

Hampton Roads Regional Jail Authority



Annual Comprehensive Financial Report

FISCAL YEAR ENDED JUNE 30, 2021

Hampton Roads Regional Jail Authority

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

2690 Elmhurst Lane
Portsmouth, Virginia 23701-2745

Prepared by the Finance Division

Jeffrey Vergakis
Interim Superintendent

Deborah J. Hand
Director of Finance

Deanna L. Isom
Accounting and Budgeting
Manager

INTRODUCTORY SECTION

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2021

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HAMPTON ROADS REGIONAL JAIL AUTHORITY

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HAMPTON ROADS REGIONAL JAIL AUTHORITY BOARD MEMBERS

Christopher Price, City Manager, Chesapeake
Alternate: Robert Geis, Deputy City Manager, Chesapeake
Alternate: Nancy Tracy, Director of Finance, Chesapeake

Jim O'Sullivan, Sheriff, Chesapeake
Alternate: Lt. Colonel Clayton Bennett, Chief Deputy, Chesapeake

Robert C. Ike, Jr., City Council Member, Chesapeake
Alternate: John de Triquet, City Council Member, Chesapeake

Chris Sneed, City Council Member, Hampton
Alternate: Chris Bowman, City Council Member, Hampton

Karen E. Bowden, Hampton
Alternate: Major Rich, Undersheriff, Hampton

Mary B. Bunting, City Manager, Hampton
Alternate: Brian DeProfio, Special Projects Manager, Hampton, **Chair**

Marcellus Harris, City Council Member, Newport News
Alternate: Vice Mayor Sandra Cherry, City Council Member, Newport News

Gabriel A. Morgan, Sheriff, Newport News
Alternate: Lt. Col. Shonda Whitfield, Chief Deputy, Newport News

Cynthia Rohlf, City Manager, Newport News
Alternate: Alan Archer, Assistant City Manager, Newport News

Martin A. Thomas, Jr., City Council Member, Norfolk
Alternate: Paul R. Riddick, City Council Member, Norfolk

Joseph Baron, Sheriff, Norfolk
Alternate: Lt. Colonel Michael O'Toole, Norfolk Sheriff's Office

Dr. Larry Filer, II, City Manager, Norfolk
Alternate: Michael Goldsmith, Deputy City Manager, Norfolk

Lisa Lucas-Burke, City Council Member, Portsmouth **Vice Chair**
Alternate: William E. Moody, Jr., City Council Member, Portsmouth

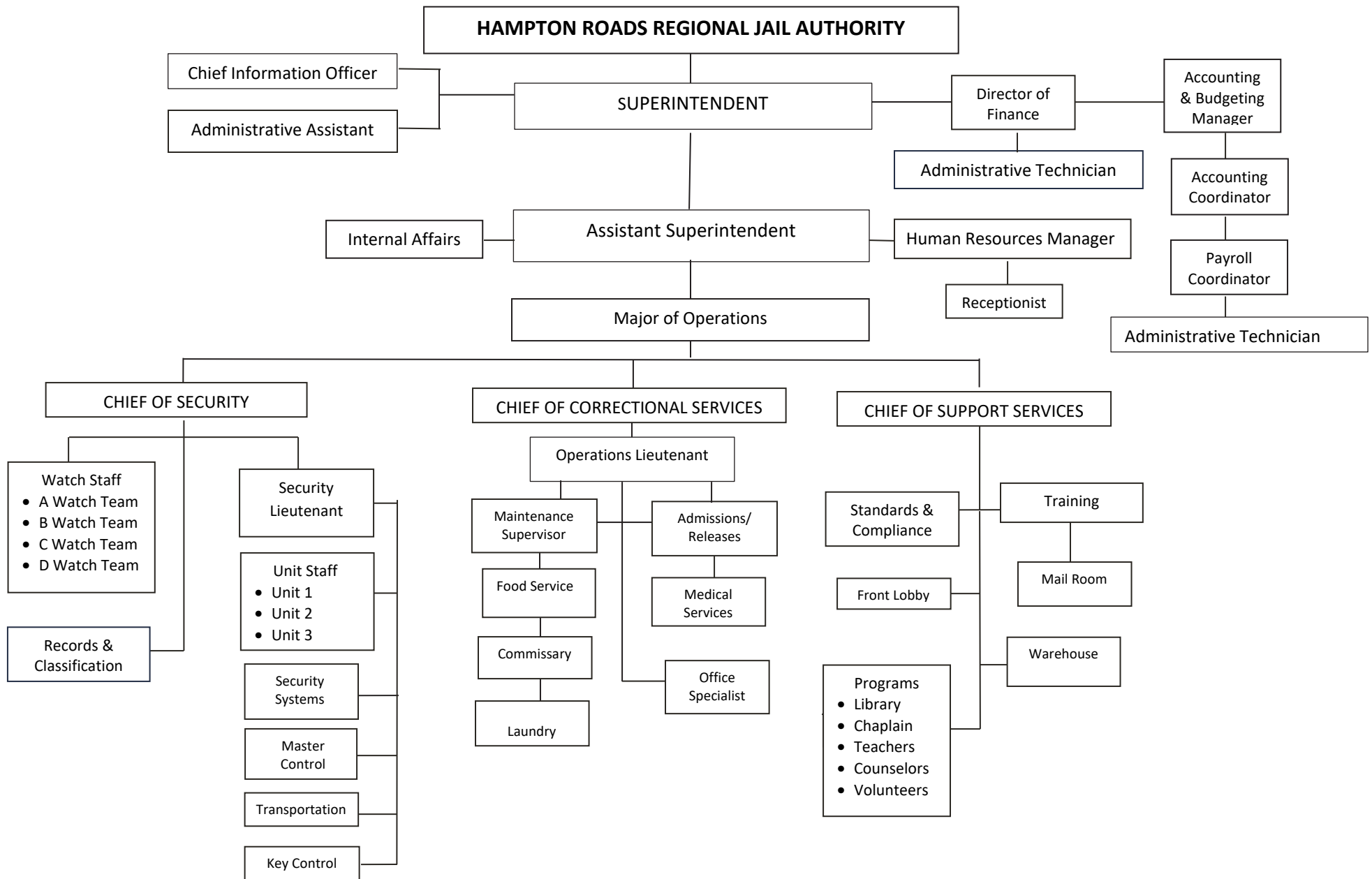
Michael Moore, Sheriff, Portsmouth

Angel Jones, City Manager, Portsmouth,
Alternate: Trey Burke, Budget Officer, Portsmouth

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Org HAMPTON ROADS REGIONAL JAIL

ORGANIZATIONAL CHART



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HAMPTON ROADS REGIONAL JAIL AUTHORITY

PRINCIPAL OFFICIALS (as of June 30, 2021)

Jeffrey D Vergakis, Colonel	Interim Superintendent
William J. Anderson, Lt Colonel	Assistant Superintendent
Vacant	Major of Operations
Karas Mack, Captain	Chief of Operations
Winston T. Bhagirath, Jr, Captain	Chief of Security
Vacant	Chief of Support Services
Cliff Hayes	Chief Information Officer
Carla Brown-Anders	Human Resources Manager
Deborah J. Hand	Director of Finance
Deanna L. Isom	Accounting & Budgeting Manager
Anaya Chandler, Lieutenant	DOJ Compliance
Tony Nash, II, Lieutenant	Operations
Vacant, Lieutenant	Security
Mary M. Cheeseboro, Lieutenant	Training
Kuanasia K. Murphy, Lieutenant	Watch Commander
Jose'fina Holder, Lieutenant	Watch Commander
Earl Ward, Lieutenant	Watch Commander
Ernest Kelly, Lieutenant	Watch Commander
Nicole M. Frey, Sergeant	Assistant Watch Commander
Risha M. Davis, Sergeant	Assistant Watch Commander
Katrina Evans, Sergeant	Assistant Watch Commander
Alvin Casper, Sergeant	Assistant Watch Commander
Dervin R. Jordan, Sergeant	Unit Manager
Theodore Neals, Sergeant	Unit Manager
Tajuana Rodgers, Sergeant	Unit Manager
Vacant, Sergeant	Unit Manager
Alan V. Boyer, Sergeant	Unit Manager
Vacant, Sergeant	Unit Manager
Vacant, Sergeant	Unit Manager
Vacant, Sergeant	Unit Manager
Vacant, Sergeant	Unit Manager
Vacant, Sergeant	Unit Manager
Stephen T. Phillips, Lieutenant	Internal Affairs
Latoya J. Jones, Sergeant	Intake/Release/Property/Medical
Sherre M. Cassells, Sergeant	Maintenance
Cardell T. Dickerson, Sergeant	Programs/Warehouse
Tamara L. Everette, Sergeant	Transportation
Hilarie G. Whitehead, Sergeant	Security Systems
Sonya D. Cherry, Sergeant	Standards /Compliance
Ebony N. Herelle, Sergeant	Records Supervisor
Vacant	Classifications Supervisor
Pamela L. Westbrook, HSA, Contractor Employee	Inmate Medical Services Administrator
Dr. Clarence Clarke, MD	Medical Director
Tony Turner, Contractor Employee	Food Service Director
Frank Ellis, Contractor Employee	Facility Maintenance Director
Brett Moody, Good News Ministries	Chaplain

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Hampton Roads Regional Jail
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

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December 21, 2021

Members of the Board Hampton Roads Regional Jail Authority

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the **Hampton Roads Regional Jail Authority** (Authority) for the fiscal year ended June 30, 2021. The report submitted herewith is in accordance with applicable requirements, including the provisions of the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts, Commonwealth of Virginia as revised July, 2021. This report was prepared by the Authority's Finance Division in accordance with generally accepted accounting principles (GAAP) as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB).

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation including all disclosures rests with the Authority. We believe the data as presented is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Authority as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the Authority's financial affairs have been included.

GASB requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Authority's MD&A can be found immediately following the Independent Auditors' Report in the financial section.

Profile of the Organization

As an intergovernmental joint venture created by the four original cities of Hampton, Newport News, Norfolk, and Portsmouth, the Authority is considered a stand-alone governmental entity for financial reporting purposes. The financial reporting entity is a single enterprise fund of the Authority. The facility was built beginning in 1996 and opened on March 16, 1998. Its primary function is to provide additional incarceration capacity to the Member Jurisdictions. It provides incarceration services for both pre-trial and sentenced inmates and by practice, tends to house a large portion of the medical, mentally ill and female inmates for the Members Jurisdictions. The Authority is designed and operates to accommodate all types of inmates from the member cities' jails including those with special needs and those who require special management. Beginning July 1, 2014, the City of Chesapeake entered into an agreement with the Authority to become a full member upon adoption of the agreement by all five City Councils. This was accomplished by approval of a revised and restated Service Agreement by all five governing bodies, effective August 26, 2014.

Information Useful in Assessing Economic Condition

The Authority's financial and economic outlook is stable. The economic stability of the Authority was based in large part on the contractual obligations of the five member cities to provide and pay for at least 1,125 inmates per day. Chesapeake became a full member August 26, 2014. This increased the minimum number of inmates per day to 1,125 as of July 1, 2016. Each of the member cities operate their own jails, from which selected inmates are transferred to the Authority.

By resolution, the city councils of the four original member cities, agreed to provide and pay for a minimum of 875 inmates as follows: Hampton-175; Newport News-200; Norfolk-250; Portsmouth-250 and Chesapeake-250. As the newest member, Chesapeake phased in the number of inmates housed by the Authority increasing their inmate population at the rate of 25 per quarter until July 1, 2016. The member cities pay a per diem cost per inmate. Effective July 1, 2021, the current base rate is \$77.00 per inmate per day for member cities, with the exception of the host city, Portsmouth, which pays \$72.45. The five member cities are charged \$40.00 per inmate per day for all inmate days in excess of the contract minimum up to 20% over the contract minimum and the base rate for any additional inmates.

The Authority's Operating Expenses for fiscal year ending June 30, 2021 were \$9,028,351 below budget. Transfers totaling \$106,803 from the Capital Repair and Replacement Reserve Fund were authorized by the Authority Board. Revenues, primarily from Compensation Board were below the budgeted amounts by \$631,608. The Authority finished the fiscal year with a favorable Operating Budget variance of \$8,396,743.

