

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

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

- The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. In addition, the likelihood of any extension, renewal, or termination option is assessed in determining the lease term.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

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

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

Lessor: The Authority is a lessor for a noncancellable lease of property. The Authority recognizes a lease receivable and a deferred inflow of resources in the statement of net position.

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

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

- The Authority uses the interest rate included in the lease as the discount rate. When the interest rate is not provided, the interest rate implicit in the lease is determined and used as the discount rate.
- The lease term includes the non-cancellable period of the lease. In addition, the likelihood of any extension, renewal, or termination option is assessed in determining the lease term.
- Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

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

2) Cash and Short-Term Investments

The Authority's cash and short-term investments at June 30, 2024, consisted of the following:

	Authority	Fiduciary Fund
Bank deposits	$ 977,027	$ 28,035
Short-term investments	8,052,827	-
Total	$ 9,029,854	$ 28,035

Deposits with banks are fully covered by Federal Deposit Insurance Corporation (FDIC) or collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the *Code of Virginia*. The Authority's investments at June 30, 2024, were as follows:

Investment Type	Cost	Fair Value	Level	Maturity	Rated
LGIP (amortized cost)	$ 8,052,827	$ 8,052,827	N/A	1 day	AAAm

Investment Policy

The Authority utilizes the policies and procedures of the James City County Treasurer; therefore, the Investment Policy (Policy) of the County is used. In accordance with the Code of Virginia and other applicable law, including regulations, the Authority's Policy permits investments in U.S. government obligations, municipal obligations, commercial paper, certain corporate notes, bankers' acceptances, repurchase agreements, negotiable certificates of deposit, bank deposit notes, mutual funds, and the State Treasurer's Local Government Investment Pool (the Virginia LGIP, which measures its investments at amortized cost). The Policy establishes limitations on the holdings of non-U.S. government obligations. The maximum percentage of the portfolio (book value at the date of acquisition) permitted in each security is as follows:

U.S. Treasury obligations	100% maximum
Federal Agency obligations	100% maximum
Registered money market mutual funds	100% maximum
Commonwealth of Virginia LGIP	100% maximum
Bank deposits	100% maximum
Repurchase agreements	50% maximum
Bankers' acceptances	40% maximum
Commercial paper	35% maximum
Negotiable certificates of deposit/bank notes	20% maximum
Municipal obligations	20% maximum
Corporate notes	15% maximum

Credit Risk

As required by state statute, the Policy requires that commercial paper have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two of the following: Moody's Investors Service, Standard & Poor's, Fitch Investor's Service, and Duff and Phelps. Corporate notes must have a minimum of "Aa" long-term debt rating by Moody's Investors Service and a minimum of "AA" long-term debt rating by Standard & Poor's. Negotiable certificates of deposit and bank deposit notes maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investors Service. Notes having a maturity of greater than one year must be rated "AA" by Standard & Poor's and "Aa" by Moody's Investors Service. Although state statute does not impose credit standards on repurchase agreement counterparties, bankers' acceptances or money market mutual funds, the Authority has established stringent credit standards for these investments to minimize portfolio risk. As of June 30, 2024, the Authority's investment in LGIP was rated AAAm by Standard & Poor's.

Concentration of Credit Risk

The Policy establishes limitations on portfolio composition by issuer to control concentration of credit risk.

2) Cash and Short-Term Investments, Continued

No more than 5% of the Authority's portfolio will be invested in the securities of any single issuer with the following exceptions:

U.S. Treasury	100% maximum
Commonwealth of Virginia LGIP	100% maximum
Each bank deposit institution	100% maximum
Each money market mutual fund	50% maximum
Each federal agency	35% maximum
Each repurchase agreement counterparty	25% maximum

At June 30, 2024, the Authority's portfolio was invested entirely in the Commonwealth of Virginia LGIP account.

Interest Rate Risk

As a means of limiting exposure to fair value losses arising from rising interest rates, the Authority's Policy limits the investment of short-term operating funds to an average weighted maturity of no more than 180 days, with a portion of the portfolio continuously invested in readily available funds. The operating fund core portfolio will be invested in permitted investments with a stated maturity of no more than five years from the date of purchase. To control the volatility of the core portfolio, the Treasurer will determine a duration target, not to exceed three years.

Proceeds from the sale of bonds must be invested in compliance with the specific requirements of the bond covenants and may be invested in securities with longer maturities, so long as the maturity does not exceed the expected disbursement date of those funds.

Custodial Credit Risk

The Policy requires all investment securities purchased by the Authority or held as collateral on deposits or investments shall be held by the Authority or by a third-party custodial agent who may not otherwise be a counterparty to the investment transaction. As of June 30, 2024, the Authority's investments are held in a bank's trust department in its name.

3) Capital Assets

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2024.

