PIEDMONT REGIONAL JAIL AUTHORITY

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

PIEDMONT REGIONAL JAIL AUTHORITY

Jerry Townsend, Superintendent

Authority Board Members and Alternates

County	Members	Alternates
Amelia	David Felts Taylor Harvie Ricky Walker, Sheriff	Abraham Redman
Buckingham	Frank M. Knott, Jr. William Kidd, Sheriff Rebecca Carter	Roger Jamerson
Cumberland	Robert Saunders, Jr. Don Unmussig Darrell Hodges, Sheriff	Vacant
Lunenburg	Edward Pennington Tracy Gee Arthur Townsend, Sheriff	Donald R. Penland, Jr.
Nottoway	John Anzivino Robert Jones, Sheriff John A. Roark	C.L. Abernathy, Jr.
Prince Edward	James Garnett, Jr. Douglas Stanley L.A. Tony Epps, Sheriff	Sarah Puckett David Wilmoth

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

CPAs | CONSULTANTS

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Piedmont Regional Jail Authority, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Piedmont Regional Jail Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of Piedmont Regional Jail Authority, as of June 30, 2021, 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.

Change in Accounting Principle

As described in Note 14 to the financial statements, in 2021, Piedmont Regional Jail Authority adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 14 to the financial statements, in 2021, the Authority restated beginning balances to reflect the requirements of GASB Statement No. 84. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules related to pension and OPEB funding on pages 4-8 and 51-58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Piedmont Regional Jail Authority's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary 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 other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2021, on our consideration of Piedmont Regional Jail Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Piedmont Regional Jail Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Piedmont Regional Jail Authority's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 19, 2021

PIEDMONT REGIONAL JAIL AUTHORITY

Management's Discussion and Analysis
Year Ended June 30, 2021

This management's discussion and analysis of the Piedmont Regional Jail Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2021. Please read this information in conjunction with the Authority's financial statements, which follow this section.

Financial Highlights

The Authority's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $2,369,304 (net position). This reflects a decrease of $1,650,075 from the prior year compared to a decrease of $795,521 in 2020.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

Overview of the Financial Statements: (Continued)

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

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Authority's financial position. In this case, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $2,369,304 at the close of the most recent fiscal year. The financial position of the Authority has declined again this year. With respect to liquidity, the quick ratio (current assets/current liabilities) remained at 3.8:1, the same as a year ago.

Condensed Statement of Net Position

	2021	2020
Current and other assets	$ 2,814,140	$ 2,965,084
Capital assets	7,479,542	7,882,673
Total assets	$ 10,293,682	$ 10,847,757
Deferred outflows of resources	$ 2,713,303	$ 2,323,133
Long-term liabilities	$ 9,164,266	$ 8,447,509
Current liabilities	742,749	779,794
Total liabilities	$ 9,907,015	$ 9,227,303
Deferred inflows of resources	$ 730,666	$ 546,754
Net position:		
Net investment in capital assets	$ 4,499,242	$ 4,976,591
Restricted	606,520	-
Unrestricted (deficit)	(2,736,458)	(1,579,758)
Total net position	$ 2,369,304	$ 3,396,833

At the end of the current fiscal year, the Authority's net investment in capital assets was $4,499,242. The Authority uses these capital assets to provide incarceration services to participating localities and other governmental entities; therefore, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Change in Net Position: The Authority's net position decreased by $1,650,075.

Financial Analysis: (Continued)

A comparative analysis of information is presented below:

Condensed Statement of Revenues, Expenses, and Change in Net Position

		2021		2020
Operating revenues	$	10,955,019	$	11,473,464
Operating expenses		12,787,713		12,576,955
Net operating income (loss)	$	(1,832,694)	$	(1,103,491)
Nonoperating revenues	$	402,875	$	412,771
Nonoperating expenses		220,256		121,497
Nonoperating revenues (expenses), net	$	182,619	$	291,274
Capital contributions	$	-	$	16,696
Change in net position	$	(1,650,075)	$	(795,521)
Net position, beginning of year	$	3,396,833	$	4,359,833
Restatement		622,546		(167,479)
Net position, beginning of year, as restated	$	4,019,379	$	4,192,354
Net position, end of year	$	2,369,304	$	3,396,833

Operating revenues are defined as charges for services to participant localities and outside localities and the federal government based on the number of days that inmates are housed. Operating revenues also include grants received from the Compensation Board to help defray salary costs and other expenses. Telephone commissions, work release fees, weekender fees, home electronic monitoring fees, and other miscellaneous revenues are also reported as operating revenues. In fiscal year 2021, operating revenues include commissary and employee fund activity.

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

Nonoperating revenues consist of interest earnings, gains on the disposal of capital assets, and grants. Interest expense and issuance costs comprise nonoperating expenses. Grant income increased due to Covid funding received from the member localities.

Capital contributions represent funding received specifically for capital additions. In 2020, the contributions represent assets purchased for the benefit of inmates with Commissary funds. Due to a change in reporting, assets purchased with Commissary funds are reported as transfers to the operating fund in 2021.

Operating revenues decreased by $518,445 compared to a decrease of $1,214,535 in 2020. This reflects the decrease in population. Charges for services showed a significant decrease of $2,081,508 compared to the decrease of $1,158,375 reported in 2020 as a result of decreased population of federal inmates. Housing for the Bureau of Prisons and US Marshals DC also decreased by $260,866 and $3,011,345 in 2021, after decreasing $183,086 and $674,192 in 2020. This was somewhat offset by an increase of $1,190,703 in housing of local inmates.

Financial Analysis: (Continued)

The decrease in federal inmates had a positive impact on Comp board revenue, which was not reduced by a federal exemption in 2021. Fewer participants in the work release program resulted in a decrease of $24,941, while weekenders generated $10,286 more in revenue. The work release program resumed in mid-June 2020 and ceased again from November 2020 through May 2021 as a result of Covid. Operating expenses increased by $210,758 compared to the prior year. Personnel costs decreased by $490,069 from the prior year, while fringe benefits increased by $322,900. This is a result of the pension valuation, which increased the net pension liability by $884,608 in 2021. Medical care provider costs decreased by $424,134.