Long-Range Financial Planning

As part of the annual budget process, a five-year projection model is used to forecast rate adjustments. The model focuses on operating revenues and expenses as well as debt service and investment income.

A five-year Capital Improvement Plan is used to forecast planned Capital Repair and Replacement costs. Included in the Capital Improvement Plan are several large renovation projects. These include the renovation of the kitchen and inmate showers. This contract has been awarded. Projects in planning and design phases include replacement of the roof, renovation of the stormwater ponds, upgrades to the HVAC system, an upgrade to LED lighting, replacement of the radio system, modernization of four elevators and replacement of the fire alarm system.

Major Initiatives

In August, 2020 the Authority and the US Department of Justice reached a mutual agreement which resolves allegations outlined in the CRIPA notice issued December 19, 2018. Implementation of the provisions of this agreement have already begun and include, increased staffing and training, enhancements to inmate medical and mental health services, updates to the restrictive housing practices for inmates with serious mental illness and an update of the Authority's policies and procedures. An independent monitor has been hired to review and report on the Authority's progress and to assist with compliance.

Major Initiatives: (Continued)

Most of the jail's inmate population suffers from either a serious medical condition or some form of mental illness. To address this need, the Authority has increased the medical and mental health staff by 89% since 2016. In compliance with the requirements of the Department of Justice agreement, the Authority has created a strategic plan for housing male and female inmates with mental illness. The jail is in the process of remodeling several housing areas to create secure mental health units, acute/serious mental health units, and transitional recovery units for males and females. At the August 18, 2021 Board meeting, the Board approved the purchase of 26 suicide prevention doors at a cost of \$167,050 to further meet Department of Justice requirements.

The Authority faced many challenges since the coronavirus pandemic began in early 2020. As a result of the pandemic, expenses for sanitation supplies and single-use feeding trays increased. For the first time, personal protective equipment such as face masks for staff and inmates, sterile gowns and face shields were purchased. Visitation, except for professional visits, was suspended. Equipment was purchased to allow for surface sanitation and daily temperature checks for all individuals entering the facility. Based on recommendations from the CDC and VOSH, new protocols were put into place to protect staff and inmates. Inmates who were symptomatic or tested positive for COVID-19 were quarantined for 14 days or until they tested negative. For several months, inmates were not transferred to the jail causing the inmate population to decline. Revenue was not impacted because each city continued to pay for their contractually guaranteed minimum inmate count.

The Authority applied for and received \$50,000 in grant funds from the Coronavirus Emergency Supplemental Funding Grant (CESF) in FY2021, to cover the cost of supplies to prevent, prepare for and respond to the coronavirus pandemic within the jail.

Correctional officer vacancies remained high in FY2021. The Authority continues to enhance its hiring and retention practices and plans to conduct a pay study within the next year to address the vacancies. To enhance safety and encourage recruitment, at its October 21, 2020 meeting, the Board authorized a \$1,000 sign-on bonus for new jail officers. The Board also authorized the jail to contract with local deputies, at a rate of \$40 an hour, to provide security to inmates who are hospitalized. The Board also agreed to temporarily reduce the number of inmates housed at the regional jail, while not reducing funding, to provide a better officer to inmate ratio.

The Authority voted at the April, 2021 meeting to hire PFM Consultants to formulate a plan to calculate and pay back to the cities a rebate equal to the cost savings resulting from the reduction in the inmate population for fiscal years 2021 and 2022. It was estimated that the 2021 rebate would be \$4.9 million and the 2022 rebate would be \$6.7 million.

The Commonwealth of Virginia Board of Corrections conducted its triennial inspection in July, 2021. The Authority scored 100% on all applicable standards. This certification was originally granted in 1999. Certification inspections are conducted every three years. The last Life, Health and Safety inspection was conducted at the same time and the Authority was in compliance with applicable standards.

The Authority was accredited by the Commission on Accreditation for Corrections and the American Correctional Association (ACA) in January 2001 and re-accredited in 2004, 2007, 2010, 2013, 2016 and 2019. The Authority received a score of 100% on the triennial ACA audit. In order to receive ACA accreditation, the Regional Jail Authority was required to demonstrate compliance with the ACA's

Major Initiatives: (Concluded)

Standards for Adult Local Detention Facilities. These standards are comprehensive and cover all areas of jail operations and administration. The accreditation is awarded for a three-year period and it is necessary to meet the standards on an on-going basis. In response to a recommendation of the Commonwealth of Virginia Board of Local and Regional Jails (BOLRJ) to decertify the Authority's regional jail, the Authority's ACA certification was rescinded in 2021. However, the Authority's operations continue to follow the high standards set by the ACA.

During June 2018, the Authority was audited for triennial re-accreditation by the National Commission on Correctional Health Care (NCCHC). The Authority received a score of 100% on all mandatory standards. This accreditation was originally received in June 1999 and the jail was re-accredited in 2002, 2005, 2008, 2012 and 2015 and is awarded for compliance with NCCHC Standards for Health Services in Jails. The next NCCHC audit is expected to be in 2021.

The Authority was awarded another extension of the Mental Health Pilot Program Grant from July 1, 2021 through June 30, 2022 in the amount of \$460,700. This is a continuation of the original Grant that began January 1, 2017. The Authority was one of six jails awarded the grant by the Virginia Department of Criminal Justice Services. With this grant funding, the Authority started a program known as C.O.R.E (Community Oriented Re-Entry), to assist the mentally ill inmates serviced by the Hampton Roads Regional Jail. The Behavioral Health Services (BHS's) and Community Services Boards (CSB's) for all 5 member Jurisdictions are collaborating with the Authority to provide wrap-around mental health services to offenders while incarcerated and after they return to the community. This pilot program has allowed the Authority to be one of the first Jails in the Commonwealth of Virginia to devise a sustainable plan to deliver comprehensive mental health services to inmates with serious mental illness.

The Authority is also hosting 9 forensic discharge planners from the CSB's and BHS's in its 5-member Jurisdictions under a second grant. This grant is provided through the Department of Behavioral Health and Developmental Services with Chesapeake Integrated Behavioral Health acting as the lead agency, to provide discharge planning services to the seriously mentally ill offenders at the Jail.

Accounting System

In developing and evaluating the Authority's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the Authority's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The accounting system of the Authority is organized and operated on an enterprise fund basis. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts recording its assets, liabilities, fund balances, revenues and expenditures. Additional information concerning the Authority's accounting policies is provided in Note 2 of the Notes to Financial Statements.

Enterprise Fund Operations

An enterprise fund, a proprietary fund type, is accounted for on an economic resources measurement focus. All assets and liabilities, whether current or long-term, together with deferred outflows and inflows associated with its activities are included on its Statement of Net Position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position. The financial statements are presented using the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred. Operating revenues and expenses are presented in a manner similar to a private business, where costs, including depreciation, of providing services to the public on a continuing basis are financed or recovered primarily through user charges.

Independent Audit

Authority Bylaws require that the financial statements of the Authority be audited annually by a certified public accountant selected by the Authority's Board. An annual audit of the book of accounts, financial records, and transactions of all funds of the Authority has been performed by Robinson, Farmer, Cox, Associates for the fiscal year ended June 30, 2021.

The auditor's report, which includes their opinion on the financial statements of the Authority, is presented in this report on pages 1 through 3.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Hampton Roads Regional Jail Authority for its annual comprehensive financial report for the fiscal year ended June 30, 2020. This was the twenty second consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

This report reflects the strong financial policies enacted by the Authority's Board and the active participation of the Board's Finance Committee. The result is an Authority in stable financial position. The Board's support and cooperation in planning and conducting the financial operations of the Authority are appreciated and acknowledged.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'Jeffrey D. Vergakis', with a stylized, flowing script.

Jeffrey D. Vergakis
Interim Superintendent

A handwritten signature in dark ink, appearing to read 'Deborah J. Hand', with a cursive, flowing script.

Deborah J. Hand
Director of Finance

FINANCIAL SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

**To the Members of
Hampton Roads Regional Jail Authority
Portsmouth, 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 Hampton Roads Regional Jail Authority, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Hampton Roads 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 financial position of the business-type activities and the aggregate remaining fund information of Hampton Roads 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 2 to the financial statements, in 2021, Hampton Roads 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 2 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 5-9 and 65-76 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hampton Roads Regional Jail Authority's basic financial statements. The introductory section, budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Matters: (Continued)

Supplementary and Other Information: (Continued)

The budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2021, on our consideration of Hampton Roads 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 Hampton Road 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 Hampton Roads Regional Jail Authority's internal control over financial reporting and compliance.

Robinson Faxon Cox Associates

Charlottesville, Virginia
December 21, 2021

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HAMPTON ROADS REGIONAL JAIL AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the Hampton Roads 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 it in conjunction with the transmittal letter at the front of this report and the Authority's financial statements, which follow in this section.

Financial Highlights

- The Authority's net position increased by \$542 thousand, as a result of this year's operating and non-operating financial activities.
- Operating revenues increased approximately \$1.227 million over FY2020 revenues or 2.76%, while operating expenses decreased by \$1.068 million, or 2.63%. The increase in operating revenues was the result of an increase in member per diems, an increase in telephone revenue and an increase in commissary commissions.
- Nonoperating expenses reflects a rebate due to the member cities as a result of the reduction in the inmate population.
- The Authority's net investment in capital assets decreased by approximately \$210 thousand, or 3000%.

Using This Annual Report

The Financial Section of the Annual Comprehensive Financial Report consists of Management's Discussion and Analysis and the basic financial statements including notes that explain in more detail some of the information in the financial statements. This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements as well as management's examination and analysis of financial condition and performance. Summary financial data, key financial and operational indicators contained in the Authority's budget and other management tools were used for this analysis.

The Authority's financial statements report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer both short and long-range financial information about its activities. The Statement of Net Position includes the nature and amounts of investments in resources (assets) and deferred outflows of resources and obligations to creditors (liabilities) and deferred inflows of resources. It also provides the basis for computing the rate of return, evaluation of the capital structure and assessing the liquidity and financial flexibility of the Authority. The Statement of Revenues, Expenses and Changes in Net Position contains all of the current year's revenue and expenses. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its per diem charges and other revenues, profitability and credit worthiness.

The final required operating financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the cash receipts and cash payments made by the Authority during the fiscal year. The statement reports cash receipts and cash payments and net changes in cash and cash equivalents resulting from operations, investing and capital and non-capital financing activities, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

Fiduciary financial statements are also presented. 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. The Notes to the Financial Statements provide required disclosures and other information that are essential to a full understanding of material data provided in the financial statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Financial Analysis

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the Authority's activities in a way that will help to determine the financial health of the Authority. These two statements report the net position of the Authority and changes to it. The difference between assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position, is one way to measure financial health or financial position. Over time, increases or decreases in Authority net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to also consider other non-financial factors such as changes in economic conditions, population, service area growth, changes in accounting standards and new or changed legislation.

The Authority's total net position increased from last year by a net amount of approximately \$542 thousand. Our analysis below focuses on the change in net position and the resulting changes in assets and liabilities.