	Balances July 1, 2023	Increases	Decreases	Balances June 30, 2024
Capital assets, non-depreciable:				
Land and land improvements	$ 881,571	$ -	$ -	$ 881,571
Capital assets, depreciable:				
Land improvements	72,800	175,461	-	248,261
Intangibles	41,250	38,800	-	80,050
Buildings and improvements	31,092,385	401,873	566,964	30,927,294
Furniture, equipment, and vehicles	2,828,462	-	934,133	1,894,329
Right to use leased asset - equipment	85,753	-	74,613	11,140
Total capital assets, depreciable	34,120,650	616,134	1,575,710	33,161,074
Less accumulated depreciation:				
Land improvements	12,133	5,102	-	17,235
Intangibles	31,433	9,062	-	40,495
Buildings and improvements	19,725,293	799,882	250,520	20,274,655
Furniture, equipment, and vehicles	1,992,734	127,886	838,940	1,281,680
Right to use leased asset - equipment	20,270	3,489	17,947	5,812
Total accumulated depreciation	21,781,864	945,421	1,107,407	21,619,878
Total capital assets, depreciable, net	12,338,786	(329,287)	468,303	11,541,196
Net capital assets	$ 13,220,357	$ (329,287)	$ 468,303	$ 12,422,767

3) Capital Assets, Continued

Based on the new capitalization thresholds discussed in Note 1, capital assets and right-to-use leased assets below the new thresholds were written off as well as their corresponding lease liability and lease interest payable. Below is a reconciliation of the total decreases in the above table.

Statement of Revenues, Expenses, and Changes in Net Position - Loss on sale/disposal of capital assets	$	(411,445)
Adjustment for prior year amortization		7,083
Reduction in lease liabilities		(63,749)
Loss on the sale of assets		(192)
Total decreases, per above	$	(468,303)

4) Long-Term Liabilities

A summary of the Authority's changes in long-term liabilities for the year ended June 30, 2024, is as follows:

	Balance 7/1/2023	Increases	Decreases	Balance 6/30/2024	Due Within One Year
Compensated absences	$ 831,660	$ 696,391	$ 812,180	$ 715,871	$ 715,871
Financed purchase payable	1,056,326	-	182,991	873,335	192,907
Retiree healthcare OPEB	212,102	-	21,937	190,165	-
Group life insurance OPEB	223,962	1,149	-	225,111	-
Lease payable	65,932	-	60,330	5,602	1,984
Total	$ 2,389,982	$ 697,540	$ 1,077,438	$ 2,010,084	$ 910,762

Compensated Absences

Authority employees are granted vacation time in varying amounts based on length of service. They may accumulate, subject to certain limitations, unused vacation leave, and upon retirement, termination or death may be compensated for certain amounts at their then current rates of pay. Accumulated vacation, sick, and holiday leave estimated to be paid upon separation at June 30, 2024 consisted of the following:

Vacation	$	324,025
Sick		130,823
Holiday		261,023
Total	$	715,871

Financed Purchases Payable

In February 2013, the Authority signed a $1,766,000 financed purchase agreement for energy efficient improvements with an interest rate of 2.85%, with Siemens Public, Inc. At June 30, 2024, the net book value of the capital assets purchased under this lease was $450,989 and the related interest payable was $1,718.

In January 2022, the Authority signed a $245,008 financed purchase agreement for Motorola radios with an interest rate of 2.040%, with the County of York. The net book value of the capital assets purchased under this lease was $206,215 at June 30, 2024.

The annual requirements under these agreements are as follows:

Year Ended	Energy Efficient Agreement		Radio Agreement	
June 30,	Principal	Interest	Principal	Interest
2025	$ 143,925	$ 19,106	$ 48,982	$ 3,059
2026	153,269	14,905	49,981	2,060
2027	163,039	10,433	51,000	1,041
2028	173,251	5,679	-	-
2029	89,888	962	-	-
Total	$ 723,372	$ 51,085	$ 149,963	$ 6,160

5) Pensions

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

Plan Description

All full-time, salaried permanent employees of the Authority are automatically covered by the VRS Retirement Plan upon employment. This multi-employer agent plan is administered by the VRS 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, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	92
Inactive members:	
Vested	28
Non-vested	198
Active elsewhere in VRS	93
Total inactive members	319
Active members	84
Total	495

Contributions

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

The Authority's contractually required contribution rate for the year ended June 30, 2024, was 5.79% 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 employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were $286,029 and $243,745 for the years ended June 30, 2024, and June 30, 2023, 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 GAAP, less the employer's fiduciary net position. For the Authority, the net pension asset was measured as of June 30, 2023.

5) Pensions, Continued

The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2022, rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions

The total pension liability for General Employees and Public Safety employees with Hazardous Duty Benefits in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.50%
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 expenses, including inflation*

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 Mortality Table with various setbacks or set forwards for both males and females.

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

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Update mortality table; adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; no change to disability rates, salary scale, line of duty disability, or discount rate.

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Update mortality table; adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70; decreased withdrawal rates to better fit experience; no change to disability rates, salary scale, line of duty disability, or discount rate

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a lognormal 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:

5) Pensions, Continued

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

** The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.*

Discount Rate

The discount rate used to measure the total pension liability at June 30, 2023 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 fiscal year 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022, actuarial valuations, whichever was greater. From July 1, 2023, on, participating employers are assumed to 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.