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

Condensed Statement of Cash Flows

	2021	2020
Cash flows provided by (used for) operating activities	$ 71,649	$ (656,078)
Cash flows provided by (used for) noncapital financing activities	25,000	10,000
Cash flows provided by (used for) capital and related financing activities	(210,797)	(353,451)
Cash flows provided by (used for) investing activities	3,776	38,680
Net increase (decrease) in cash and cash equivalents	$ (110,372)	$ (960,849)
Cash and cash equivalents, beginning of year	$ 1,421,249	$ 2,382,098
Restatement	593,105	-
Cash and cash equivalents, beginning of year, as restated	$ 2,014,354	$ 2,382,098
Cash and cash equivalents, end of year	$ 1,903,982	$ 1,421,249

Cash flows from operating activities are comprised of operating revenues combined with expenses for personnel, benefits and payments to operating suppliers. The increase in cash flows from operating activities is a result of vacancy savings. Management continues to actively work with other parties to provide additional housing to achieve greater capacity.

Cash flows from capital and related financing activities include the purchase of capital assets and principal and interest payments on debt. More capital assets were purchased in 2020 than in 2021.

Cash flows from investing activities include interest and investment earnings. The decrease in interest income reflects the SNAP accounts being closed due to the completion of the renovation project.

Capital Asset and Debt Administration

Capital assets - The Authority's investment in capital assets as of June 30, 2021 amounted to $7,479,542 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, other improvements, vehicles, and equipment. The investment in capital assets decreased $403,131 during the year. Additions of $210,797 during the year included two vehicles, a polaris ranger, partial payment on a new CCTV system, bathroom partitions, a generator, an x-ray inspection system, and several other pieces of equipment. In addition, a roof and generator were disposed of during the year. Depreciation recorded in the current year totaled $486,940.

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

Long-term debt - At the end of the current fiscal year, the Authority had total long-term debt and other obligations outstanding of $9,422,378. The Authority's total debt and other long-term obligations outstanding increased by $714,599 during the current fiscal year. Other obligations include the net pension liability, net OPEB liabilities, and compensated absences. The net pension liability as calculated by the VRS actuary increased by $884,608.

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

SUMMARY

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

Requests for Information

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

Basic Financial Statements

Exhibit 1

PIEDMONT REGIONAL JAIL AUTHORITY

Statement of Net Position
As of June 30, 2021

ASSETS	**Operating**	**Commissary**	**Employee**	**Total**
Current Assets:				
Cash and cash equivalents	$ 1,319,424	$ 578,307	$ 6,251	$ 1,903,982
Accounts receivable	105,150	-	190	105,340
Internal balances	4,962	(4,962)	-	-
Receivable from custodial funds	127	66,828	-	66,955
Due from other governmental units	737,863	-	-	737,863
Total current assets	$ 2,167,526	$ 640,173	$ 6,441	$ 2,814,140
Noncurrent Assets:				
Capital assets (net of accumulated depreciation):				
Land	$ 12,554	$ -	$ -	$ 12,554
Construction in progress	34,616	-	-	34,616
Buildings and improvements	6,784,968	-	-	6,784,968
Other improvements	56,161	-	-	56,161
Furniture and equipment	481,880	-	-	481,880
Vehicles	109,363	-	-	109,363
Total capital assets	$ 7,479,542	$ -	$ -	$ 7,479,542
Total noncurrent assets	$ 7,479,542	$ -	$ -	$ 7,479,542
Total assets	$ 9,647,068	$ 640,173	$ 6,441	$ 10,293,682
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	$ 1,518,667	$ -	$ -	$ 1,518,667
OPEB related items	1,194,636	-	-	1,194,636
Total deferred outflows of resources	$ 2,713,303	$ -	$ -	$ 2,713,303
LIABILITIES				
Current Liabilities:				
Accounts payable	$ 386,656	$ 40,094	$ -	$ 426,750
Accrued liabilities	20,963	-	-	20,963
Accrued interest payable	36,924	-	-	36,924
Compensated absences, current portion	48,212	-	-	48,212
Bonds and notes payable, current portion	209,900	-	-	209,900
Total current liabilities	$ 702,655	$ 40,094	$ -	$ 742,749
Noncurrent Liabilities:				
Compensated absences, net of current portion	$ 433,906	$ -	$ -	$ 433,906
Net pension liability	3,378,650	-	-	3,378,650
Net OPEB liabilities	2,581,310	-	-	2,581,310
Bonds and notes payable, net of current portion	2,770,400	-	-	2,770,400
Total noncurrent liabilities	$ 9,164,266	$ -	$ -	$ 9,164,266
Total liabilities	$ 9,866,921	$ 40,094	$ -	$ 9,907,015
DEFERRED INFLOWS OF RESOURCES				
Pension related items	$ 3,248	$ -	$ -	$ 3,248
OPEB related items	727,418	-	-	727,418
Total deferred inflows of resources	$ 730,666	$ -	$ -	$ 730,666
NET POSITION				
Net investment in capital assets	$ 4,499,242	$ -	$ -	$ 4,499,242
Restricted for benefit of inmates	-	600,079	-	600,079
Restricted for benefit of employees	-	-	6,441	6,441
Unrestricted (deficit)	(2,736,458)	-	-	(2,736,458)
Total net position	$ 1,762,784	$ 600,079	$ 6,441	$ 2,369,304