		2021	2020	Amount Change	% Change
(in thousands)					
Capital assets	\$	22,257	\$ 25,260	\$ (3,003)	(11.89)%
Restricted assets		4,296	4,291	5	0.12%
Current assets		<u>31,815</u>	<u>27,060</u>	<u>4,755</u>	<u>17.57%</u>
Total assets	\$	<u>58,368</u>	<u>\$ 56,611</u>	<u>\$ 1,757</u>	<u>3.10%</u>
Deferred outflows of resources	\$	<u>6,032</u>	<u>\$ 5,166</u>	<u>\$ 866</u>	<u>16.76%</u>
Long-term liabilities	\$	31,345	\$ 32,164	\$ (819)	(2.55)%
Current liabilities		<u>9,773</u>	<u>6,321</u>	<u>3,452</u>	<u>54.61%</u>
Total liabilities	\$	<u>41,118</u>	<u>\$ 38,485</u>	<u>\$ 2,633</u>	<u>6.84%</u>
Deferred inflows of resources	\$	<u>1,607</u>	<u>\$ 2,157</u>	<u>\$ (550)</u>	<u>(25.50)%</u>
Net investment in capital assets	\$	(203)	\$ 7	\$ (210)	(3000.00)%
Restricted		4,296	4,290	6	0.14%
Unrestricted		<u>17,582</u>	<u>16,836</u>	<u>746</u>	<u>4.43%</u>
Total net position	\$	<u><u>21,675</u></u>	<u><u>\$ 21,133</u></u>	<u><u>\$ 542</u></u>	<u><u>2.56%</u></u>

Financial Analysis (Continued)

The changes in the Authority's net position can be determined by reviewing the following condensed Statement of Revenues, Expenses and Changes in Net Position:

	<u>2021</u>	<u>2020</u>	<u>Amount Change</u>	<u>% Change</u>
(in thousands)				
Operating revenues				
Commonwealth of Virginia per diems, net	\$ 1,736	\$ 2,132	\$ (396)	(18.57)%
Commonwealth of Virginia reimbursements	11,551	12,202	(651)	(5.34)%
Member per diems	31,330	29,059	2,271	7.82%
Telephone revenue	476	455	21	4.62%
Inmates commissary sales commissions	402	377	25	6.63%
Inmates keep fees	138	143	(5)	(3.50)%
Employee canteen sales commissions	6	5	1	20.00%
Miscellaneous	41	80	(39)	(48.75)%
Total operating revenues	<u>\$ 45,680</u>	<u>\$ 44,454</u>	<u>\$ 1,227</u>	<u>2.76%</u>
Nonoperating revenues				
Investment income	\$ 13	\$ 163	\$ (150)	(92.02)%
Behavioral Health Grant	337	342	(5)	(1.46)%
COVID-19 Reimbursement Grant	50	-	50	100.00%
Gain (loss) on disposal of capital assets	<u>10</u>	<u>(21)</u>	<u>31</u>	<u>(1.48)%</u>
Total revenues	<u>\$ 46,090</u>	<u>\$ 44,938</u>	<u>\$ 1,153</u>	<u>2.57%</u>
Operating expenses				
Jail operations				
Personal services	\$ 12,637	\$ 13,714	\$ (1,077)	(7.85)%
Employee benefits	5,446	5,450	(4)	(0.07)%
Medical services	11,064	11,173	(109)	(0.98)%
Other purchased services	2,880	2,401	479	19.95%
Other charges	2,495	2,919	(424)	(14.53)%
Materials and supplies	590	678	(88)	(12.98)%
Noncapital equipment	297	225	72	32.00%
Inmates commissary	332	306	26	8.50%
Employees canteen	4	4	-	0.00%
Behavioral Health Grant	337	288	49	17.01%
Depreciation	<u>3,403</u>	<u>3,395</u>	<u>8</u>	<u>0.24%</u>
Total operating expenses	<u>\$ 39,485</u>	<u>\$ 40,553</u>	<u>\$ (1,068)</u>	<u>(2.63)%</u>
Nonoperating expenses				
Interest and fiscal charges	\$ 1,079	\$ 1,152	\$ (73)	(6.34)%
Member rebate	<u>4,976</u>	<u>-</u>	<u>4,976</u>	<u>100.00%</u>
Total expenses	<u>\$ 45,540</u>	<u>\$ 41,705</u>	<u>\$ 3,835</u>	<u>9.20%</u>
Change in net position	\$ 542	\$ 3,233	\$ (2,691)	(83.24)%
Beginning net position	<u>21,133</u>	<u>17,900</u>	<u>3,233</u>	<u>18.06%</u>
Ending net position	<u>\$ 21,675</u>	<u>\$ 21,133</u>	<u>\$ 542</u>	<u>2.56%</u>

Financial Analysis (Continued)

Operating revenues increased by 2.76% in FY2021 compared to FY2020. Member per diems increased \$2.271 million or 7.82% in FY2021. This was primarily due to a \$6 increase in the member per diem from \$71 to \$77. Commonwealth reimbursements decreased 5.34%, Commonwealth per diems decreased 18.57% and Inmate keep fees decreased by 3.50% due to the decrease in inmate population. Total revenue increased by \$1.153 million in FY2021.

Operating expenses decreased 2.63% from FY2020 to FY2021 due to a decrease in personal services of \$1.077 million or 7.85%. The increase in other charges of is the result of a rebate to the member cities in the amount of \$4.976 million.

FY2021 was the fourth full year of the jail mental health pilot grant. Grant expenses increased by \$49 thousand as compared to FY2020.

There are three categories of net position: Net Investment in Capital Assets, Restricted for Debt Service and Unrestricted. The amounts set aside for Operating Reserve and Capital Repair and Replacement are reported in the combined total of Unrestricted.

Capital Assets and Debt Administration

Capital assets

At the end of 2021, the Authority had \$83.9 million invested in capital assets comprised of the land, building, furnishings and equipment of the regional jail. Also included are capitalized interest and pre-opening costs representing interest and other costs capitalized during the construction period. Net Capital assets decreased by approximately \$3.003 million during the year due to depreciation expense of \$3.4 million.

The following table summarizes the Authority's capital assets, net of accumulated depreciation, as of June 30, 2021 and 2020 (in thousands).

	<u>2021</u>	<u>2020</u>
Land	\$ 2,032	\$ 2,032
Work in progress	197	30
Buildings and improvements	64,965	64,965
Furnishings and equipment	3,155	3,056
Capitalized interest	9,283	9,283
Pre-opening costs	3,221	3,221
Automotive equipment	<u>1,051</u>	<u>967</u>
Total capital assets	83,904	83,554
Accumulated depreciation	<u>(61,647)</u>	<u>(58,294)</u>
Net capital assets	<u>\$ 22,257</u>	<u>\$ 25,260</u>

Capital Assets and Debt Administration (Continued)

Capital assets (Continued)

The following table summarizes the changes in capital assets. These changes are presented in a more detailed schedule in *Note 4*.

	<u>(in thousands)</u>
Balance at July 1, 2020	\$ 25,260
Additions	400
Disposals (net)	-
Depreciation	<u>(3,403)</u>
Balance at June 30, 2021	<u>\$ 22,257</u>

Debt

At year-end, the Authority had a total par of \$23,115,000 in revenue bonds outstanding.

In March, 2013, the Authority issued \$24,700,000 in Series 2013B Taxable Regional Jail Facility Bonds to refinance most of the remaining portion of the Series 2004 Refunding Revenue Bonds. As this is a second refunding of a portion of the Series 1996 Bonds, they are taxable. From this transaction, the Authority also issued \$3,345,000 in Series 2013A Tax-Exempt (new money) Revenue Bonds for the specific purpose of capital improvements.

In May, 2015, the Authority issued \$13,005,000 in Series 2015 Refunding Revenue Bonds through the Virginia Resources Authority Virginia Pooled Financing Program. The proceeds from the sale were used to defease the 2025 through 2028 maturities of the Series 2009 Bonds. This was an advance refunding. The funds from the Series 2015 Bond sale were held in escrow until November 1, 2019 at which time they were used to redeem the Series 2009 Bonds.

There have been no changes to the Authority's credit rating in FY 2021, but the rating dropped from Aa2 to Aa3 in September 2021. Additional information on the bonds is contained in *Note 5 and Note 18*.

Contacting the Authority's Financial Management

This financial report is designed to provide our clients and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional information regarding the Authority, contact the Director of Administration at 2690 Elmhurst Lane, Portsmouth, Virginia 23701.

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HAMPTON ROADS REGIONAL JAIL AUTHORITY

Statement of Net Position
June 30, 2021**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

Current assets:	
Cash and cash equivalents	\$ 23,537,894
Investments (cash equivalents)	3,523,393
Accounts receivable	565,537
Accrued interest receivable	20
Due from other governments	3,822,068
Inventories of supplies	263,456
Prepaid expenses	78,267
Receivable from inmate fund	24,048
Total current assets	\$ <u>31,814,683</u>
Long-term assets:	
Restricted assets:	
Cash held by trustee - DSRF	\$ <u>4,295,853</u>
Total restricted assets	\$ <u>4,295,853</u>
Capital assets:	
Land	\$ 2,031,926
Work in progress	197,532
Buildings and improvements	64,965,676
Capitalized interest	9,282,649
Pre-opening costs	3,220,999
Furnishings and equipment	3,154,602
Automotive equipment	1,051,050
Subtotal	\$ <u>83,904,434</u>
Less - accumulated depreciation	<u>(61,647,254)</u>
Capital assets, net	\$ <u>22,257,180</u>
Total long-term assets	\$ <u>26,553,033</u>
Total assets	\$ <u>58,367,718</u>
Deferred outflows of resources:	
Deferred sources of outflows - 2013B & 2015A refunding bonds	\$ 1,258,738
Deferred sources of outflows - Pension	4,357,409
Deferred sources of outflows - OPEB	416,176
Total deferred outflows of resources	\$ <u>6,032,323</u>
Total assets and deferred outflows of resources	\$ <u><u>64,400,041</u></u>

The accompanying notes are an integral part of these financial statements.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Statement of Net Position
June 30, 2021 (Continued)**LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION**

Current liabilities:		
Accounts payable	\$	388,968
Estimated member rebate payable		4,976,060
Accrued payroll liabilities		809,222
Accrued interest payable		149,191
Compensated absences - current		499,409
Bonds payable - current		2,950,000
Total current liabilities	\$	<u>9,772,850</u>
Long-term liabilities:		
Compensated absences	\$	499,409
Net pension liability		6,703,863
Net OPEB liabilities		2,924,607
Bonds payable, net of issuance premiums		21,216,865
Total long-term liabilities	\$	<u>31,344,744</u>
Total liabilities	\$	<u>41,117,594</u>
Deferred inflows of resources:		
Deferred sources of inflows - OPEB	\$	<u>1,607,364</u>
Total deferred inflows of resources	\$	<u>1,607,364</u>
Net position:		
Net investment in capital assets	\$	(203,158)
Restricted for:		
Debt service reserve		4,295,853
Unrestricted		<u>17,582,389</u>
Total net position	\$	<u>21,675,084</u>
Total liabilities, deferred inflows of resources and net position	\$	<u><u>64,400,041</u></u>

The accompanying notes are an integral part of these financial statements.

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HAMPTON ROADS REGIONAL JAIL AUTHORITY

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

Operating revenues:	
Commonwealth of Virginia per diems, net of recoveries	\$ 1,735,955
Commonwealth of Virginia reimbursements	10,408,488
Commonwealth of Virginia - Out of Compliance Medical	1,143,071
Member per diems	31,330,338
Telephone revenue	476,447
Inmates commissary sales commissions	402,262
Inmates keep fees	138,220
Employees canteen sales commissions	6,188
Miscellaneous revenues	<u>41,193</u>
Total operating revenues	\$ <u>45,682,163</u>
Operating expenses:	
Jail operations:	
Personal services	\$ 12,636,586
Employee benefits	5,446,274
Medical services	11,063,932
Other purchased services	2,880,024
Other charges	2,495,341
Materials and supplies	590,417
Noncapital equipment	297,255
Inmates commissary	331,959
Employees canteen	3,829
Behavioral Health Grant	336,516
Depreciation and amortization	<u>3,403,001</u>
Total operating expenses	\$ <u>39,485,134</u>
Operating income	\$ <u>6,197,029</u>
Nonoperating revenues (expenses):	
Behavioral Health Grant	\$ 336,516
COVID-19 Grant	50,000
Investment income	13,059
Gain (loss) on disposal of capital assets	10
Member rebate	(4,976,060)
Interest and fiscal charges	<u>(1,078,862)</u>
Total nonoperating revenues (expenses)	\$ <u>(5,655,336)</u>
Change in net position	\$ 541,693
Net position - beginning of year	<u>21,133,391</u>
Net position - end of year	\$ <u><u>21,675,084</u></u>

The accompanying notes are an integral part of these financial statements.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Statement of Cash Flows
Fiscal Year Ended June 30, 2021