	Increase (Decrease)		
	Total pension liability	Plan fiduciary net pension	Net pension asset
Balances at June 30, 2022	$ 16,553,720	$ 22,467,441	$ (5,913,721)
Changes for the year:			
Service cost	781,857	-	781,857
Interest	1,142,547	-	1,142,547
Differences between expected and actual experience	(773,702)	-	(773,702)
Contributions - employer	-	243,717	(243,717)
Contributions - employee	-	212,405	(212,405)
Net investment income	-	1,447,236	(1,447,236)
Benefit payments, including refunds of employee contributions	(817,898)	(817,898)	-
Administrative expenses	-	(14,388)	14,388
Other changes	-	583	(583)
Net changes	332,804	1,071,655	(738,851)
Balances at June 30, 2023	$ 16,886,524	$ 23,539,096	$ (6,652,572)

5) Pensions, Continued

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

The following presents the net pension asset using the discount rate of 6.75%, as well as what the 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% Decrease (5.75%)	Current discount rate (6.75%)	1% Increase (7.75%)
Net pension asset	$ (4,452,165)	$ (6,652,572)	$ (8,424,666)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources - Pensions

For the year ended June 30, 2024, the Authority recognized pension expense (recovery) of ($721,155). At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Employer contributions subsequent to measurement date	$ 274,083	$ -
Differences between expected and actual experience	-	236,409
Net difference between projected and actual earnings on plan investments	-	349,952
Total	$ 274,083	$ 586,361

The $274,083 reported as a deferred outflow of resources represents contributions subsequent to the measurement date and will be recognized as an increase to the net pension asset in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (recovery) as follows:

Year ended June 30,	Amount
2025	$ (492,072)
2026	(427,400)
2027	321,783
2028	11,328
Total	$ (586,361)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2023 Annual Report. A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at https://www.varetire.org/media/shared/pdf/publications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

6) Other Postemployment Benefits (OPEB)

Multiple Employer Cost-Sharing Plan - Retiree Healthcare

The Authority provides other post-employment healthcare benefits for qualifying retired employees who are not yet eligible for Medicare through a cost-sharing, multiple-employer defined benefit plan administered by James City County. The benefits, benefit levels, employee contributions and employer contributions are governed by the Authority and can be amended by the Authority through its personnel manual.

Plan Description

Participants must be eligible to retire under VRS and must be full-time active employees who retire directly from the Authority and are at least 55 years of age with 15 years of service. Each year, retirees participating in the Authority's sponsored plans will be given the opportunity to change plans or drop coverage during an open enrollment period. For fiscal year 2024, the pre-Medicare retirees have a choice of two plans offered by Optima.

6) Other Postemployment Benefits (OPEB), Continued

Dental plans are available at the retiree's cost and therefore, there is no employer obligation. There is no coverage for post-Medicare retirees.

Funding Policy

The Authority does not intend to establish a trust to pre-fund the obligation. The anticipated growth in the net retiree healthcare OPEB liability is based on contributions to the benefit plan on a pay-as-you-go cost basis. The data has been projected into the future based on the assumption that the current active population remains constant. Retirees contribute towards their health insurance premiums based on a blended rate and therefore, the Authority has an implicit rate obligation. The estimated contributions are based on the implicit rate subsidy payments made during the year by the retirees. Retirees pay 100% of the published rates for individual and dependent coverage until age 65.

Actuarial Methods and Assumptions

For the actuarial valuation at January 1, 2024, (measurement date of June 30, 2023), the entry age normal funding method was used. The goal of this method is that the annual accrual (or normal cost) be a level percent of pay throughout an employee's career. This method requires a salary increase assumption. The normal cost percentage is equal to the present value of benefits divided by the present value of future salary determined when the employee was hired. The actuarial accrued liability is equal to the present value of benefits minus the normal cost percentage times the present value of future salaries at the valuation date.

The actuarial assumptions included calculations based on a discount rate of 3.86% for June 30, 2023, for the unfunded liability. Benefits are discounted based on an index rate for 20-year tax-exempt general obligation (GO) municipal bonds with an average rating of AA/Aa or higher.

For the actuarial valuation dated January 1, 2024, the medical trend assumption was developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The current valuation uses the 2024 version of the model with baseline assumptions. The following assumptions were used as input variables into this model:

Inflation	2.60%
Rate of growth in real income/ GDP per capita	1.40%
Extra trend due to technology and other factors	0.90%
Expected health share of GDP in 2033	19.00%
Health share of GDP resistance point	17.00%
Year for limiting cost growth to GDP growth	2075

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection, tolerance ranges and input variables have been developed under the guidance of an SOA Project Oversight Group.

The actuarial assumptions included calculations based on salary increases of 2.85%-1.00% (general) and 2.25%-1.00% (public safety) based on years of service. The valuation assumed that 40% of participants currently with coverage will elect coverage upon retirement and that 30% of participants electing coverage at retirement will elect coverage for their spouse.

Mortality decrements used in the January 1, 2024, valuation:

- Pre-Retirement
    - General: Pub-2010 General Employees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale
    - LEOS: Pub-2010 Public Safety Employees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale

6) Other Postemployment Benefits (OPEB), Continued

- Post-Retirement
  - General: Pub-2010 General Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale
  - LEOS: Pub-2010 Public Safety Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale
- Disabled:
  - General: Pub-2010 General Disabled Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale
  - LEOS: Pub-2010 Public Safety Disabled Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale

Changes in Assumptions Since Prior Valuation

- Discount rate was updated to 3.86% (based on January 1, 2024, census data).