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

Exhibit 2

PIEDMONT REGIONAL JAIL AUTHORITY

Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2021

	Operating	Commissary	Employee	Total
Operating Revenues:				
Charges for services	$ 5,816,901	$ -	$ -	$ 5,816,901
Intergovernmental	3,700,423	-	-	3,700,423
Telephone commission	480,000	-	-	480,000
Medical and pharmacy reimbursement	76,214	-	-	76,214
Work release fees/ week-enders	59,086	-	-	59,086
Home electronic monitoring	44,010	-	-	44,010
Commissary sales and profit	-	728,233	-	728,233
Miscellaneous	43,740	-	6,412	50,152
Total operating revenues	$ 10,220,374	$ 728,233	$ 6,412	$ 10,955,019
Operating Expenses:				
Personnel costs	$ 4,260,676	$ 35,486	$ -	$ 4,296,162
Fringe benefits	2,343,565	-	-	2,343,565
Medical service provider	2,111,939	-	-	2,111,939
Contractual services	166,004	31,800	-	197,804
Other charges	2,677,018	36,794	-	2,713,812
Commissary supplies (food, etc.)	-	360,667	-	360,667
Inmate supplies	-	269,259	-	269,259
Employee appreciation, awards, luncheons, etc.	-	-	7,565	7,565
Depreciation	486,940	-	-	486,940
Total operating expenses	$ 12,046,142	$ 734,006	$ 7,565	$ 12,787,713
Operating income (loss)	$ (1,825,768)	$ (5,773)	$ (1,153)	$ (1,832,694)
Nonoperating Revenues (Expenses):				
Interest income	$ 3,776	$ -	$ -	$ 3,776
Grant income	99,561	-	-	99,561
Locality reimbursement for bonds	299,538	-	-	299,538
Interest expense	(93,268)	-	-	(93,268)
Gain (Loss) on disposal of capital assets	(126,988)	-	-	(126,988)
Net nonoperating revenues (expenses)	$ 182,619	$ -	$ -	$ 182,619
Income (loss) before transfers	$ (1,643,149)	$ (5,773)	$ (1,153)	$ (1,650,075)
Transfers in	$ 9,100	$ -	$ -	$ 9,100
Transfers out	-	(9,100)	-	(9,100)
Change in net position	$ (1,634,049)	$ (14,873)	$ (1,153)	$ (1,650,075)
Net position, beginning of year	$ 3,396,833	$ -	$ -	$ 3,396,833
Restatement for implementation of GASB 84	-	614,952	7,594	622,546
Net position, beginning of year, as restated	$ 3,396,833	$ 614,952	$ 7,594	$ 4,019,379
Net position, end of year	$ 1,762,784	$ 600,079	$ 6,441	$ 2,369,304

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

PIEDMONT REGIONAL JAIL AUTHORITY

Statement of Cash Flows
For the Year Ended June 30, 2021

	Operating	Commissary	Employee	Total
Cash flows from operating activities:				
Receipts from customers	$ 10,900,258	$ 700,661	$ -	$ 11,600,919
Other receipts	74,561	-	6,222	80,783
Payments to suppliers	(5,011,523)	(663,279)	-	(5,674,802)
Payments to and for employees	(5,892,200)	(35,486)	(7,565)	(5,935,251)
Total cash flows provided by (used for) operating activities	$ 71,096	$ 1,896	$ (1,343)	$ 71,649
Cash flows from noncapital financing activities:				
Technology grant	$ 25,000	$ -	$ -	$ 25,000
Transfers (to) from other funds	9,100	(9,100)	-	-
Total cash flows provided by (used for) noncapital financing activities	$ 34,100	$ (9,100)	$ -	$ 25,000
Cash flows from capital and related financing activities:				
Purchase of capital assets	$ (210,797)	$ -	$ -	$ (210,797)
Locality share of debt service	299,538	-	-	299,538
Principal paid on capital debt	(203,700)	-	-	(203,700)
Interest paid on capital debt	(95,838)	-	-	(95,838)
Total cash flows provided by (used for) capital and related financing activities	$ (210,797)	$ -	$ -	$ (210,797)
Cash flows from investing activities:				
Interest income	$ 3,776	$ -	$ -	$ 3,776
Total cash flows provided by (used for) investing activities	$ 3,776	$ -	$ -	$ 3,776
Net increase (decrease) in cash and cash equivalents	$ (101,825)	$ (7,204)	$ (1,343)	$ (110,372)
Cash and cash equivalents, beginning of year (including restricted of $343,193)	1,421,249	585,511	7,594	2,014,354
Cash and cash equivalents, end of year	$ 1,319,424	$ 578,307	$ 6,251	$ 1,903,982
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ (1,825,768)	$ (5,773)	$ (1,153)	$ (1,832,694)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	486,940	-	-	486,940
CARES Act reimbursements	74,561	-	-	74,561
Changes in assets/deferred outflows and liabilities/deferred inflows:				
Accounts receivable	(64,730)	-	(190)	(64,920)
Internal balances	(2,232)	2,232	-	-
Receivable from custodial funds	234	(27,572)	-	(27,338)
Due from other governmental units	746,612	-	-	746,612
Prepaid items	15,849	-	-	15,849
Deferred outflows of resources pension related items	(6,687)	-	-	(6,687)
Deferred outflows of resources OPEB related items	(383,483)	-	-	(383,483)
Accounts payable	(74,962)	33,009	-	(41,953)
Accrued liabilities	2,551	-	-	2,551
Compensated absences	(83,578)	-	-	(83,578)
Net pension liability	884,608	-	-	884,608
Net OPEB liabilities	117,269	-	-	117,269
Deferred inflows of resources pension related items	(217,264)	-	-	(217,264)
Deferred inflows of resources OPEB related items	401,176	-	-	401,176
Total cash flows provided by (used for) operating activities	$ 71,096	$ 1,896	$ (1,343)	$ 71,649

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

Exhibit 4

PIEDMONT REGIONAL JAIL AUTHORITY

FIDUCIARY FUNDS

Statement of Fiduciary Net Position
As of June 30, 2021

		Custodial Funds
ASSETS		
Cash and cash equivalents	$	209,112
Total assets	$	209,112
LIABILITIES		
Accounts payable	$	5,974
Payable to operating fund		127
Payable to commissary fund		66,828
Total liabilities	$	72,929
NET POSITION		
Restricted for inmates	$	136,183
Total net position	$	136,183

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

Exhibit 5

PIEDMONT REGIONAL JAIL AUTHORITY

FIDUCIARY FUNDS

Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2021

		Custodial Funds
ADDITIONS		
Contributions:		
Inmate deposits	$	1,153,712
Total additions	$	1,153,712
DEDUCTIONS		
Canteen payments (phone usage, commissary)	$	623,288
Vending machine purchases		289,991
Paid to phone vendor		56,833
Fees to Piedmont Regional Jail		2,127
Paid to inmates (release/stipend/mail funds request)		196,437
Service charge		1,170
Total deductions	$	1,169,846
Net increase (decrease) in fiduciary net position	$	(16,134)
Net position, beginning of year, as restated	$	152,317
Net position, end of year	$	136,183

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

NOTE 1 - FINANCIAL REPORTING ENTITY:

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Basis of Accounting:

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

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

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

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

B. Cash and Cash Equivalents:

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

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

C. Investments:

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

D. Accounts Receivable:

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

E. Capital Assets:

To the extent the Authority's capitalization threshold of $5,000 is met, capital outlays are recorded as capital assets and depreciated over their estimated useful lives on a straight-line basis. Construction-in-progress is depreciated upon project completion.