Cash flows from operating activities:	
Receipts from clients	\$ 45,055,496
Payments to suppliers	(18,932,598)
Payments to and for employees	(17,839,011)
Other operating revenues	954,127
Other payments	(344,691)
Net cash provided by operating activities	\$ 8,893,323
Cash flows from capital and related financing activities:	
Acquisition of capital assets	\$ (400,330)
Repayment of debt	(2,875,000)
Interest and fiscal charges paid	(987,050)
Sale of capital assets	10
Net cash used for capital and related financing activities	\$ (4,262,370)
Cash flows from investing activities:	
Interest received	\$ 20,448
Proceeds from sale of investments	3,832,000
Net cash provided by investing activities	\$ 3,852,448
Net increase in cash and cash equivalents	\$ 8,483,401
Cash and cash equivalents at beginning of year, including restricted accounts	22,873,739
Cash and cash equivalents at end of year, including restricted accounts	\$ 31,357,140
Reconciliation of operating income to net cash from operating activities:	
Operating Income	\$ 6,197,029
Adjustments to reconcile operating income to net cash used for operating activities:	
Depreciation and amortization	\$ 3,403,001
Behavioral health grant	336,516
COVID-19 grant	50,000
Member rebate	(4,976,060)
Change in operating assets and deferred outflows of resources:	
Accounts receivable	(496,699)
Due from other governments	437,644
Inventories of supplies	(46,098)
Prepaid expenses	(22,836)
Receivable from custodial funds	(8,903)
Deferred outflows of resources - pension	(1,035,494)
Deferred outflows of resources - OPEB	(91,578)
Change in operating liabilities and deferred inflows of resources:	
Accounts and member rebate payable	3,775,881
Accrued payroll liabilities	(172,082)
Compensated absences	(430,943)
Net pension liability	2,711,514
Net OPEB liabilities	(187,505)
Deferred inflow of resources - pension	(648,143)
Deferred inflow of resources - OPEB	98,080
Total adjustments	\$ 2,696,294
Net cash provided by operating activities	\$ 8,893,323
Noncash investing activities:	
Change in fair value of investments - Debt Service Reserve Fund	\$ (10,792)
Noncash financing activities:	
Change in issuance premiums (including amortization)	\$ (178,221)
Change in deferred outflows of resources (losses on refundings)	260,347
Net change from noncash financing activities	\$ 82,126

The accompanying notes are an integral part of these financial statements.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2021

	Custodial Funds
Assets:	
Cash and cash equivalents	\$ 232,394
Accounts receivable	6,822
Total assets	<u>\$ 239,216</u>
Liabilities:	
Accounts payable	\$ 158,152
Payable to operating fund	24,048
Total liabilities	<u>\$ 182,200</u>
Net Position:	
Restricted for inmates	\$ 57,016
Total net position	<u><u>\$ 57,016</u></u>

The accompanying notes are an integral part of these financial statements.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Fiduciary Funds
Statement of Changes in Fiduciary Net Position
Fiscal Year Ended June 30, 2021

	Custodial Funds
Additions:	
Inmate deposits	\$ 1,305,487
Total additions	<u>\$ 1,305,487</u>
Deductions:	
Inmate phone payment	\$ 170,664
Canteen payments (commissary, take out orders and court fees)	470,445
Inmate debt	152,832
Fees to Hampton Roads Regional Jail (keep fees, co-pays, etc)	396,945
Paid to inmates (release and mail funds request)	<u>101,895</u>
Total deductions	<u>\$ 1,292,781</u>
Net increase (decrease) in fiduciary net position	\$ 12,706
Net position - beginning of year	\$ -
Prior period restatement	<u>44,310</u>
Net position - end of year	<u><u>\$ 57,016</u></u>

The accompanying notes are an integral part of these financial statements.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021

Note 1–Description of the Reporting Entity:

The Hampton Roads Regional Jail Authority (Authority) is a public corporate instrumentality of the Commonwealth of Virginia, created as of December 14, 1993, by the cities of Hampton, Newport News, Norfolk and Portsmouth, as authorized by Title 53.1, Chapter 3, Section 53.1-95.2 *et seq.*, *Code of Virginia*, (1950) as amended. Beginning July 1, 2014, the City of Chesapeake entered into an agreement with the Authority to become a full member upon adoption of the agreement by all five city councils. This was accomplished by approval of a revised and restated Service Agreement by all five governing bodies, effective August 26, 2014. The Authority is governed by a fifteen-member board, consisting of three members from each city, namely, the sheriff, the city manager and one member of city council (an alternate to each board member may be appointed). The Authority is an intergovernmental joint venture and it meets the definition of a stand-alone governmental entity for financial reporting in accordance with Governmental Accounting Standards Board (GASB) Accounting Standards Codifications (ASC) 2100, *Defining the Financial Reporting Entity*. The purpose of the Authority is to develop, construct, equip, maintain and operate a regional jail. No one locality contributes more than 50 percent of the Authority's funding or has responsibility over its operations.

Hampton Roads Regional Jail Authority opened on March 16, 1998. The regional jail is designed to accommodate both pre-trial and sentenced medium-maximum security male, female and certified juvenile inmates, inmates with special needs or those who require special management, and other offenders who would otherwise be incarcerated in the cities' jails. The facility provides separate inmate housing areas of a manageable size, which are under continuous staff supervision and control. This design enables a staff efficient operation with a mix of uniformed, civilian and contract personnel totaling approximately 350 full-time positions.

Construction of the 875-bed regional jail facility on a 38-acre site located at 2690 Elmhurst Lane, Portsmouth, Virginia was completed in December 1998. The Virginia Board of Corrections approved and paid state reimbursement for 50% of eligible construction costs in the amount of \$31,094,207, plus applicable interest.

Note 2–Summary of Significant Accounting Policies:

The accounting policies of the Authority conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies.

Basis of Accounting

The accompanying financial statements report the financial position and results of operations of the Authority in accordance with generally accepted accounting principles. The preparation of the Authority's financial statements is governed by the guidance of the Governmental Accounting Standards Board (GASB). These statements are prepared on an enterprise fund basis and present the Authority's operating revenues and expenses in a manner similar to a private business, where the costs, including depreciation, of providing services to the public on a continuing basis are financed or recovered primarily through user charges.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 2–Summary of Significant Accounting Policies: (Continued)

Basis of Accounting (Continued)

An enterprise fund, a proprietary fund type, is accounted for on an economic resources measurement focus. All assets and liabilities, whether current or long-term, and deferred outflows and inflows of resources associated with the regional jail's activities are included on its Statement of Net Position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position. The financial statements are presented using the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use unrestricted resources first, and then restricted resources.

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. These funds are reported on an economic resources measurement focus using the accrual basis of accounting. 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. The Authority restated FY 20 Fiduciary Net Position by \$44,310 due to GASB 84 implementation, which establishes criteria for identifying fiduciary activities and how those activities should be accounted for and reported.

Cash and Cash Equivalents

Cash and cash equivalents 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 government. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Inventories

The inventories reflected in the financial statements consist principally of materials and supplies held for future consumption and are valued at cost using the first-in, first-out (FIFO) basis.

Budget

The Authority operates in accordance with an annual budget, prepared on a modified accrual basis, which is adopted by the Authority for each fiscal year. The formal level of budgetary control is at the object class level, i.e. category level; however, management control is exercised at the sub-object level. The Superintendent may transfer amounts within categories. Additions to the budget must be approved by the Authority's Board. All unobligated operating budget items lapse at the end of the fiscal year.

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.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 2–Summary of Significant Accounting Policies: (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses and disclosures of contingent assets and liabilities reported for the period. Accordingly, actual results could differ from those estimates and assumptions.

Capital Assets

Capital assets purchased or constructed are stated at cost, including interest cost on funds borrowed to finance the construction of major capital items. The capitalization threshold is \$5,000. Capital assets are depreciated using the straight-line method with a half-year of depreciation taken for additions and disposals over the below estimated useful lives. Contributed capital assets are recorded at acquisition value at the date of contribution.

Buildings and improvements	30 years
Capitalized interest	30 years
Pre-opening costs	30 years
Furnishings and equipment	5-15 years
Automotive equipment	5 years

Depreciation recognized on capital assets is charged as an expense against operations.

Deferred Inflows and Outflows 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. The Authority has three types of items that qualify for reporting in this category. The first type is the deferred charges on refunding reported in the statement of net position. Deferred charges on refunding result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the new debt issue or the refunded debt. The second item is comprised of 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, which will be recognized as a reduction of the net pension and net OPEB liabilities next fiscal year. The third item is comprised of certain items related to the measurement of the net pension liability and net OPEB liabilities. For more detailed information on these items, reference the pension and OPEB notes.

In addition to liabilities, the statement of financial position may 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. The Authority has two types of items that qualify for reporting in this category. 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 pension and OPEB notes.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 2–Summary of Significant Accounting Policies: (Continued)

Revenue Recognition

Operating revenues are recognized as revenue when earned, measurable and available. Per diem charges and reimbursements from the Commonwealth of Virginia are billed monthly. Unbilled revenues through June 30 of each fiscal year are accrued at year-end.

Operating and Non-operating Revenue and Expenses Recognition

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services in connection with the Authority's principal service of operating a regional jail. The majority of operating revenues are from jail operations, but other associated miscellaneous services and charges are also included. Revenues and expenses not meeting the operating definition are reported as non-operating. These non-operating revenues and expenses consist mainly of investment income, grants and interest expense.

Employee Benefits

All employees earn annual leave for each full month of employment. The amount of leave earned is based on the employee's years of service and is accrued and expensed as employees earn the right to these benefits. The maximum annual leave an employee may accumulate at year-end is 480 hours. If an employee gives a two week notice prior to terminating employment and leaves in good standing, the employee has the right to be paid up to the maximum of 480 hours as terminal leave.

In accordance with the provisions of the Fair Labor Standards Act, non-exempt employees are paid overtime on a current basis.

Bonds

Bonds payable are reported net of the applicable bond premium or discount. Premiums and losses on bond refunding are deferred and amortized over the shorter of the remaining life of the old debt or the life of the new debt. This method of amortization approximates the effective interest method.

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 Hampton Roads Regional Jail 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.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 2—Summary of Significant Accounting Policies: (Concluded)

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 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.

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.

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 unrestricted net position to have been depleted before restricted net position is applied.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 3—Deposits and Investments:

Deposits

At year-end, the carrying amount of the Authority's deposits with banks and savings institutions was \$23,537,894 and the bank balance was \$24,276,878. All cash of the Authority is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (the Act), Section 2.2-4400 et. seq. of the *Code of Virginia* (1950), as amended, or covered by The Federal Deposit Insurance Corporation (FDIC). Under the Act, banks holding public deposits in excess of the amounts insured by the FDIC must pledge collateral levels ranging from 50%-130% of the deposit balances in excess of FDIC coverage. The collateral instruments must be held by a third-party custodian for the benefit of the Commonwealth of Virginia. Pursuant to Virginia Code qualified public depositories have the option to collateralize public deposits at an individually assigned level ranging between 50% - 100% on a cross-collateralized basis (Pooled Method) or can opt-out of the cross-collateralization (Dedicated Method) provision, by pledging collateral instruments with an individually assigned value between 105% - 130% and submitting weekly reports to the State Treasury Board. In either case the State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loans. SunTrust Bank selected the Dedicated Method of collateralization and has a current collateral level of 110% pursuant to the guidelines.

Investment Policy

In accordance with the Code of Virginia (1950), as amended, and other applicable laws, and regulations, the Authority's investment policy (policy) permits investments in United States government obligations, obligations of the Commonwealth of Virginia or political subdivisions thereof, "prime quality" commercial paper and certain corporate notes, bankers acceptances, repurchase agreements, negotiable certificates of deposit, bank deposit notes, mutual funds that invest exclusively in securities specifically permitted under the policy and the State Treasurer's Local Government Investment Pool (the Virginia LGIP, an amortized cost basis portfolio).

The policy establishes limitations on the holdings in "prime quality" commercial paper and "high quality" corporate notes. Not more than thirty-five percent (35%) of the portfolio may be invested in commercial paper and corporate notes at any time, and not more than five percent (5%) may be invested in commercial paper of any one issuing corporation.