Retiree Healthcare OPEB Liability

At June 30, 2024, the Authority reported a retiree healthcare OPEB liability of $190,165 for its proportionate share of the County's retiree healthcare OPEB liability. The County's June 30, 2024, retiree healthcare OPEB liability was measured as of June 30, 2023, and was determined by an actuarial valuation performed January 1, 2024. The Authority's proportion of the County's retiree healthcare OPEB liability was based on the Authority's projected long-term contribution effort to the OPEB plan as compared to the total projected long-term contribution effort of all contributing entities to determine the Authority's proportion. At June 30, 2024, the Authority's proportion of the County's retiree healthcare OPEB liability was 5.53%.

Sensitivity of the Retiree Healthcare OPEB Liability to Changes in the Discount Rate

The following presents the retiree healthcare OPEB liability using the discount rate of 3.86%, as well as what the retiree healthcare OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.86%) or one percentage point higher (4.86%) than the current rate for the measurement date of June 30, 2023:

	1% Decrease (2.86%)	Current Discount Rate (3.86%)	1% Increase (4.86%)
Retiree Healthcare OPEB Liability	$ 208,465	$ 190,165	$ 173,468

Sensitivity of the Retiree Healthcare OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the retiree healthcare OPEB liability using the healthcare cost trend rate of 4.04%, as well as what the retiree healthcare OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (3.04%) or one percentage point higher (5.04%) than the current rate:

	1% Decrease (3.04%)	Medical Trend Rate (4.04%)	1% Increase (5.04%)
Retiree Healthcare OPEB Liability	$ 168,998	$ 190,165	$ 214,907

Retiree Healthcare OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

For the year ended June 30, 2024, the Authority recognized retiree healthcare OPEB expense (recovery) of ($48,290). At June 30, 2024, deferred outflows of resources and deferred inflows of resources related to retiree healthcare OPEB from the following sources were reported:

6) Other Postemployment Benefits (OPEB), Continued

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 6,931	$ 92,326
Changes of assumptions	10,271	27,522
Change in proportion	10,723	50,814
Total	$ 27,925	$ 170,662

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retiree healthcare OPEB will be recognized in retiree healthcare OPEB expense (recovery) as follows:

Year Ended	Amount
2025	$ (64,319)
2026	(54,604)
2027	(13,780)
2028	(5,015)
2029	(5,019)
Total	$ (142,737)

Virginia Retirement System Plan – Group Life Insurance

In addition to their participation in the pension plans offered through the (VRS), the Authority also participates in a cost-sharing, multi-employer other postemployment benefit plan, described as follows.

Plan Description

All full-time teachers and 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. Given that 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

The GLI is administered by the VRS along with pension and OPEB plans, for public employer groups in the Commonwealth of Virginia. This plan is considered to be a multiple-employer, cost-sharing plan.

Contributions

Contributions to the GLI OPEB program were based on actuarially determined rates from actuarial valuations as of June 30, 2022. 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 GLI OPEB program are as follows:

Governed by:	*Code of Virginia* 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, 2024 Contribution	$ 26,475

6) Other Postemployment Benefits (OPEB), Continued

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

The net GLI OPEB liability was measured as of June 30, 2023, and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the net GLI OPEB liability was based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers.

June 30, 2024 proportionate share of liability	$225,111
June 30, 2023 proportion	0.01877%
June 30, 2022 proportion	0.01860%
June 30, 2023 expense (recovery)	($10,642)

Given that there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amounts from changes in proportion. At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 22,483	$ 6,833
Net difference between projected and actual investment earnings on OPEB Plan investments	-	9,046
Changes of assumptions	4,812	15,597
Changes in proportionate share	1,845	57,172
Employer contributions subsequent to the measurement date	26,475	-
Total	$ 55,615	$ 88,648

The $26,475 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended	Increase (Reduction) to OPEB Expense
2025	$ (20,355)
2026	(26,076)
2027	(11,035)
2028	(4,616)
2029	2,574
Thereafter	-
Total	$ (59,508)

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2022, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023:

Inflation	2.50%
Salary increases, including inflation:	
Locality – General employees	3.50% – 5.35%
Locality – Hazardous duty employees	3.50% – 4.75%
Teachers	3.50% – 5.95%
Investment rate of return	6.75%; net of investment expenses, including inflation*

6) Other Postemployment Benefits (OPEB), Continued

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans (see Note 5 for details).

Net GLI OPEB Liability

The net GLI OPEB liability represents the GLI OPEB program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of the measurement date of June 30, 2023, the net OPEB liability amount for the GLI OPEB program is as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	$ 3,907,052
Plan Fiduciary Net Position	2,707,739
Net GLI OPEB Liability (Asset)	$ 1,199,313
Plan Fiduciary Net Position as a % of the Total GLI OPEB Liability	69.30%

The total GLI OPEB liability is calculated by VRS's actuary, and each plan's fiduciary net position is reported in the VRS's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GAAP in the VRS notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

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

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

** The above allocation provides for a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected 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 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.*

Discount Rate

The discount rate used to measure the GLI OPEB 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 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.