The following estimated useful lives are used to depreciate assets:

Buildings and improvements	30-40 years
Other improvements	15 years
Vehicles, furniture, and other equipment	5-20 years

All purchased capital assets are valued at historical cost. Donated capital assets are recorded at acquisition value on the date donated.

F. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources consist of certain items related to the measurement of the net pension liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

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

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

G. Compensated Absences:

The Authority's employees earn annual leave (vacation pay) in varying amounts and can accumulate annual leave based on length of service. All employees earn the same sick pay rate regardless of the length of service. Maximum annual leave accumulation hours are the hours allowable at the time of separation or at the end of any calendar year. Employees terminating their employment are paid, by the Authority, their accumulated annual leave up to the maximum limit. Unused sick leave is not paid at the date of separation. The liabilities for annual and sick leave have been recorded. Accordingly, the amount of annual leave recognized as expense is the amount earned during the year.

H. Pensions:

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

I. Other Postemployment Benefits (OPEB):

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

J. Net Position:

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

J. Net Position: (Continued)

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

K. Use of Estimates:

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

L. Budgets and Budgetary Accounting:

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

NOTE 3 - FISCAL AGENT:

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

NOTE 4 - DEPOSITS AND INVESTMENTS:

Deposits:

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

Investments:

Statutes authorize the Authority to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard and Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). At June 30, 2021, the Authority held no investments.

NOTE 5 - INTERFUND BALANCES:

Interfund balances for the year ended June 30, 2021, consisted of the following:

	Due From	Due To	Net
Operating Account	$ 5,089	$ -	$ 5,089
Inmate Account	-	66,955	(66,955)
Commissary Account	66,828	4,962	61,866
Net	$ 71,917	$ 71,917	$ -

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

NOTE 6 - DUE FROM OTHER GOVERNMENTAL UNITS:

Per Diem:	
Culpeper County	$ 23,985
Page County	6,300
Powhatan County Jail	35,904
Rockbridge Regional Jail	14,344
Meal reimbursement:	
Piedmont Juvenile Detention Center	619
Due from Commonwealth of Virginia:	
Compensation Board	544,055
Department of Corrections	9,306
Due from Federal Government:	
US Marshals - East North Carolina	75,525
US Marshals - West Roanoke	1,590
US Marshals - Middle North Carolina	26,235
Total due from other governmental units	$ 737,863

NOTE 7 - CAPITAL ASSETS:

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

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital assets not being depreciated:				
Land	$ 12,554	$ -	$ -	$ 12,554
Construction in progress	-	34,616	-	34,616
Total capital assets not being depreciated	$ 12,554	$ 34,616	$ -	$ 47,170
Capital assets being depreciated:				
Buildings and improvements	$ 10,981,499	$ 35,322	$ 217,354	$ 10,799,467
Other improvements	117,088	-	-	117,088
Furniture and equipment	1,452,486	88,070	8,300	1,532,256
Vehicles	526,990	52,789	-	579,779
Total capital assets being depreciated	$ 13,078,063	$ 176,181	$ 225,654	$ 13,028,590
Accumulated depreciation:				
Buildings and improvements	$ 3,834,878	$ 269,987	$ 90,366	$ 4,014,499
Other improvements	53,121	7,806	-	60,927
Furniture and equipment	921,858	136,818	8,300	1,050,376
Vehicles	398,087	72,329	-	470,416
Total accumulated depreciation	$ 5,207,944	$ 486,940	$ 98,666	$ 5,596,218
Total capital assets being depreciated, net	$ 7,870,119	$ (310,759)	$ 126,988	$ 7,432,372
Net capital assets	$ 7,882,673	$ (276,143)	$ 126,988	$ 7,479,542

Depreciation amounted to $486,940 at June 30, 2021.

In addition, the Authority leases a copier. The agreement is for 36 months and payments are approximately $295 per month.

Construction in progress consists of the quality CCTV system. This system involves a contract in the amount of $103,848, with $69,232 outstanding at June 30, 2021.

NOTE 8 - COMPENSATED ABSENCES:

The Authority has outstanding vacation and compensation time pay totaling $482,118 at June 30, 2021. Of this amount 10% or $48,212 is estimated as a current obligation.

Balance, June 30, 2020	$ 565,696
Increase (Decrease)	(83,578)
Balance, June 30, 2021	$ 482,118

NOTE 9 - LONG-TERM LIABILITIES:

The following is a summary of changes in long-term liabilities for the year ended June 30, 2021:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Due Within One Year
Direct Borrowings and Placements:					
Revenue Bond	$ 3,184,000	$ -	$ 203,700	$ 2,980,300	$ 209,900
Other obligations:					
Net pension liability	$ 2,494,042	$ 1,898,497	$ 1,013,889	$ 3,378,650	$ -
Net OPEB liabilities	2,464,041	1,655,758	1,538,489	2,581,310	-
Compensated absences	565,696	-	83,578	482,118	48,212
Total other obligations	$ 5,523,779	$ 3,554,255	$ 2,635,956	$ 6,442,078	$ 48,212
Total long-term liabilities	$ 8,707,779	$ 3,554,255	$ 2,839,656	$ 9,422,378	$ 258,112

The annual requirements to amortize long-term debt are as follows:

	Direct Borrowings and Placements	
June 30,	Principal	Interest
2022	$ 209,900	$ 89,707
2023	216,200	83,389
2024	222,700	76,881
2025	229,400	70,178
2026	236,300	63,273
2027-2031	1,292,700	205,291
2032-2033	573,100	26,003
Totals	$ 2,980,300	$ 614,722

NOTE 9 - LONG-TERM LIABILITIES: (CONTINUED)

As of June 30, 2021, the Authority's long-term debt consisted of the following:

Date Issued	Description	Interest Rate (a)	Amount Outstanding	Installments	Frequency
Direct Borrowings and Placements:					
12/1/2017	Jail Facility Revenue Bond, 2017	3.01%	$ 2,980,300	$176,400 - $290,800	Annual

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

In the event of a default, the lender may declare the unpaid principal balance of the bond along with all accrued interest thereon to be immediately due and payable. The lender may take whatever action at law or in equity may appear necessary or desirable to collect the amounts hereunder then due and thereafter to become due or to enforce observance or performance of any covenant condition or agreement of the Authority under the financing agreement or the bond.

NOTE 10 - RISK MANAGEMENT:

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

The Authority is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

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

The Authority continues to carry commercial insurance for all other risks of losses. For the previous three fiscal years, settled claims from these risks have not exceeded commercial coverage.