In accordance with the Authority's Master Bond Indenture, the required Debt Service Reserve Fund is \$4,295,853 and is invested in the First American Government Obligation Fund-US Bank.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 3—Deposits and Investments: (Continued)

Credit Risk

As required by state statute, the policy requires that commercial paper have a short-term debt rating of no less than “A-1” (or its equivalent) from at least two of the following: Moody’s Investors Service, Standard & Poor’s or Fitch Investors Service. Corporate notes, negotiable Certificates of Deposit and bank deposit notes maturing in less than one year must have a short-term debt rating of at least “A-1” by Standard & Poor’s and “P-1” by Moody’s Investors Service. Notes having a maturity of greater than one year must be rated “AA” by Standard & Poor’s and “Aa” by Moody’s Investors Service.

As of June 30, 2021, 100% was invested in “AAAm” rated money market funds.

Interest Rate Risk

As a means of limiting exposure to fair value losses arising from rising interest rates, the Authority’s policy limits the investment of operating funds to investments with a stated maturity of no more than 5 years from the date of purchase. The average maturity of the investment portfolio may not exceed 3 years.

Proceeds from the sale of bonds must be invested in compliance with the specific requirements of the bond covenants and may be invested in securities with longer maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 Year</u>
Virginia LGIP	\$ <u>3,523,393</u>	\$ <u>3,523,393</u>
Total	\$ <u><u>3,523,393</u></u>	\$ <u><u>3,523,393</u></u>

External Investment Pool

The fair value of the positions in the external investment pool (Local Government Investment Pool) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 3—Deposits and Investments: (Concluded)

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The Authority maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date
- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

The Authority has the following recurring fair value measurements as of June 30, 2021:

<u>Investment Type</u>	<u>Fair Value Measurement Using</u>		
	<u>Quoted Prices in Active Markets for Identical Assets</u>	<u>Significant Other Observable Inputs</u>	<u>Significant Unobservable Inputs</u>
First American Government Obligation	\$ 4,295,853	\$ -	\$ -
Total Investments	<u>\$ 4,295,853</u>	<u>\$ -</u>	<u>\$ -</u>

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 4—Capital Assets:

A summary of changes in capital assets follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Non-depreciable Capital Assets				
Land	\$ 2,031,926	\$ -	\$ -	\$ 2,031,926
Work in progress	<u>29,675</u>	<u>167,857</u>	<u>-</u>	<u>197,532</u>
Total non-depreciable capital assets	\$ <u>2,061,601</u>	\$ <u>167,857</u>	\$ <u>-</u>	\$ <u>2,229,458</u>
Depreciable Capital Assets				
Buildings and improvements	\$ 64,965,676	\$ -	\$ -	\$ 64,965,676
Capitalized interest	9,282,649	-	-	9,282,649
Pre-opening costs	3,220,999	-	-	3,220,999
Furnishings and equipment	3,056,010	148,641	(50,049)	3,154,602
Automotive equipment	<u>967,218</u>	<u>83,832</u>	<u>-</u>	<u>1,051,050</u>
Total depreciable capital assets	\$ <u>81,492,552</u>	\$ <u>232,473</u>	\$ <u>(50,049)</u>	\$ <u>81,674,976</u>
Less accumulated depreciation				
Buildings and improvements	\$ 46,175,363	\$ 2,698,189	\$ -	\$ 48,873,552
Capitalized interest	6,883,768	319,851	-	7,203,619
Pre-opening costs	2,382,581	110,734	-	2,493,315
Furnishings and equipment	2,129,579	156,293	(50,049)	2,235,823
Automotive equipment	<u>723,011</u>	<u>117,934</u>	<u>-</u>	<u>840,945</u>
Accumulated depreciation	\$ <u>58,294,302</u>	\$ <u>3,403,001</u>	\$ <u>(50,049)</u>	\$ <u>61,647,254</u>
Total depreciable capital assets, net	\$ <u>23,198,250</u>	\$ <u>(3,170,528)</u>	\$ <u>-</u>	\$ <u>20,027,722</u>
Capital assets, net	\$ <u><u>25,259,851</u></u>	\$ <u><u>(3,002,671)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>22,257,180</u></u>

Capitalized interest consists of bond issuance expenditures and interest expenditures incurred prior to the opening of the regional jail. Pre-opening costs consists of administrative expenditures and materials and supplies incurred prior to the opening of the regional jail.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 5—Bonds Payable:

On May 28, 2015, the Authority issued \$13,005,000 of Series 2015 Refunding Revenue Bonds through the Virginia Resources Authority Virginia Pooled Financing Program with a true interest cost of 2.948804% for an advance refund of the remaining Series 2009 bonds in the amount of \$12,975,000. The refunding was undertaken to reduce total future debt payments. The transaction resulted in an annual cash flow savings ranging from \$45,077 to \$48,465. The refunding bonds sold at a premium of \$2,034,810 which is being amortized over the refunded debt's life which is the same as the life of the new debt. The loss on refunding of \$1,464,974 has been deferred and is being amortized over the life of the debt. The Series 2015 Refunding Revenue Bonds were not issued as tax-exempt bonds and are not subject to arbitrage.

On March 27, 2013 the Authority issued \$3,345,000 of Series 2013A Tax-Exempt Revenue Bonds. The proceeds were used to fund new money projects for jail facility improvements. Also, on March 27, 2013 the Authority issued \$24,700,000 Refunding Revenue Bonds, Taxable Series 2013B. The Series 2013B bonds generated net present value savings of \$2,049,823 or 8.9% of the refunded bonds. The proceeds of the 2013B Bonds were used to refund a portion of the outstanding principal balance of the Authority's Revenue Bonds, Series 2004. The remaining principle balance of the Series 2004 Bonds as of March 27, 2013 was \$3,430,000. The True Interest Cost of the 2013A Tax-Exempt Revenue Bonds is 2.35% and the True Interest Cost of the 2013B Refunding Revenue Bonds is 2.61%. The bonds sold at a premium of \$108,338 which has been deferred and is being amortized over the life of the new debt. The loss on refunding of \$1,952,269 has been deferred and is being amortized over the life of the refunded debt. The Series 2013B Taxable Refunding Revenue Bonds are federally taxable and feature a Make-Whole Call provision. The Authority has agreed to comply with the timely payment of any arbitrage rebate amounts with respect to the Series 2013A Bonds. Arbitrage was calculated on the Series 2013A bonds and no amount is due at this time.

With the Series 2009 Bond now fully refunded, the Authority has three Series of Bonds Outstanding, Series 2013A Bonds, Series 2013B Bonds and the Series 2015A Bonds for a total outstanding par of \$23,115,000.

Following is a summary of changes in bonds payable for the year ended June 30, 2021.

	Balance			Balance	Amounts
	July 1, 2020	Additions	Deletions	June 30, 2021	Due Within
					One Year
Direct Borrowings and Placements:					
Series 2013A	\$ 2,040,000	\$ -	\$ (230,000)	\$ 1,810,000	\$ 235,000
Series 2013B	11,015,000	-	(2,640,000)	8,375,000	2,710,000
Series 2015A	12,935,000	-	(5,000)	12,930,000	5,000
Subtotal	\$ 25,990,000	\$ -	\$ (2,875,000)	\$ 23,115,000	\$ 2,950,000
Issuance Premiums	\$ 1,230,086	\$ -	\$ (178,221)	\$ 1,051,865	\$ -
Total	\$ 27,220,086	\$ -	\$ (3,053,221)	\$ 24,166,865	\$ 2,950,000

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 5—Bonds Payable: (Concluded)

The annual requirements to amortize to maturity all long-term debt with specified maturities that is outstanding as of June 30, 2021 are as follows:

Year Ending June 30,	Direct Borrowings and Placements		
	Principal	Interest	Total
2022	\$ 2,950,000	\$ 911,547	\$ 3,861,547
2023	3,040,000	823,591	3,863,591
2024	3,130,000	728,770	3,858,770
2025	265,000	628,265	893,265
2026	3,280,000	543,078	3,823,078
2027-2029	10,450,000	700,716	11,150,716
Total	\$ 23,115,000	\$ 4,335,967	\$ 27,450,967

Upon the occurrence of an Event of Default, the trustee may, and if requested by the owners, by notice to the authority, declare the entire unpaid principal of and interest on the bonds due and payable. Upon any such declaration, the Authority will pay to the owners of the bonds the entire unpaid principal of and accrued interest on the bonds, but only from the net revenues and other funds of the authority pledged to such payment.

The Authority was in compliance with all significant financial covenants in the bond indentures at June 30, 2021. The Revenue Covenant requires that net revenue must be 1.10 times the senior debt service for the fiscal year. The Authority has ample cash reserves to meet the debt service requirements and has made all required debt service payments timely. For FY2021 the Authority's net revenue was 2.11 times the senior debt service.

Note 6—Compensated Absences:

The liability for vested annual leave at June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Amounts Due Within One Year
Annual leave	\$ 1,429,761	\$ 211,450	\$ (642,393)	\$ 998,818	\$ 499,409
Total compensated absences	\$ 1,429,761	\$ 211,450	\$ (642,393)	\$ 998,818	\$ 499,409

* Holiday accrual rolled in with annual accrual beginning January 1, 2019.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 7–Pension Plan:

All full-time, salaried permanent employees of the Hampton Roads Regional Jail 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.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 7—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:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	122
Inactive members:	
Vested inactive members	32
Non-vested inactive members	161
Inactive members active elsewhere in VRS	<u>123</u>
Total inactive members	316
Active members	<u>262</u>
Total covered employees	<u><u>700</u></u>

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 7–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 Hampton Roads Regional Jail Authority's contractually required employer contribution rate for the year ended June 30, 2021, was 14.56% 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 Hampton Roads Regional Jail Authority were \$1,635,606 and \$1,561,897 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 Hampton Roads Regional Jail 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 Hampton Roads Regional Jail 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.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 7–Pension Plan: (Continued)

Actuarial Assumptions – General Employees (Concluded)

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%

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 7–Pension Plan: (Continued)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Hampton Roads Regional Jail 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.

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.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 7–Pension Plan: (Continued)

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

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%

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HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 7—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%.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 7—Pension Plan: (Continued)

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 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 (Asset) (a) - (b)
Balances at June 30, 2019	\$ 49,035,715	\$ 45,043,366	\$ 3,992,349
Changes for the year:			
Service cost	\$ 1,878,389	\$ -	\$ 1,878,389
Interest	3,243,649	-	3,243,649
Differences between expected and actual experience	598,896	-	598,896
Contributions - employer	-	1,561,091	(1,561,091)
Contributions - employee	-	609,333	(609,333)
Net investment income	-	868,651	(868,651)
Benefit payments, including refunds of employee contributions	(1,963,303)	(1,963,303)	-
Administrative expenses	-	(28,616)	28,616
Other changes	-	(1,039)	1,039
Net changes	\$ 3,757,631	\$ 1,046,117	\$ 2,711,514
Balances at June 30, 2020	\$ 52,793,346	\$ 46,089,483	\$ 6,703,863

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 7—Pension Plan: (Continued)

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

The following presents the net pension liability of the Hampton Roads Regional Jail Authority using the discount rate of 6.75%, as well as what the Hampton Roads Regional Jail 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	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Hampton Roads Regional Jail Authority			
Net Pension Liability (Asset)	\$ 13,353,068	\$ 6,703,863	\$ 1,169,251

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

For the year ended June 30, 2021, the Hampton Roads Regional Jail Authority recognized pension expense of \$2,662,677. At June 30, 2021, the Hampton Roads Regional Jail 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	\$ 760,987	\$ -
Change of assumptions	578,362	-
Net difference between projected and actual earnings on pension plan investments	1,382,454	-
Employer contributions subsequent to the measurement date	1,635,606	-
Total	\$ 4,357,409	\$ -

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 7—Pension Plan: (Concluded)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Concluded)

\$1,635,606 reported as deferred outflows of resources related to pensions resulting from the Hampton Roads Regional Jail 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:

<u>Year Ended June 30</u>		
2022	\$	1,045,049
2023		785,682
2024		455,519
2025		435,553
2026		-
Thereafter		-

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 8—Other Post-employment Benefits (OPEB):

Plan Description

The Authority provides post-retirement health care benefits as a single employer administered through The Local Choice, an agent multi-employer health plan. The Authority Board is responsible for establishing and amending plan benefits and the funding policy. The retiree pays all costs of health insurance benefits. Once the retiree reaches age 65, they are eligible for the Local Choice Medicare supplemental insurance. The retiree is responsible for all costs associated with the Medicare supplemental insurance.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 8—Other Post-employment Benefits (OPEB): (Continued)

Eligibility

Participants in the Hampton Roads Regional Jail Authority must meet the eligibility requirements based on service earned with the Authority to be eligible to receive benefits upon retirement. Participants who do not retire directly from active service are eligible for the health benefits through COBRA only. Participants must meet one of the following requirements to be eligible for health benefits:

- Attained the age of 55 with 5 years of service.
- Attained the age of 50 with 10 years of service.