6) Other Postemployment Benefits (OPEB), Continued

Through the fiscal year ending June 30, 2023, the rate contributed by the employer for the GLI OPEB liability will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2023 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 GLI OPEB liability.

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Group Life Insurance Program Net OPEB Liability	$ 333,685	$ 225,111	$ 137,328

Group Life Insurance Program Fiduciary Net Position

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

7) Leases

Lease Receivable

The Authority leases approximately 4180 square feet of its property at 9320 Merrimac Trail to Verizon for the location of a cell tower and shed. The lease is in the first of two, ten-year renewals with the final renewal ending in February 2036. The Authority receives monthly payments which increase every five years by the Consumer Price Index (CPI). The discount rate for this lease is 3.0% annually. The Authority recognized $4,503 of lease revenue and $1740 of interest revenue during fiscal year 2024 related to this lease. As of June 30, 2024, the Authority's receivable for lease payments was $56,179, and lease interest receivable was $140. Also, the Authority has deferred inflows of resources associated with this lease that will be recognized as revenue on a straight-line basis over the lease term. As of June 30, 2024, the balance of the deferred inflows of resources was $52,530. The present value of future annual lease payments from the lessee are anticipated as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2025	3,430	1,638	5,069
2026	3,706	1,533	5,239
2027	4,166	1,414	5,580
2028	4,292	1,288	5,580
2029	4,423	1,157	5,580
2030-2034	26,188	3,589	29,777
2035-2036	9,974	234	10,208
Total	$ 56,179	$ 10,854	$ 67,033

7) Leases, Continued

Leases Payable

The Authority is a lessee of a postage machine that runs through March 2027 and the discount rate is 3.0% annually. As of June 30, 2024, the related lease liability balance was $5,602. The Authority made quarterly principal and interest payments of $531. The value of the right-to-use asset as of June 30, 2024 was $11,140 and the accumulated amortization was $5,812. The future principal and interest lease payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2025	$ 1,984	$ 141	$2,125
2026	2,044	81	2,125
2027	1,574	20	1,594
Total	$ 5,602	$ 242	$ 5,844

8) Transactions with Related Parties

Certain financial management and accounting services are provided to the Authority by the County and the total charges for these services was $133,339 for the year ended June 30, 2024.

At June 30, 2024, the County owed $2,594 to the Authority and this amount is included on the Statement of Net Position as Due from James City County. This balance relates to payroll expenses paid by the Authority to the County prior to June 30, 2024 for Authority employees' VRS benefits. The amount due to the Authority is for payments made on behalf of employees who were determined to be ineligible for the VRS benefits subsequent to year-end due to termination or other circumstances.

9) Commitments

In December 2021, the Authority entered into an agreement with CBH Medical of Virginia, LLC for primary care medical services and mental health services for inmates. The initial term of the contract commenced on March 1, 2022, and ends on February 28, 2025, with the option to grant five (5) separate one (1) year extensions. Per the agreement, the Authority would pay a minimum of $1,899,984 per year in twelve monthly installments of $158,332. The monthly installment could be increased by $3.25 per inmate per day if the average daily population for a given month is greater than 450 inmates per day. The increase would be included in the monthly invoice following that period. The Authority paid $1,920,377 to CBH Medical of Virginia, LLC in fiscal year 2024, related to this agreement and this amount is included in contractual services on the Statement of Revenues, Expenses, and Changes in Net Position.

10) Litigation

The Authority could be subject to certain claims that arise in the ordinary course of operations. As of June 30, 2024, the Authority is subject to pending or threatened litigation. In the opinion of management, after consultation with counsel, the outcome of such claims have been determined not to have a material adverse effect on the Authority's operations or financial position.