NOTE 11 - LITIGATION:

At June 30, 2021, there were no matters of litigation involving the Authority which would materially affect the Authority's financial position should any court decisions on pending matters not be favorable.

NOTE 12 - PENSION PLAN:

Plan Description

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

Benefit Structures

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

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

b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

NOTE 12 - PENSION PLAN: (CONTINUED)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	53
Inactive members:	
Vested inactive members	17
Non-vested inactive members	136
Inactive members active elsewhere in VRS	100
Total inactive members	253
Active members	121
Total covered employees	427

NOTE 12 - PENSION PLAN: (CONTINUED)

Contributions

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

The Authority's contractually required employer contribution rate for the year ended June 30, 2021 was 15.15% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were $573,001 and $514,681 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the Authority, the net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019, rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

NOTE 12 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees: (Continued)

Mortality rates:

All Others (Non-10 Largest) Non-Hazardous Duty: 15% of deaths are assumed to be service related
Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

NOTE 12 - PENSION PLAN: (CONTINUED)

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

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

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non-10 Largest) Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

NOTE 12 - PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

* The above allocation provides a one-year return of 7.14%. 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 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Authority was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution

NOTE 12 - PENSION PLAN: (CONTINUED)

Discount Rate: (Continued)

rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2020 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	$ 17,580,925	$ 15,086,883	$ 2,494,042
Changes for the year:			
Service cost	$ 698,946	$ -	$ 698,946
Interest	1,155,658	-	1,155,658
Differences between expected and actual experience	33,796	-	33,796
Contributions - employer	-	514,683	(514,683)
Contributions - employee	-	208,404	(208,404)
Net investment income	-	290,802	(290,802)
Benefit payments, including refunds of employee contributions	(920,136)	(920,136)	-
Administrative expenses	-	(9,755)	9,755
Other changes	-	(342)	342
Net changes	$ 968,264	$ 83,656	$ 884,608
Balances at June 30, 2020	$ 18,549,189	$ 15,170,539	$ 3,378,650

NOTE 12 - PENSION PLAN: (CONTINUED)

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Jail's Net Pension Liability	$ 5,758,492	$ 3,378,650	$ 1,413,479

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

For the year ended June 30, 2021, the Authority recognized pension expense of $1,233,660. At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 324,436	$ 3,248
Change of assumptions	168,248	-
Net difference between projected and actual earnings on pension plan investments	452,982	-
Employer contributions subsequent to the measurement date	573,001	-
Total	$ 1,518,667	$ 3,248

$573,001 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2022	$ 500,701
2023	146,232
2024	151,369
2025	144,116

NOTE 12 - PENSION PLAN: (CONTINUED)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB):

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

Plan Description

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

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

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

Eligible Employees

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

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

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $8,616 as of June 30, 2021.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were $21,122 and $21,836 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the entity reported a liability of $340,442 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 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, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was .02040% as compared to .02263% at June 30, 2019.

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

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

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

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of $5,635. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 21,836	$ 3,058
Net difference between projected and actual earnings on GLI OPEB plan investments	10,227	-
Change in assumptions	17,026	7,109
Changes in proportionate share	15,008	59,884
Employer contributions subsequent to the measurement date	21,122	-
Total	$ 85,219	$ 70,051

$21,122 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, 2022. 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 June 30	
2022	$ (2,220)
2023	668
2024	2,194
2025	(445)
2026	(5,091)
Thereafter	(1,060)

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

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

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

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

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	$ 3,523,937
Plan Fiduciary Net Position	1,855,102
GLI Net OPEB Liability (Asset)	$ 1,668,835
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.64%

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

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

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

*The above allocation provides a one-year return of 7.14%. 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 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

		Rate	
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Authority's proportionate share of the GLI Plan Net OPEB Liability	$ 447,538	$ 340,442	$ 253,471

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Virginia Local Disability Program (VLDP):

Plan Description

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

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

Virginia Local Disability Program (VLDP): (Continued)

Plan Description: (Continued)

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

Eligible Employees

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

Benefit Amounts

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

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

VLDP Notes

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

Contributions

The contribution requirements for active hybrid plan employees is governed by §51.1-1178(C) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the year ended June 30, 2021 was 0.83% of covered employee compensation for employees in the VRS Political Subdivision VDLP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Authority to the VRS Political Subdivision VDLP were $2,106 and $1,564 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

Virginia Local Disability Program (VLDP): (Continued)

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

At June 30, 2021, the Authority reported a liability of $582 for its proportionate share of the VLDP Net OPEB Liability. The Net VLDP OPEB Liability was measured as of June 30, 2020 and the total VLDP OPEB liability used to calculate the Net VLDP OPEB Liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The Authority's proportion of the Net VLDP OPEB Liability was based on the Authority's actuarially determined employer contributions to the VLDP OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the Authority's proportion of the VLDP was .05829% as compared to .07510% at June 30, 2019.

For the year ended June 30, 2021, the Authority recognized VLDP OPEB expense of $1,664. Since there was a change in proportionate share between measurement dates a portion of the VLDP Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 471	$ 683
Net difference between projected and actual earnings on VLDP OPEB program investments	62	-
Change in assumptions	27	39
Changes in proportionate share	23	165
Employer contributions subsequent to the measurement date	2,106	-
Total	$ 2,689	$ 887

$2,106 reported as deferred outflows of resources related to the VLDP OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net VLDP OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB will be recognized in the VLDP OPEB expense in future reporting periods as follows:

Year Ended June 30	
2022	$ 44
2023	42
2024	44
2025	38
2026	(97)
Thereafter	(375)

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

Virginia Local Disability Program (VLDP): (Continued)

Actuarial Assumptions

The total VLDP OPEB liability for the VLDP was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50%-5.95%
Investment rate of return	6.75%, net of program investment expenses, including inflation*

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

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

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:
RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

Virginia Local Disability Program (VLDP): (Continued)

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each year age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Net VLDP OPEB Liability

The net OPEB liability (NOL) for the Political Subdivision VLDP represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the VRS Political Subdivision VLDP is as follows (amounts expressed in thousands):

		Political Subdivision VLDP OPEB Plan
Total Political Subdivision VLDP OPEB Liability	$	4,317
Plan Fiduciary Net Position		3,317
Political Subdivision VLDP Net OPEB Liability (Asset)	$	1,000
Plan Fiduciary Net Position as a Percentage of the Total Political Subdivision VLDP OPEB Liability		76.84%

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

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

Virginia Local Disability Program (VLDP): (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

*The above allocation provides a one-year return of 7.14%. 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 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total VLDP OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2020, the rate contributed by the Authority for the VLDP was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VLDP OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total VLDP OPEB liability.