In addition, employees must meet one of the following requirements to be eligible for retirement through Virginia Retirement System.

General Employees Prior Plan – All Plan 1 Members vested as of January 1, 2013:

- Attain age 50 with at least 10 years of service with VRS for a reduced pension benefit, or
- Attain age 55 with at least 5 years of service with VRS for a reduced pension benefit, or
- Attain age 65 with at least 5 years of service with VRS for an unreduced pension benefit, or
- Attain age 50 with at least 30 years of service with VRS for an unreduced pension benefit.

General Employees Current Plan – All Plan 1 Members not vested as of January 1, 2013 and Members hired on or after July 1, 2010 (Plan 2):

- Attain age 60 with at least 5 years of service with VRS for a reduced pension benefit, or
- Attain 90 points (age plus service) with VRS for an unreduced pension benefit, or
- Attain Social Security Normal Retirement Age with at least 5 years of service with VRS for an unreduced pension benefit.

Public Safety Employees:

- Attain age 50 with at least 5 years of service with VRS for a reduced pension benefit, or
- Attain age 60 with at least 5 years of service with VRS for an unreduced pension benefit, or
- Attain age 50 with at least 25 years of service with VRS for an unreduced pension benefit.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 8—Other Post-employment Benefits (OPEB): (Continued)

Health Plan Benefits

Coverage is for the retiree and eligible spouses/dependents. The monthly premiums below are for the year beginning July 1, 2020. Dental and vision are included with both the Key Advantage Expanded (PPO) and the Key Advantage 500 (PPO) medical option premiums. Benefits end at the later of the retiree's or spouse's death. Neither dental nor vision is offered to retirees who are 65 or older.

<u>Plan</u>	<u>Retiree</u>	<u>Retiree and Dependent/Spouse</u>	<u>Family</u>
Comprehensive Dental:			
Key Advantage 500 (PPO)	\$724	\$1,339	\$1,955
Key Advantage Expanded (PPO)	\$887	\$1,641	\$2,395
High Deductible	\$593	\$1,097	\$1,601
Preventative Dental:			
Key Advantage 500 (PPO)	\$708	\$1,310	\$1,912
Key Advantage Expanded (PPO)	\$871	\$1,611	\$2,352
High Deductible	\$577	\$1,067	\$1,558
Advantage 65 (PPO)	\$201	\$201	N/A

Retiree and Employer Contributions

- Non-Medicare Eligible retirees and spouses (Under Age 65) – Retirees contribute 100% of the premium cost for retiree and spouse/dependent coverage.
- Medicare Eligible retirees and spouses (Age 65+) – Retirees contribute 100% of the premium cost for retiree and spouse/dependent coverage.

The Authority offers health and dental coverage to eligible employees and their eligible health plan benefits spouses/dependents. Retirees under the age of 65 are eligible to choose health care coverage using the same health care plans and premium structures available to active employees. Currently a retiree may choose one of the following medical options:

- Key Advantage Expanded (PPO)
- Key Advantage 500 (PPO)
- High Deductible Health Plan

Retirees age 65 and older may only choose the Advantage 65 (PPO). Medicare supplemental benefits end at the later of the retiree's or spouse's death. Neither dental nor vision is offered to retirees who are 65 or older. Benefits are currently managed on a pay-as-you-go basis rather than through the use of an irrevocable trust and a separate report of the OPEB Plan is not issued.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 8—Other Post-employment Benefits (OPEB): (Continued)

Retiree and Employer Contributions (Concluded)

There are no age or service requirements for disabled members. Disabled members must apply for retirement while still employed, or within 90 days after termination. Disabled members are eligible for the same benefit as other retirees and pay the full premium. If an employee dies prior to retirement and was eligible for retiree medical benefits, the employee's spouse may continue medical coverage through COBRA only.

Plan Membership

At June 30, 2021 (measurement date), the following employees were covered by the benefit terms:

Total Active employees with coverage	274
Total retirees with coverage	<u>2</u>
Total	276

Funding Policy:

The Authority does not pre-fund OPEB. Instead, it pays benefits directly from general assets on a pay-as-you-go basis.

Total OPEB liability

The Authority's total OPEB liability was measured as of June 30, 2021. The total OPEB liability was determined by an actuarial valuation performed as of July 1, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Total OPEB Liability	\$ 2,113,871	\$ 1,921,411
Covered-Employee Payroll	10,353,129	12,628,419
Total OPEB Liability as a % of Covered-Employee Payroll	20.42%	15.21%

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 8—Other Post-employment Benefits (OPEB): (Continued)

Actuarial Assumptions

The following actuarial methods and assumptions were used in the Authority's June 30, 2020 OPEB valuation.

The discount rates are based on the Bond Buyer General Obligation 20-year Bond Municipal Index as of their respective measurement dates.

	June 30, 2020	June 30, 2021
Valuation Timing	July 1, 2018	July 1, 2020
Measurement Date	June 30, 2020	June 30, 2021
Inflation	2.5%	2.5%
Salary Increases, Including Inflation		
Non-Law Officers	3.50% - 5.35%	3.50% - 5.35%
Law Officers	3.50% - 4.75%	3.50% - 4.75%
Discount Rate	2.21%	2.16%
20 Year Tax-Exempt Municipal Bond Yield	2.21%	2.16%
Age-Related Claims Cost	Blended premium rate for active employees and retirees under age 65	Blended premium rate for active employees and retirees under age 65
Healthcare Trend Rates	Medical trend rates consistent with information from the Getzen Trend Model. 6.30% in 2019, grading to an ultimate rate of 4.00% over 54 years.	Medical trend rates consistent with information from the Getzen Trend Model. 12.30% in 2020, grading to an ultimate rate of 4.00% over 54 years.
Retirement	Eligible retirees contribute 100% of the premium cost for retirees and spouses/dependent coverage	Eligible retirees contribute 100% of the premium cost for retirees and spouses/dependent coverage
Disability	There are no age or service requirements for disabled members. Disabled members must apply for retirement while still employed, or within 90 days after termination. Disabled members are eligible for the same benefit as other retirees and pay the full premium.	There are no age or service requirements for disabled members. Disabled members must apply for retirement while still employed, or within 90 days after termination. Disabled members are eligible for the same benefit as other retirees and pay the full premium.
Mortality Rates:		
Pre-Retirement	RP-2014 Employee Mortality projected to 2020: Males 90% of rates; Females set forward 1 year (Public Safety set forward 1 year)	RP-2014 Employee Mortality projected to 2020: Males 90% of rates; Females set forward 1 year (Public Safety set forward 1 year)
Post-Retirement	RP-2014 Combined Healthy Mortality projected to 2020, Males set forward 1 year with 1.0 % increase , Females set forward 3 years (Public Safety set forward 3 years)	RP-2014 Combined Healthy Mortality projected to 2020, Males set forward 1 year with 1.0 % increase , Females set forward 3 years (Public Safety set forward 3 years)
Post-Disablement	RP-2014 Disabled Mortality projected to 2020: Males set forward 2 years; Public Safety set forward 2 yrs. - unisex using 100% male	RP-2014 Disabled Mortality projected to 2020: Males set forward 2 years; Public Safety set forward 2 yrs. - unisex using 100% male
Actuarial Cost Method	Entry Age Normal, Level Percentage of Pay	Entry Age Normal, Level Percentage of Pay

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 8—Other Post-employment Benefits (OPEB): (Continued)

Actuarial Assumptions (Concluded)

The demographic assumptions used in the calculations were based on the results of an actuarial experience study for the Virginia Retirement System covering the period from July 1, 2012 to June 30, 2016.

Changes in Total OPEB Liability

	<u>Increase or (Decrease)</u>
Balances at June 30, 2020	\$ <u>2,113,871</u>
Changes for the year:	
Service cost	\$ 195,600
Interest on Total OPEB Liability	50,766
Effect of Economic/Demographic Gains or Losses	(549,461)
Effect of Assumptions Changes or Inputs	135,562
Benefit payments	<u>(24,927)</u>
Balance at June 30, 2021	\$ <u><u>1,921,411</u></u>

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

The following presents the Authority's Total OPEB Liability, calculated using the discount rate of 2.16%. It also presents what the Authority's Total OPEB Liability would be if it were calculated using a discount rate one percentage point lower (1.16%) and one percentage point higher than (3.16%) the current rate.

	<u>Rate</u>		
	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>1.16%</u>	<u>2.16%</u>	<u>3.16%</u>
Hampton Roads Regional Jail Authority			
Total OPEB Liability	\$ 2,078,197	\$ 1,921,411	\$ 1,776,315

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 8—Other Post-employment Benefits (OPEB): (Continued)

Sensitivity of the Total OPEB Liability to Changes in the HealthCare Cost Trend Rate

The following presents the Authority's Total OPEB Liability, calculated using the current healthcare trend rates. It also presents what the Authority's Total OPEB Liability would be if it were calculated using healthcare trend rates that are one percentage point lower or one percentage point higher than the current rates.

	Rate		
	1% Decrease	Current	1% Increase
	11.3% decreasing to 3.0%	12.3% decreasing to 4.0%	13.3% decreasing to 5.0%
Hampton Roads Regional Jail Authority			
Total OPEB Liability	\$ 1,692,025	\$ 1,921,411	\$ 2,190,242

OPEB Expense

	July 1, 2020 to June 30, 2021
Service Cost	\$ 195,600
Interest on Total OPEB Liability	50,766
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of Economic/Demographic Gains or Losses	(204,384)
Recognition of Assumption Changes or Inputs	<u>(166,908)</u>
OPEB Expense	\$ <u>(124,926)</u>

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2021, the Authority reported deferred outflows and inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ -	\$ 854,426
Changes of Assumptions	208,773	664,869
Total	\$ <u>208,773</u>	\$ <u>1,519,295</u>

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 8—Other Post-employment Benefits (OPEB): (Concluded)

Deferred Outflows of Resources and Deferred Inflows of Resources (Concluded)

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows.

Year Ended June 30

2022	\$	(358,872)
2023		(346,451)
2024		(346,451)
2025		(178,639)
2026		(66,758)
Thereafter		(13,351)

Additional disclosures on changes in total OPEB liability and related ratios can be found in the required supplementary information following the notes to the financial statements.

Note 9—Group Life Insurance Plan OPEB:

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 is 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.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 9—Group Life Insurance Plan OPEB: (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 Group Life Insurance Plan from the entity were \$54,456 and \$64,864 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 \$1,001,302 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 .06000% as compared to .06109% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$23,579. 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.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 9—Group Life Insurance Plan OPEB: (Continued)

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

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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 64,224	\$ 8,993
Net difference between projected and actual earnings on GLI OPEB plan investments	30,078	-
Change of assumptions	50,077	20,908
Changes in proportionate share	-	55,671
Employer contributions subsequent to the measurement date	54,456	-
Total	<u>\$ 198,835</u>	<u>\$ 85,572</u>

\$54,456 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:

<u>Year Ended June 30</u>	
2022	\$ 477
2023	8,971
2024	19,569
2025	25,352
2026	4,481
Thereafter	(43)

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 9–Group Life Insurance Plan OPEB: (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.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 9–Group Life Insurance Plan OPEB: (Continued)

Actuarial Assumptions: (Continued)

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

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.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 9—Group Life Insurance Plan OPEB: (Continued)

Actuarial Assumptions: (Concluded)

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

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)	\$	<u>1,668,835</u>
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.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 9—Group Life Insurance Plan OPEB: (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%.