* * * * *

Required Supplementary Information

Virginia Peninsula Regional Jail Authority

Schedule of Changes in the Net Pension Asset and Related Ratios

Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	$ 781,857	$ 755,584	$ 738,262	$ 912,785	$ 844,875	$ 824,692	$ 815,014	$ 774,740	$ 755,721	$ 696,818
Interest	1,142,547	1,089,754	1,022,024	957,453	934,640	924,417	857,808	840,404	751,781	685,356
Differences between expected and actual experience	(773,702)	(244,698)	(1,307,315)	(193,385)	(765,242)	(898,906)	37,356	(886,823)	183,103	-
Changes in assumptions	-	-	630,952	-	429,432	-	(99,812)	-	-	-
Benefit payments, including refunds of employee contributions	(817,898)	(871,675)	(800,521)	(639,970)	(582,480)	(825,831)	(491,774)	(467,611)	(381,528)	(484,966)
Net change in total pension liability	332,804	728,965	283,402	1,036,883	861,225	24,372	1,118,592	260,710	1,309,077	897,208
Total pension liability, beginning	16,553,720	15,824,755	15,541,353	14,504,470	13,643,245	13,618,873	12,500,281	12,239,571	10,930,494	10,033,286
Total pension liability, ending	$ 16,886,524	$ 16,553,720	$ 15,824,755	$ 15,541,353	$ 14,504,470	$ 13,643,245	$ 13,618,873	$ 12,500,281	$ 12,239,571	$ 10,930,494
Plan fiduciary net position										
Contributions - employer	$ 243,717	$ 347,828	$ 372,453	$ 464,044	$ 455,929	$ 429,876	$ 429,635	$ 552,590	$ 516,601	$ 628,274
Contributions - employee	212,405	192,726	207,308	242,443	238,811	242,861	242,980	244,984	236,366	223,741
Net investment income	1,447,236	(22,556)	4,960,282	338,814	1,114,739	1,147,713	1,683,653	242,074	569,404	1,633,051
Benefit payments, including refunds of employee contributions	(817,898)	(871,675)	(800,521)	(639,970)	(582,480)	(825,831)	(491,774)	(467,611)	(381,528)	(484,966)
Administrative expense	(14,388)	(14,195)	(12,224)	(11,285)	(10,577)	(9,799)	(9,348)	(7,839)	(7,304)	(8,404)
Other	583	528	469	(408)	(707)	(1,024)	(1,516)	(100)	(121)	86
Net change in plan fiduciary net position	1,071,655	(367,344)	4,727,767	393,638	1,215,715	983,796	1,853,630	564,098	933,418	1,991,782
Plan fiduciary net position, beginning	22,467,441	22,834,785	18,107,018	17,713,380	16,497,665	15,513,869	13,660,239	13,096,141	12,162,723	10,170,941
Plan fiduciary net position, ending	$ 23,539,096	$ 22,467,441	$ 22,834,785	$ 18,107,018	$ 17,713,380	$ 16,497,665	$ 15,513,869	$ 13,660,239	$ 13,096,141	$ 12,162,723
Net pension asset	$ (6,652,572)	$ (5,913,721)	$ (7,010,030)	$ (2,565,665)	$ (3,208,910)	$ (2,854,420)	$ (1,894,996)	$ (1,159,958)	$ (856,570)	$ (1,232,229)
Plan fiduciary net position as a percentage of the total pension liability	139.40%	135.72%	144.30%	116.51%	122.12%	120.92%	113.91%	109.28%	107.00%	111.27%
Covered payroll	$ 4,390,442	$ 4,004,992	$ 4,258,877	$ 4,978,010	$ 4,855,641	$ 4,901,876	$ 4,894,773	$ 4,932,752	$ 4,599,484	$ 4,487,387
Net pension asset as a percentage of the total covered payroll	(151.52)%	(147.66)%	(164.60)%	(51.54)%	(66.09)%	(58.23)%	(38.71)%	(23.52)%	(18.62)%	(27.46)%

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

See accompanying notes and independent auditor's report.

Virginia Peninsula Regional Jail Authority

Schedule of Employer Pension Contributions

Last 10 Fiscal Years

Fiscal year	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution excess (deficiency)	Employer's covered payroll	Contributions as a % of covered payroll
2024	$ 286,029	$ 286,029	-	$ 4,939,351	5.79%
2023	243,745	243,745	-	4,390,442	5.55%
2022	347,828	347,828	-	4,004,992	8.68%
2021	372,453	372,453	-	4,258,877	8.75%
2020	464,044	464,044	-	4,978,010	9.32%
2019	460,393	460,393	-	4,855,641	9.48%
2018	432,963	432,963	-	4,901,876	8.83%
2017	431,719	431,719	-	4,894,773	8.82%
2016	554,438	554,441	3	4,932,752	11.24%
2015	516,589	516,982	393	4,599,484	11.24%

See accompanying notes and independent auditor's report.

Virginia Peninsula Regional Jail Authority

Schedule of Employer's Share of Net Group Life Insurance (GLI) OPEB Liability

Required Supplementary Information (Unaudited)

Last Ten Fiscal Years (1) *

	2023	2022	2021	2020	2019	2018	2017
Employer's proportion of the net GLI OPEB liability	0.0187%	0.0186%	0.02096%	0.02476%	0.02539%	0.02628%	0.02673%
Employer's proportionate share of the net GLI OPEB liability	$ 225,111	$ 223,962	$ 244,032	$ 413,204	$ 413,163	$ 399,000	$ 403,000
Employer's covered payroll	$ 4,390,442	$ 4,004,992	$ 4,258,877	$ 4,978,010	$ 4,855,641	$ 4,901,876	$ 4,894,773
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	5.13%	5.59%	5.73%	8.30%	8.51%	8.14%	8.23%
Plan fiduciary net position as a % of total GLI OPEB liability	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

(1) This schedule is intended to present 10 years of information. GASB 75 was implemented in fiscal year 2018; additional years will be presented as the information becomes available.

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

See accompanying notes and independent auditor's report.

Virginia Peninsula Regional Jail Authority

Schedule of Employer's Share of Retiree Healthcare OPEB Liability (1) (2)
Required Supplementary Information (Unaudited)
Last Ten Fiscal Years*

Measurement date as of June 30,	2023	2022	2021	2020	2019	2018	2017
Employer's proportion of the County's Retiree Healthcare OPEB liability	5.53%	5.31%	5.31%	7.28%	7.28%	7.55%	7.55%
Employer's proportionate share of the County's Retiree Healthcare OPEB liability	$ 190,165	$ 212,102	$ 233,805	$ 431,660	$ 380,391	$ 444,951	$ 418,156
Fiduciary net position as a % of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected average remaining service years of all participants	5	5	5	6	6	7	7

(1) This schedule is intended to present 10 years of information. GASB 75 was implemented in fiscal year 2018; additional years will be presented as the information becomes available.