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

Virginia Local Disability Program (VLDP): (Continued)

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

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

		Rate	
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Authority's proportionate share of the VLDP Net OPEB Liability	$ 781	$ 582	$ 409

VLDP OPEB Fiduciary Net Position

Detailed information about the VRS Political Subdivision VLDP's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2020-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Line of Duty Act (LODA) Program:

Plan Description

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

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

Eligible Employees

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

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

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

Benefit Amounts

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

The LODA program also provides health insurance benefits. Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program. Beginning July 1, 2017, the health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by LODA.

Contributions

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2021 was $717.31 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were $64,558 and $72,694 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the entity reported a liability of $2,240,286 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2020 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2020, the entity's proportion was .53491% as compared to .58371% at June 30, 2019.

For the year ended June 30, 2021, the entity recognized LODA OPEB expense of $215,367. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

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

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

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

At June 30, 2021, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 237,811	$ 305,425
Net difference between projected and actual earnings on LODA OPEB program investments	-	3,185
Change in assumptions	599,741	139,604
Change in proportionate share	204,618	208,266
Employer contributions subsequent to the measurement date	64,558	-
Total	$ 1,106,728	$ 656,480

$64,558 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

Year Ended June 30	
2022	$ 62,758
2023	63,347
2024	63,974
2025	64,159
2026	64,356
Thereafter	67,096

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

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

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.00%-4.75%
Ages 65 and older	5.375%-4.75%
Year of ultimate trend rate:	
Under age 65	Fiscal year ended 2028
Ages 65 and older	Fiscal year ended 2023
Investment rate of return	2.21%, including inflation*

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 2.21% was used since it approximates the risk-free rate of return.

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

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:
RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

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

Actuarial Assumptions: (Continued)

Mortality Rates – Non-Largest Ten Locality Employers with Public Safety Employees: (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%

Net LODA OPEB Liability

The net OPEB liability (NOL) for the LODA Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the LODA Program is as follows (amounts expressed in thousands):

	LODA Program
Total LODA OPEB Liability	$ 423,147
Plan Fiduciary Net Position	4,333
LODA Net OPEB Liability (Asset)	$ 418,814
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.02%

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

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program's investments was set at 2.21% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 2.21% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2020.

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

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

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 2.21%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2020, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

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

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 2.21%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current rate:

	Discount Rate		
	1% Decrease (1.21%)	Current (2.21%)	1% Increase (3.21%)
Authority's proportionate share of the LODA Net OPEB Liability	$ 2,659,189	$ 2,240,286	$ 1,924,526

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

Because the LODA Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer's proportionate share of the net LODA OPEB liability using the health care trend rate of 7.00% decreasing to 4.75%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.00% decreasing to 3.75%) or one percentage point higher (8.00% decreasing to 5.75%) than the current rate:

	Health Care Trend Rates		
	1% Decrease (6.00% decreasing to 3.75%)	Current (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
Authority's proportionate share of the LODA Net OPEB Liability	$ 1,851,670	$ 2,240,286	$ 2,748,591

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2020-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

OPEB Aggregate Totals

	Net OPEB Liablities	Deferred Outflows	Deferred Inflows	Expense
GLI	$ 340,442	$ 85,219	$ 70,051	$ 5,635
VLDP	582	2,689	887	1,664
LODA	2,240,286	1,106,728	656,480	215,367
Total	$ 2,581,310	$ 1,194,636	$ 727,418	$ 222,666

NOTE 14 – ADOPTION OF ACCOUNTING PRINCIPLE:

The Authority implemented provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The implementation of this Statement resulted in the following restatement of net position.

	Enterprise Funds				Custodial
	Operating Fund	Commissary Fund	Employee Fund	Total	Inmate Fund
Net Position July 1, 2020	$ 3,396,833	$ -	$ -	$ 3,396,833	$ -
Restatement for GASB 84 Implementation	-	614,952	7,594	622,546	152,317
Net Position as restated July 1, 2020	$ 3,396,833	$ 614,952	$ 7,594	$ 4,019,379	$ 152,317

NOTE 15 – COVID-19 PANDEMIC:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the Authority, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief was received through the participating localities to assist with responding to the increased costs related to COVID-19. The funds were used to purchase PPE, sanitizing supplies, and other items to curb the spread and return to operations.

Various measures have been taken to prevent the introduction of COVID-19 into the facility. This includes prohibiting contact visitation from family and friends along with ceasing the work release program for several months during the fiscal year. Sentencing was also furloughed for a period during the year with zoom and video conferencing utilized for trials. Housing units were used for quarantine and social distancing, as needed. Every area is sanitized twice daily and temperature scanning devices for detecting fevers for any staff and visitors in the lobby, medical and booking areas are in use daily. The Authority has continued to require a mask be worn by all staff, inmates and others entering the facility.

Management believes the Authority is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

NOTE 16 – UPCOMING PRONOUNCEMENTS:

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs),* (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