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

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 9—Group Life Insurance Plan OPEB: (Concluded)

Discount Rate (Concluded)

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	\$ 1,316,288	\$ 1,001,302	\$ 745,504

GLI 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.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 10–Virginia Local Disability Program (VLDP):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

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

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.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 10–Virginia Local Disability Program (VLDP): (Continued)

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 VLDP. 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 Hampton Roads Regional Jail Authority to the VRS Political Subdivision VLDP were \$6,332 and \$5,091 for the years ended June 30, 2021 and June 30, 2020, respectively.

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 Hampton Roads Regional Jail Authority reported a liability of \$1,894 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 Hampton Roads Regional Jail Authority's proportion of the Net VLDP OPEB Liability was based on the Hampton Roads Regional Jail 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 Hampton Roads Regional Jail Authority's proportion of the VLDP was .18975% as compared to .20459% at June 30, 2019.

For the year ended June 30, 2021, the Hampton Roads Regional Jail Authority recognized VLDP OPEB expense of \$5,545. 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.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 10—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: (Concluded)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,535	\$ 2,225
Net difference between projected and actual earnings on VLDP OPEB program investments	201	-
Change of assumptions	88	126
Changes in proportionate share	412	146
Employer contributions subsequent to the measurement date	<u>6,332</u>	<u>-</u>
Total	<u>\$ 8,568</u>	<u>\$ 2,497</u>

\$6,332 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:

<u>Year Ended June 30</u>	
2022	\$ 270
2023	266
2024	270
2025	246
2026	(274)
Thereafter	(1,039)

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 10–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.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 10–Virginia Local Disability Program (VLDP): (Continued)

Actuarial Assumptions: (Concluded)

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

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)	\$	<u>1,000</u>
Plan Fiduciary Net Position as a Percentage of the Total Political Subdivision VLDP OPEB Liability		76.84%

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 10—Virginia Local Disability Program (VLDP): (Continued)

Net VLDP OPEB Liability (Concluded)

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 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.

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:

<u>Asset Class (Strategy)</u>	<u>Long-term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	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	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.14%</u>

*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%.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 10—Virginia Local Disability Program (VLDP): (Concluded)

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 Hampton Roads Regional Jail 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.

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

The following presents the Authority's proportionate share of the net VLDP OPEB liability using the discount rate of 6.75%, as well as what the Authority'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	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Authority's proportionate share of the VLDP Net OPEB Liability	\$ 2,540	\$ 1,894	\$ 1,331

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.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 11–OPEB Aggregate Totals

	<u>Deferred Outflows of Resources</u>	<u>Net OPEB Liabilities</u>	<u>Deferred Inflows of Resources</u>	<u>Expense</u>
Retiree Plan	\$ 208,773	\$ 1,921,411	\$ 1,519,295	\$ (124,926)
GLI	198,835	1,001,302	85,572	23,579
VLDP	8,568	1,894	2,497	5,545
Totals	\$ <u>416,176</u>	\$ <u>2,924,607</u>	\$ <u>1,607,364</u>	\$ <u>(95,802)</u>

Note 12–Line of Duty Act (LODA) (OPEB Benefits):

The Line of Duty Act (LODA) provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by title 9.1 Chapter 4 of the Code of Virginia. Funding of LODA benefits is provided by employers in one of two ways: (a) participation in the Line of Duty and Health Benefits Trust Fund (LODA Fund), administered by the Virginia Retirement System (VRS) or (b) self-funding by the employer or through an insurance company.

The Hampton Roads Regional Jail Authority has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the Authority to Virginia Risk Sharing Association (VRSA). VRSA assumes all liability for the Authority's LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The Authority's LODA coverage is fully covered or "insured" through VRSA. This is built into the LODA coverage cost presented in the annual renewals. The Authority's LODA premium for the year ended June 30, 2021 was \$126,426.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 13–Due From (To) Other Governments:

Amounts due from (to) other governments at June 30, 2021 are as follows:

From (to) the Commonwealth of Virginia:	
Per diem	\$ 360,864
Reimbursements	611,652
Out of Compliance Medical	282,927
From member cities:	
City of Chesapeake	577,500
City of Hampton	406,250
City of Newport News	462,000
City of Norfolk	577,500
City of Portsmouth	<u>543,375</u>
Total	<u>\$ 3,822,068</u>

Note 14–Litigation:

The Authority has answered one wrongful death, eight civil rights, and one EEOC complaints. The litigation is ongoing. The Virginia Risk Management (VARISK) program has the authority to, and is, representing the Authority in these lawsuits, in which they plan to mount a vigorous defense. The outcome is unknown as of December 21, 2021.

Note 15–Upcoming Pronouncements:

The GASB has issued Statement No. 87, *Leases*. This statement addresses the requirement for recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. This statement requires the recognition of the lease as inflows of resources or outflows of resources, based on the payment provisions of the contract. This statement becomes effective for periods beginning after June 15, 2021 and the Authority will implement in FY 2022.

The GASB has issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement establishes accounting requirements for interest cost incurred before the end of a construction period. The effective reporting date is for periods beginning after December 15, 2020. At this time, the Authority is in the pre-bid stage for construction projects.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Continued)

Note 15–Upcoming Pronouncements: (Concluded)

The GASB has issued 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.

The GASB has issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*. This Statement addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

The GASB has issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. This Statement (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.

Note 16–Commitments:

There were outstanding construction commitments of \$206,659 at June 30, 2021.

Note 17–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 a grant 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 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.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Financial Statements June 30, 2021 (Concluded)

Note 17–COVID-19 Pandemic: (Concluded)

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 18–Subsequent Events:

At the Authority Board meeting August 18, 2021, the Board approved a contract to renovate the jail kitchen and inmate showers at a cost of \$772,500.

The Authority Board approved a \$3,000 bonus for all sworn officers at their September 15, 2021. The bonus was paid September 24, 2021. The State Compensation Board will reimburse the Authority for the full amount of the bonus. At the Authority Board meeting on October 21, 2021 the Board also approved a \$1,500 bonus for civilian staff and a \$750 bonus for part-time staff to be funded out of the Authority's operating budget.

On September 7, 2021 Moody's Investor Service downgraded the rating on the Authority bonds from Aa2 to Aa3. Their decision was based on increased operating and regulatory risk arising from a recommendation of the Commonwealth of Virginia Board of Local and Regional Jails (BOLRJ) to decertify the Authority's regional jail.

Based on a preliminary report from the Commonwealth of Virginia Board of Local and Regional Jails (BOLRJ), the Authority submitted a corrective action plan. On November 17, 2021 the BOLRJ approved the Authority's corrective action plan and reached a tentative, two-year, agreement. The agreement includes implementation of internal audit processes by the Authority and its medical contractor to maintain consistent compliance with standards and the assignment of one of the command staff to ensure compliance with standards. The Authority voted at the April 2021 meeting to hire PFM Consultants to formulate a plan to calculate and pay back to the cities a rebate equal to the cost savings resulting from the reduction in the inmate population for fiscal years 2021 and 2022. The member rate has been estimated at \$4,976,060 at June 30, 2021. The rebate is still in negotiation and has not yet been paid.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

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

	2020	2019	2018	2017
Total pension liability				
Service cost	\$ 1,878,389	\$ 1,767,054	\$ 1,858,503	\$ 1,915,562
Interest	3,243,649	2,997,541	2,748,121	2,600,374
Differences between expected and actual experience	598,896	777,346	410,586	(253,160)
Changes of assumptions	-	1,496,398	-	(793,296)
Benefit payments	(1,963,303)	(1,649,271)	(1,258,873)	(1,458,745)
Net change in total pension liability	\$ 3,757,631	\$ 5,389,068	\$ 3,758,337	\$ 2,010,735
Total pension liability - beginning	49,035,715	43,646,647	39,888,310	37,877,575
Total pension liability - ending (a)	<u>\$ 52,793,346</u>	<u>\$ 49,035,715</u>	<u>\$ 43,646,647</u>	<u>\$ 39,888,310</u>
Plan fiduciary net position				
Contributions - employer	\$ 1,561,091	\$ 1,509,472	\$ 1,456,158	\$ 1,456,290
Contributions - employee	609,333	588,922	600,347	604,855
Net investment income	868,651	2,839,718	2,861,156	4,132,170
Benefit payments	(1,963,303)	(1,649,271)	(1,258,873)	(1,458,745)
Administrator charges	(28,616)	(26,882)	(23,587)	(22,802)
Other	(1,039)	(1,798)	(2,593)	(3,728)
Net change in plan fiduciary net position	\$ 1,046,117	\$ 3,260,161	\$ 3,632,608	\$ 4,708,040
Plan fiduciary net position - beginning	45,043,366	41,783,205	38,150,597	33,442,527
Plan fiduciary net position - ending (b)	<u>\$ 46,089,483</u>	<u>\$ 45,043,366</u>	<u>\$ 41,783,205</u>	<u>\$ 38,150,597</u>
Authority's Net pension liability (asset) - ending (a) - (b)	<u>\$ 6,703,863</u>	<u>\$ 3,992,349</u>	<u>\$ 1,863,442</u>	<u>\$ 1,737,713</u>
Plan fiduciary net position as a percentage of the total pension liability	87.30%	91.86%	95.73%	95.64%
Covered payroll	\$ 12,239,258	\$ 11,808,262	\$ 11,763,030	\$ 11,742,609
Authority's net pension liability (asset) as a percentage of covered payroll	54.77%	33.81%	15.84%	14.80%

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.

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

For the Measurement Dates of June 30, 2014 through June 30, 2020 (Continued)

	2016	2015	2014
Total pension liability			
Service cost	\$ 1,915,605	\$ 1,883,005	\$ 1,810,330
Interest	2,381,256	2,204,830	1,978,110
Differences between expected and actual experience	(22,431)	(893,974)	-
Changes of assumptions	-	-	-
Benefit payments	(829,583)	(517,420)	(581,740)
Net change in total pension liability	\$ 3,444,847	\$ 2,676,441	\$ 3,206,700
Total pension liability - beginning	34,432,728	31,756,287	28,549,587
Total pension liability - ending (a)	<u>\$ 37,877,575</u>	<u>\$ 34,432,728</u>	<u>\$ 31,756,287</u>
Plan fiduciary net position			
Contributions - employer	\$ 1,657,364	\$ 1,631,376	\$ 1,805,628
Contributions - employee	594,812	612,289	567,988
Net investment income	601,656	1,352,935	3,750,530
Benefit payments	(829,583)	(517,420)	(581,740)
Administrator charges	(18,497)	(16,509)	(18,507)
Other	(244)	(293)	197
Net change in plan fiduciary net position	\$ 2,005,508	\$ 3,062,378	\$ 5,524,096
Plan fiduciary net position - beginning	31,437,019	28,374,641	22,850,545
Plan fiduciary net position - ending (b)	<u>\$ 33,442,527</u>	<u>\$ 31,437,019</u>	<u>\$ 28,374,641</u>
Authority's Net pension liability (asset) - ending (a) - (b)	<u>\$ 4,435,048</u>	<u>\$ 2,995,709</u>	<u>\$ 3,381,646</u>
Plan fiduciary net position as a percentage of the total pension liability	88.29%	91.30%	89.35%
Covered payroll	\$ 11,798,819	\$ 11,602,945	\$ 11,308,103
Authority's net pension liability (asset) as a percentage of covered payroll	37.59%	25.82%	29.90%

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	\$ 1,635,606	\$ 1,635,606	\$ -	\$ 10,003,396	16%
2020	1,561,897	1,561,897	-	12,239,258	13%
2019	1,510,000	1,510,000	-	11,808,262	13%
2018	1,456,158	1,456,158	-	11,763,030	12%
2017	1,455,626	1,455,626	-	11,742,609	12%
2016	1,658,914	1,658,914	-	11,798,819	14%
2015	1,631,374	1,631,374	-	11,602,945	14%
2014	1,794,596	1,794,596	-	11,308,103	16%
2013	1,751,479	1,751,479	-	11,036,413	16%
2012	1,334,028	1,334,028	-	10,381,539	13%

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%

Schedule of Changes in Total OPEB Liability and Related Ratios
Retiree Health Plan
For the Years Ended June 30, 2018 through June 30, 2021

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	\$ 195,600	\$ 128,867	\$ 190,013	\$ 352,597
Interest on Total OPEB Liability	50,766	66,934	113,141	122,542
Effect of Economic/Demographic Gains or (Losses)	(549,461)	-	(740,871)	-
Effect of Assumption Changes or Inputs	135,562	151,004	(1,228,136)	(111,785)
Benefit Payments	(24,927)	(32,649)	(17,451)	(57,409)
Net Change in total OPEB Liability	\$ (192,460)	\$ 314,156	\$ (1,683,304)	\$ 305,945
Total OPEB Liability, Beginning of Year	2,113,871	1,799,715	3,483,019	3,177,074
Total OPEB Liability, End of Year	\$ <u>1,921,411</u>	\$ <u>2,113,871</u>	\$ <u>1,799,715</u>	\$ <u>3,483,019</u>
Covered-Employee Payroll	\$ 12,628,419	\$ 10,353,129	\$ 10,353,129	\$ 10,611,500
Total OPEB Liability as of % of Covered-Employee Payroll	15.21%	20.42%	17.38%	32.82%

This schedule is intended to show information for 10 years. Information prior to the 2018 valuation is not available. However, additional years will be included as they become available.