(2) This OPEB plan does not depend on salary information.

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

See accompanying notes and independent auditor's report.

Virginia Peninsula Regional Jail Authority
Schedule of Employer OPEB Contributions
Required Supplementary Information (Unaudited)
Last Ten Fiscal Years (1)

OPEB - Retiree Healthcare (2)

Fiscal Year	Actuarially determined contribution	Contributions in relation to actuarially determined contribution	Contribution deficiency (excess)
2024	$ (48,290)	$ -	$ (48,290)
2023	(42,325)	-	(42,325)
2022	(24,363)	-	(24,363)
2021	27,275	-	27,275
2020	25,307	-	25,307
2019	38,161	-	38,161
2018	69,058	-	58,766

OPEB - Group Life Insurance

Fiscal Year	Actuarially determined contribution	Contributions in relation to actuarially determined contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a % of covered payroll
2024	$ 26,475	$ 26,475	$ -	$ 4,939,351	0.54%
2023	23,533	23,533	-	4,390,442	0.54%
2022	21,467	21,467	-	4,004,992	0.54%
2021	22,828	22,828	-	4,258,877	0.54%
2020	26,085	26,085	-	4,978,010	0.52%
2019	25,444	25,444	-	4,855,641	0.52%
2018	25,686	25,686	-	4,901,876	0.52%

(1) This schedule is intended to present 10 years of information. GASB 75 was implemented in fiscal year 2018; additional years will be presented as the information becomes available.

(2) This OPEB plan does not depend on salary information.

Virginia Peninsula Regional Jail Authority
Note to Required Supplemental Information
Year ended June 30, 2024

1) Pension, OPEB Group Life Insurance, OPEB Retiree Healthcare - Changes of Benefit Terms

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

2) Pension - Changes of Assumptions

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

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

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

3) Group Life Insurance Program OPEB - Changes of Assumptions

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

Non-Largest 10 Locality Employers – General Employees:

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

3) Group Life Insurance Program OPEB - Changes of Assumptions, Continued

Non-Largest 10 Locality Employers – Hazardous Duty Employees:

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

4) OPEB Retiree Healthcare - Trust Arrangement and Funding Policy

The Authority does not intend to establish a trust to pre-fund the obligation. The anticipated growth in the net retiree healthcare OPEB liability is based on contributions to the benefit plan on a pay-as-you-go cost basis.

5) OPEB Retiree Healthcare - Changes of Assumptions

The following changes in actuarial assumptions were made based on the most recent actuarial valuation:

Measurement Date	Discount Rate
June 30, 2019	3.13%
June 30, 2020	2.45%
June 30, 2021	1.92%
June 30, 2022	3.69%
June 30, 2023	3.86%

Supplementary Information

Virginia Peninsula Regional Jail Authority

Combining Statement of Net Position

June 30, 2024

	General Fund	Work Release Fund	Canteen Fund	Total
Assets				
Cash and short-term investments	$ 8,526,757	$ 172,016	$ 331,081	$ 9,029,854
Due from other governmental units	1,402,302	-	-	1,402,302
Due from James City County	2,651	-	(57)	2,594
Due from other funds	2,664	-	(2,664)	-
Accounts receivable	45,039	-	18,813	63,852
Lease interest receivable	297	-	-	297
Lease receivable:				
Due within one year	3,430	-	-	3,430
Due in more than one year	52,749	-	-	52,749
Capital assets, net:				
Nondepreciable	881,571	-	-	881,571
Depreciable, net	11,535,868	-	-	11,535,868
Lease asset, net	5,328	-	-	5,328
Net pension asset	6,652,572	-	-	6,652,572
Total assets	29,111,228	172,016	347,173	29,630,417
Deferred outflows of resources				
Deferred pension outflows	274,083	-	-	274,083
Deferred retiree healthcare OPEB outflows	27,925	-	-	27,925
Deferred GLI OPEB outflows	55,615	-	-	55,615
Total deferred outflows of resources	357,623	-	-	357,623
Total assets and deferred outflows of resources	$ 29,468,851	$ 172,016	$ 347,173	$ 29,988,040
Liabilities				
Accounts payable	$ 393,512	$ 1,673	$ 180	$ 395,365
Interest payable	1,718	-	-	1,718
Lease interest payable	65	-	-	65
Accrued payroll	10,895	-	-	10,895
Due to fiduciary fund	(7,233)	(4,841)	26,284	14,210
Long-term liabilities:				
Due within one year	910,762	-	-	910,762
Due in more than one year	1,099,322	-	-	1,099,322
Total liabilities	2,409,041	(3,168)	26,464	2,432,337
Deferred inflows of resources				
Deferred leases inflows	52,530	-	-	52,530
Deferred pension inflows	586,361	-	-	586,361
Deferred retiree healthcare OPEB inflows	170,662	-	-	170,662
Deferred GLI OPEB inflows	88,648	-	-	88,648
Total deferred inflows of resources	898,201	-	-	898,201
Net position				
Net investment in capital assets	11,543,830	-	-	11,543,830
Restricted for pensions	6,652,572	-	-	6,652,572
Unrestricted	7,965,207	175,184	320,709	8,461,100
Total net position	26,161,609	175,184	320,709	26,657,502
Total liabilities, deferred inflows of resources, and net position	$ 29,468,851	$ 172,016	$ 347,173	$ 29,988,040

See independent auditor's report.