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

Required Supplementary Information

PIEDMONT REGIONAL JAIL AUTHORITY

Schedule of Changes in Net Pension Liability and Related Ratios
For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	$ 698,946	$ 713,345	$ 717,014	$ 690,790	$ 576,490	$ 612,966	$ 618,910
Interest	1,155,658	1,034,530	990,680	946,183	909,641	813,004	748,633
Changes of assumptions	-	542,130	-	(190,981)	-	-	-
Differences between expected and actual experience	33,796	980,062	(246,773)	(208,204)	(503,505)	414,810	-
Benefit payments	(920,136)	(936,283)	(732,690)	(471,562)	(449,620)	(470,880)	(425,042)
Net change in total pension liability	$ 968,264	$ 2,333,784	$ 728,231	$ 766,226	$ 533,006	$ 1,369,900	$ 942,501
Total pension liability - beginning	17,580,925	15,247,141	14,518,910	13,752,684	13,219,678	11,849,778	10,907,277
Total pension liability - ending (a)	$ 18,549,189	$ 17,580,925	$ 15,247,141	$ 14,518,910	$ 13,752,684	$ 13,219,678	$ 11,849,778
Plan fiduciary net position							
Contributions - employer	$ 514,683	$ 547,435	$ 643,737	$ 595,603	$ 568,490	$ 507,606	$ 543,881
Contributions - employee	208,404	243,745	264,878	238,371	213,593	198,327	231,309
Net investment income	290,802	958,165	984,589	1,415,059	202,505	471,723	1,361,667
Benefit payments	(920,136)	(936,283)	(732,690)	(471,562)	(449,620)	(470,880)	(425,042)
Administrator charges	(9,755)	(9,303)	(8,195)	(7,659)	(6,444)	(6,146)	(6,982)
Other	(342)	(602)	(886)	(1,283)	(83)	(100)	71
Net change in plan fiduciary net position	$ 83,656	$ 803,157	$ 1,151,433	$ 1,768,529	$ 528,441	$ 700,530	$ 1,704,904
Plan fiduciary net position - beginning	15,086,883	14,283,726	13,132,293	11,363,764	10,835,323	10,134,793	8,429,889
Plan fiduciary net position - ending (b)	$ 15,170,539	$ 15,086,883	$ 14,283,726	$ 13,132,293	$ 11,363,764	$ 10,835,323	$ 10,134,793
Authority's net pension liability - ending (a) - (b)	$ 3,378,650	$ 2,494,042	$ 963,415	$ 1,386,617	$ 2,388,920	$ 2,384,355	$ 1,714,985
Plan fiduciary net position as a percentage of the total pension liability	81.79%	85.81%	93.68%	90.45%	82.63%	81.96%	85.53%
Covered payroll	$ 4,151,319	$ 4,387,858	$ 4,818,551	$ 4,477,838	$ 4,223,842	$ 3,764,719	$ 3,825,657
Authority's net pension liability as a percentage of covered payroll	81.39%	56.84%	19.99%	30.97%	56.56%	63.33%	44.83%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Exhibit 7

PIEDMONT REGIONAL JAIL AUTHORITY

Schedule of Employer Contributions - Pension Plan
For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2021	$ 573,001	$ 573,001	$ -	$ 3,804,941	15.06%
2020	514,681	514,681	-	4,151,319	12.40%
2019	544,930	544,930	-	4,387,858	12.42%
2018	643,737	643,737	-	4,818,551	13.36%
2017	598,717	598,717	-	4,477,838	13.37%
2016	570,219	570,219	-	4,223,842	13.50%
2015	508,194	508,194	-	3,764,719	13.50%
2014	544,008	544,008	-	3,825,657	14.22%
2013	571,503	571,503	-	4,019,010	14.22%
2012	589,482	589,482	-	4,054,208	14.54%

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Required Supplementary Information - Pension Plan
For the Year Ended June 30, 2021

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Exhibit 9

PIEDMONT REGIONAL JAIL AUTHORITY

Schedule of Authority's Share of Net OPEB Liability - OPEB Plans
For the Measurement Dates of June 30, 2017 through 2020

Date (1)	Employer's Proportion of the Net OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total OPEB Liability (6)
Group Life Insurance (GLI) Plan					
2020	0.02040%	$ 340,442	$ 4,199,176	8.11%	52.64%
2019	0.02263%	368,250	4,437,288	8.30%	52.00%
2018	0.02553%	388,000	4,854,956	7.99%	51.22%
2017	0.02439%	367,000	4,499,073	8.16%	48.86%
Virginia Local Disability Program (VLDP)					
2020	0.05829%	$ 582	$ 217,260	0.27%	76.84%
2019	0.07510%	1,521	232,073	0.66%	49.19%
2018	0.07134%	-	173,216	0.00%	51.39%
2017	0.09163%	1,000	168,254	0.59%	38.40%
Line of Duty Act Program (LODA)					
2020	0.53491%	$ 2,240,286	$ 3,836,204	58.40%	1.02%
2019	0.58371%	2,094,270	4,093,968	51.16%	0.79%
2018	0.61256%	1,920,000	4,512,158	42.55%	0.60%
2017	0.57341%	1,507,000	4,363,648	34.54%	1.30%

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

PIEDMONT REGIONAL JAIL AUTHORITY

Schedule of Employer Contributions - OPEB Plans
For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Group Life Insurance (GLI) Plan					
2021	$ 21,122	$ 21,122	$ -	$ 3,911,442	0.54%
2020	21,836	21,836	-	4,199,176	0.52%
2019	23,105	23,105	-	4,437,288	0.52%
2018	25,440	25,440	-	4,854,956	0.52%
2017	23,395	23,395	-	4,499,073	0.52%
2016	20,397	20,397	-	4,249,472	0.48%
2015	18,138	18,138	-	3,778,655	0.48%
2014	18,398	18,398	-	3,832,952	0.48%
2013	19,347	19,347	-	4,030,608	0.48%
2012	11,508	11,508	-	4,110,159	0.28%
Virginia Local Disability Program (VLDP)					
2021	$ 2,106	$ 2,106	$ -	$ 253,772	0.83%
2020	1,564	1,564	-	217,260	0.72%
2019	1,671	1,671	-	232,073	0.72%
2018	1,039	1,039	-	173,216	0.60%
2017	1,010	1,010	-	168,254	0.60%
2016	1,037	1,037	-	172,882	0.60%
2015	380	380	-	63,365	0.60%
2014	42	42	-	6,933	0.61%

Schedule is intended to show information for 10 years. The Authority did not participate in the program until the new hybrid retirement plan in 2014.

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Line of Duty Act (LODA) Program					
2021	$ 64,558	$ 64,558	$ -	$ 3,382,601	1.91%
2020	72,694	72,694	-	3,836,204	1.89%
2019	78,340	78,340	-	4,093,968	1.91%
2018	65,248	65,248	-	4,512,158	1.45%
2017	61,843	61,843	-	4,363,648	1.42%
2016	47,733	47,733	-	4,197,868	1.14%
2015	50,327	50,327	-	3,792,772	1.33%
2014	48,543	48,543	-	3,630,861	1.34%
2013	42,673	42,673	-	3,561,015	1.20%
2012	24,325	24,325	-	3,541,485	0.69%

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

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Required Supplementary Information - Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2021

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Required Supplementary Information - Virginia Local Disability Program (VLDP)
For the Year Ended June 30, 2021

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 thorugh June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each year age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

PIEDMONT REGIONAL JAIL AUTHORITY

Notes to Required Supplementary Information - Line of Duty Act (LODA) Program
For the Year Ended June 30, 2021

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2019 valuation were based on results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%

Other Supplementary Information

Exhibit 14

PIEDMONT REGIONAL JAIL AUTHORITY

Schedule of Revenues, Expenses, and Changes in Net Position
Budget and Actual
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget- Positive
	Original	Final	Amounts	(Negative)
Operating revenues:				
Local revenue:				
Charges to governmental entities	$ 7,957,540	$ 7,957,540	$ 5,816,901	$ (2,140,639)
Medical and pharmacy reimbursement	75,400	75,400	76,214	814
Work release fees/ week-enders	85,000	85,000	59,086	(25,914)
Home electronic monitoring	40,000	40,000	44,010	4,010
Telephone commission	480,000	480,000	480,000	-
Other income	42,500	42,500	43,740	1,240
Total local revenue	$ 8,680,440	$ 8,680,440	$ 6,519,951	$ (2,160,489)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Compensation Board	$ 3,820,558	$ 3,820,558	$ 3,700,423	$ (120,135)
Total revenue from the Commonwealth	$ 3,820,558	$ 3,820,558	$ 3,700,423	$ (120,135)
Total operating revenues	$ 12,500,998	$ 12,500,998	$ 10,220,374	$ (2,280,624)
Operating expenses:				
Salaries	$ 4,762,857	$ 4,762,857	$ 4,260,676	$ 502,181
Employee fringe benefits	1,892,417	1,892,417	2,343,565	(451,148)
Advertising	6,000	6,000	29,022	(23,022)
Dues and memberships	3,996	3,996	5,555	(1,559)
Books and subscriptions	96	96	174	(78)
Uniforms	15,000	15,000	20,815	(5,815)
In-Service training	52,740	52,740	57,078	(4,338)
Food supplies	428,718	428,718	601,748	(173,030)
Food Juvenile Detention Center	32,000	32,000	21,234	10,766
Kitchen supplies	25,000	25,000	54,732	(29,732)
Janitorial and laundry supplies	25,000	25,000	52,418	(27,418)
Maintenance contracts	42,000	42,000	36,966	5,034
Maintenance - buildings and grounds	146,004	146,004	333,591	(187,587)
Medical service provider	2,788,740	2,788,740	2,111,939	676,801
Medical and pharmacy supplies	420,000	420,000	428,079	(8,079)
Postage	5,004	5,004	5,265	(261)
Office supplies	34,596	34,596	38,316	(3,720)
Office equipment	14,000	14,000	12,795	1,205
Physician and dentist, etc.	181,860	181,860	138,331	43,529
Printing and copying	3,000	3,000	-	3,000

Exhibit 14

PIEDMONT REGIONAL JAIL AUTHORITY

Schedule of Revenues, Expenses, and Changes in Net Position
Budget and Actual
For the Year Ended June 30, 2021 (Continued)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget- Positive (Negative)
Operating expenses: (Continued)				
Professional services	$ 110,204	$ 110,204	$ 90,193	$ 20,011
Freight/delivery	4,896	4,896	4,262	634
Telephone	50,000	50,000	44,931	5,069
Repairs and maintenance	47,300	47,300	50,689	(3,389)
Radio maintenance	2,496	2,496	5,765	(3,269)
Vehicle supplies	48,000	48,000	19,998	28,002
Security supplies	24,996	24,996	27,614	(2,618)
Extermination	2,000	2,000	1,756	244
Miscellaneous	9,996	9,996	8,569	1,427
Travel and lodging	11,996	11,996	1,952	10,044
Propane	70,000	70,000	49,833	20,167
Electricity/heating	155,004	155,004	132,791	22,213
Water/sewer	311,624	311,624	259,791	51,833
Insurance	215,110	215,110	181,915	33,195
Refuse collection	3,750	3,750	7,706	(3,956)
Home electronic monitoring expenses	21,000	21,000	15,777	5,223
CARES fund usage	-	-	64,096	(64,096)
Capital outlays	275,000	275,000	158,008	116,992
Vehicle purchase	45,996	45,996	52,789	(6,793)
Contingencies	222,602	222,602	39,265	183,337
Total operating expenses	$ 12,510,998	$ 12,510,998	$ 11,769,999	$ 740,999
Net operating income (loss)	$ (10,000)	$ (10,000)	$ (1,549,625)	$ (1,539,625)
Nonoperating revenues (expenses):				
Interest income	$ -	$ -	$ 3,776	$ 3,776
Grant income	10,000	10,000	99,561	89,561
Locality reimbursement for bonds	299,538	299,538	299,538	-
Principal payments	(251,619)	(251,619)	(203,700)	47,919
Interest expense	(47,919)	(47,919)	(93,268)	(45,349)
Net nonoperating revenues (expenses)	$ 10,000	$ 10,000	$ 105,907	$ 95,907
Reconciling items from budgetary basis to change in net position:				
Principal payments	$ -	$ -	$ 203,700	$ 203,700
Capital outlay and vehicle purchases	-	-	210,797	210,797
Gain (loss) on disposal of capital assets	-	-	(126,988)	(126,988)
Capital contributions and transfers	-	-	9,100	9,100
Depreciation	-	-	(486,940)	(486,940)
Net reconciling items from budgetary basis	$ -	$ -	$ (190,331)	$ (190,331)
Change in net position	$ -	$ -	$ (1,634,049)	$ (1,634,049)
Net position, beginning of year	-	-	3,396,833	3,396,833
Net position, end of year	$ -	$ -	$ 1,762,784	$ 1,762,784

Exhibit 15

PIEDMONT REGIONAL JAIL AUTHORITY

Summary of Changes in Miscellaneous Items
For the Year Ended June 30, 2021

	Receipts	Disbursements	Excess of Revenues over (under) Expenditures	
Inmate Canteen Account	$ 728,233	$ 743,106	$ (14,873)	
Jail Telephone Commissions	536,833	56,849	479,984	*
Home Electronic Monitoring	44,010	15,777	28,233	
Work Release Fees	17,601	-	17,601	
Weekenders	41,485	-	41,485	
Inmate Medical Co-payment	361	361	-	
	$ 1,368,523	$ 816,093	$ 552,430	

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

Compliance

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities and aggregate remaining fund information of Piedmont Regional Jail Authority as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Piedmont Regional Jail Authority's basic financial statements and have issued our report thereon dated November 19, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 19, 2021