Virginia Peninsula Regional Jail Authority

Combining Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2024

	General Fund	Work Release Fund	Canteen Fund	Total
Operating revenues				
Fees from member jurisdictions	$ 7,003,089	$ -	$ -	7,003,089
Commonwealth of Virginia	6,366,248	-	-	6,366,248
Federal government	104,879	-	-	104,879
Telephone commissions	750,000	-	-	750,000
Home Electronic Incarceration Fees	5,046	-	-	5,046
Miscellaneous	238,636	-	-	238,636
Canteen sales	-	-	101,461	101,461
Work release fees	-	47,661	-	47,661
Donations	6,250	-	-	6,250
Lease revenues	4,503	-	-	4,503
Total operating revenues	14,478,651	47,661	101,461	14,627,773
Operating expenses				
Salaries and benefits	6,703,642	-	-	6,703,642
Contractual services	2,360,991	-	-	2,360,991
Depreciation and amortization (Note 3)	945,421	-	-	945,421
Utilities	551,316	-	-	551,316
Food and food supplies	424,219	-	-	424,219
Building and field maintenance	590,536	-	-	590,536
Other supplies	139,970	25,133	-	165,103
Fiscal agent fee	133,339	-	-	133,339
Medical supplies	275,295	-	-	275,295
Furniture and equipment	305,164	-	-	305,164
Inmate betterment	-	-	35,336	35,336
Transportation	60,627	-	-	60,627
Insurance	95,590	-	-	95,590
Staff clothing	41,870	-	-	41,870
Inmate clothing	58,779	-	-	58,779
Staff development	28,490	-	-	28,490
Indigent expenses	-	-	17,450	17,450
Advertising	13,294	-	-	13,294
Software	46,841	-	-	46,841
Donations	4,992	-	-	4,992
Other	29,323	-	-	29,323
Total operating expenses	12,809,699	25,133	52,786	12,887,618
Operating income	1,668,952	22,528	48,675	1,740,155
Nonoperating revenues (expenses)				
Interest income	345,110	-	-	345,110
Interest expense	(22,928)	-	-	(22,928)
Loss on disposal of capital assets (Note 3)	(411,474)	-	29	(411,445)
Net nonoperating revenue (expenses)	(89,292)	-	29	(89,263)
Changes in net position	1,579,660	22,528	48,704	1,650,892
Net position, beginning of year	24,581,949	152,656	272,005	25,006,610
Net position, end of year	$ 26,161,609	$ 175,184	$ 320,709	26,657,502

See independent auditor's report.

Statistical Section (Unaudited)

Virginia Peninsula Regional Jail Authority

State Revenue and Per Diems

Last 10 Fiscal Years

Table 1

Year	State revenue	Percentage of operational expenses	State per diems	Local average daily population
2024	$ 6,366,248	49.0%	$ 739,776	327.0
2023	5,455,985	46.0%	649,705	313.0
2022	5,256,285	51.0%	795,566	356.0
2021	5,142,006	47.0%	814,292	355.6
2020	5,065,076	45.0%	806,620	411.0
2019	4,664,685	43.0%	380,837	464.7
2018	4,632,069	38.0%	349,608	498.4
2017	4,528,078	38.0%	362,183	487.5
2016	4,695,429	41.0%	521,954	437.6
2015	4,662,534	43.0%	802,896	410.1

Virginia Peninsula Regional Jail Authority

Medical and Food Costs
Last 10 Fiscal Years

Table 2

	Medical services and supplies		Food and food supplies	
Year	Amount	Average cost per inmate	Amount	Average daily cost per inmate
2024	$ 2,380,330	$ 7,279	$ 424,219	$ 3.55
2023	2,196,694	7,018	390,171	3.42
2022	1,323,775	3,718	445,589	3.43
2021	963,405	2,709	429,845	3.31
2020	1,029,618	2,505	439,652	3.04
2019	721,432	1,552	482,978	2.85
2018	1,121,049	2,249	511,538	2.81
2017	1,091,232	2,238	498,159	2.80
2016	1,073,147	2,452	530,172	3.31
2015	780,481	1,903	657,334	3.66

Compliance Section

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

To the Board of Directors
Virginia Peninsula Regional Jail Authority
Williamsburg, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities and the aggregate remaining fund information of the Virginia Peninsula Regional Jail Authority (the "Authority"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 18, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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* or the *Specifications for Audits of Authorities, Boards, and Commissions.*

Purpose of this Report

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

Cherry Bekaert LLP

Richmond, Virginia
October 18, 2024