Notes to Required Supplementary Information
 Retiree Health Plan
 For the Year Ended June 30, 2021

Valuation Date: 7/1/2020
 Measurement Date: 6/30/21

No assets are accumulated in a trust that meets the criteria in Gasb 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Discount Rate	2.21%	2.16%
Inflation	2.50%	2.50%
Healthcare Trend Rates	Medical trend rates consistent with information from the Getzen Trend Model. 6.30% in 2019 grading to an ultimate rate of 4.00% over 54 years	Medical trend rates consistent with information from the Getzen Trend Model. 12.30% in 2020 grading to an ultimate rate of 4.00% over 54 years
Salary Increases, Including Inflation		
Non-Law Officers	3.50% - 5.35%	3.50% - 5.35%
Law Officers	3.50% - 4.75%	3.50% - 4.75%
Retirement	Eligible retirees contribute 100% of the premium cost for retirees and spouses/dependent coverage	Eligible retirees contribute 100% of the premium cost for retirees and spouses/dependent coverage
Disability	There are no age or service requirements for disabled members. Disabled members must apply for retirement while still employed, or within 90 days after termination. Disabled members are eligible for the same benefit as other retirees and pay the full premium.	There are no age or service requirements for disabled members. Disabled members must apply for retirement while still employed, or within 90 days after termination. Disabled members are eligible for the same benefit as other retirees and pay the full premium.
Mortality Rates		
Pre-Retirement	RP-2014 Employee Mortality projected to 2020: Males set back 1 yr., Females set back 1 year (Public Safety set forward 1 year)	RP-2014 Employee Mortality projected to 2020: Males set back 1 yr., Females set back 1 year (Public Safety set forward 1 year)
Post-Retirement	RP-2014 Combined Healthy Mortality projected to 2020, Males set forward 1 year, Females set back 1 year (Public Safety set forward 3 years)	RP-2014 Combined Healthy Mortality projected to 2020, Males set forward 1 year, Females set back 1 year (Public Safety set forward 3 years)
Post-Disablement	RP-2014 Disabled Mortality projected to 2020: Males 115%, Females 130% of rates, Public Safety set forward 2 yrs. - unisex using 100% male	RP-2014 Disabled Mortality projected to 2020: Males 115%, Females 130% of rates, Public Safety set forward 2 yrs. - unisex using 100% male

Schedule of Authority's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2020

Date	Employer's Proportion of the Net GLI OPEB Liability (Asset)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
(1)	(2)	(3)	(4)	(5)	(6)
2020	0.06000%	\$ 1,001,302	\$ 12,348,878	8.11%	52.64%
2019	0.06109%	994,097	11,975,217	8.30%	52.00%
2018	0.06221%	945,000	11,829,454	7.99%	51.22%
2017	0.06412%	965,000	11,828,134	8.16%	48.86%

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.

Schedule of Employer Contributions

Group Life Insurance (GLI) 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	\$ 54,456	\$ 54,456	\$ -	\$ 10,094,609	0.54%
2020	64,864	64,864	-	12,348,878	0.52%
2019	62,716	62,716	-	11,975,217	0.52%
2018	61,987	61,987	-	11,829,454	0.52%
2017	61,506	61,506	-	11,828,134	0.52%
2016	56,952	56,952	-	11,865,030	0.48%
2015	56,103	56,103	-	11,688,187	0.48%
2014	54,383	54,383	-	11,329,728	0.48%
2013	53,015	53,015	-	11,044,883	0.48%
2012	29,178	29,178	-	10,420,582	0.28%

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%

Schedule of Authority's Share of Net OPEB Liability
 Virginia Local Disability Program (VLDP)
 For the Measurement Dates of June 30, 2017 through June 30, 2020

Date (1)	Employer's Proportion of the Net VLDP OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total VLDP OPEB Liability (6)
2020	0.18975% \$	1,894 \$	707,063	0.27%	76.84%
2019	0.20459%	4,144	632,226	0.66%	49.19%
2018	0.13760%	1,000	334,092	0.30%	51.39%
2017	0.06415%	1,000	117,789	0.85%	38.40%

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.

Schedule of Employer Contributions

Virginia Local Disability Program (VLDP)

For the Years Ended June 30, 2016 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	\$ 6,332	\$ 6,332	\$ -	\$ 762,853	0.83%
2020	5,091	5,091	-	707,063	0.72%
2019	4,530	4,530	-	632,226	0.72%
2018	2,005	2,005	-	334,092	0.60%
2017	707	707	-	117,789	0.60%
2016	106	106	-	17,646	0.60%

Schedule is intended to show information for 10 years. There were no Hybrid VRS employees prior to FY 2016. However, additional years will be included as they become available.

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 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 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%

OTHER SUPPLEMENTARY INFORMATION

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Notes to Reconciliation of Budgetary Expenditures to Operating Expenses June 30, 2021

Budgetary Highlights

The Authority adopts an annual budget which is based on the estimated operating, grant and capital expenditures for a fiscal year period. The total budget adopted for FY-21 was \$46,757,912 and contained all day to day operating expenses including personal services, employee benefits, purchased services, other charges, materials and supplies, and capital repairs and equipment. The budget was modified during the year due to the rollover of prior year encumbrances of inmate medical, capital appropriations and the renewal of the Mental Health Grant resulting in a net budget increase of \$3,068,285 and a final budget of \$49,826,197.

Actual operating revenues were less than estimated revenues by \$631,608. This revenue decrease was primarily due to a decrease in per diems and comp board reimbursements as a result in lower inmate levels and officer staffing. There was also a decrease in investment income due to the market. Operating and grant expenditures including debt service were \$10,209,671 less than budgeted.

Budgetary Accounting and Control

Budget Preparation

The Authority prepares its annual budget in accordance with Section 3.8 of the Service Agreement approved by the member cities on December 1, 1995. A preliminary budget is approved by the Authority's Board and provided to the member cities by January 1 of each year and a final budget is approved by the Authority's Board and provided to the member cities by March 1 of each year. The budget is prepared by Authority staff and reviewed by the Finance Committee, consisting of four members of the Authority's Board prior to submission to the Authority's full board for approval. Per Diem rates for the member cities are adopted as part of the annual budget. Five-year projections for both revenues and expenses are also part of the annual budget submission as well as the five-year schedule of capital investment projections.

The Authority's Board approves any budget amendments and any transfers between object classes (i.e. categories) during the ensuing year. The Superintendent may transfer amounts within object classes. While the formal level of budgetary control rests at the object class level, management control is exercised at the sub-object level.

Budgetary Accounting

The annual budget is prepared on a basis of accounting consistent with generally accepted accounting principles. No provision is provided for non-cash items such as depreciation and compensated absences. Capital additions and inventory purchases are budgeted as expenditures. All unobligated appropriations lapse at the end of the fiscal year.

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HAMPTON ROADS REGIONAL JAIL AUTHORITY

Reconciliation of Budgetary Expenditures to Operating Expenses
Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget (over) under</u>
Operating Expenditures and Debt Service				
Personal services	\$ 14,918,431	\$ 13,918,431	\$ 12,636,586	\$ 1,281,845
Employee benefits	6,683,356	8,903,866	4,747,005	4,156,861
Medical services	12,856,705	12,400,653	11,063,932	1,336,721
Other purchased services	2,962,039	3,530,110	2,879,110	651,000
Other charges	2,974,168	2,894,979	2,495,341	399,638
Materials and supplies	728,500	810,102	576,588	233,514
Capital outlay	562,500	1,775,949	673,924	1,102,025
Inmates commissary	360,000	391,013	331,959	59,054
Employees canteen	4,000	4,000	3,829	171
Grant	-	481,381	336,516	144,865
Debt service	<u>4,708,213</u>	<u>4,715,713</u>	<u>3,871,736</u>	<u>843,977</u>
Total operating expenditures and debt service	<u>\$ 46,757,912</u>	<u>\$ 49,826,197</u>	<u>\$ 39,616,526</u>	<u>\$ 10,209,671</u>
Add:				
Prior year budget expenditures carried over to current year			\$ 73,548	
Unbudgeted depreciation			3,403,001	
Amortization of deferred amount and premium on refunding bonds			82,126	
Increase in VRS pension expense			1,027,877	
Less:				
Decrease in unbudgeted compensated absences			(430,943)	
Decrease in OPEB expense			(181,003)	
Capitalized items			(400,330)	
Current year budget obligations carried over to subsequent year			<u>(541,690)</u>	
Total operating expenditures including debt service			<u>\$ 42,649,113</u>	

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Schedules of Revenues and Expenditures - Budget to Actual
Fiscal Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget (over) under
Operating Revenues				
Commonwealth of Virginia reimbursement	\$ 11,686,232	\$ 11,686,232	\$ 11,551,559	\$ 134,673
Commonwealth of Virginia per diems, net	2,350,000	2,350,000	1,735,955	614,045
Member per diems	31,363,538	31,363,538	31,330,338	33,201
Telephone revenue	400,000	400,000	476,447	(76,447)
Inmates commissary	360,000	360,000	402,262	(42,262)
Inmates keep fees	120,000	120,000	138,220	(18,220)
Employees canteen	4,000	4,000	6,188	(2,188)
Miscellaneous revenues	30,000	30,000	41,193	(11,193)
Total operating revenues	\$ 46,313,770	\$ 46,313,770	\$ 45,682,162	\$ 631,608
Operating Expenditures				
Personal services	\$ 14,918,431	\$ 13,918,431	\$ 12,636,586	\$ 1,281,845
Employee benefits	\$ 6,683,356	\$ 8,903,866	\$ 5,446,274	\$ 3,457,592
Medical services	\$ 12,856,705	\$ 12,400,653	\$ 11,063,932	\$ 1,336,721
Other purchased services				
Legal services	\$ 30,000	\$ 68,205	\$ 51,278	\$ 16,927
Cert. Public Accountants	33,000	33,000	31,000	2,000
Training Academy	92,197	89,694	72,194	17,500
Computer Services	265,000	384,627	299,111	85,516
Inmate Beneficial Services	35,000	25,000	84	24,916
Staff Screening and Testing	50,000	52,234	37,502	14,732
Financial Advisory Services	15,000	70,000	69,750	250
Maint. Automotive Equipment	60,000	68,358	57,660	10,698
Radio Maintenance	16,000	18,445	9,023	9,422
Public advertising	5,000	32,500	13,464	19,036
Food services	1,305,842	1,110,701	1,030,973	79,728
Maintenance services	605,000	825,091	702,119	122,972
Other purchased services	450,000	752,255	505,867	246,388
Total purchased services	\$ 2,962,039	\$ 3,530,110	\$ 2,880,024	\$ 650,086
Other charges				
Telecommunications	\$ 55,000	\$ 77,369	\$ 28,012	\$ 49,357
Utilities	1,893,450	1,668,147	1,385,458	282,689
Payment in lieu of taxes	541,656	557,013	557,013	-
Insurance	387,362	466,881	466,881	-
Postage	7,000	7,970	4,397	3,573
Equipment rental and maintenance	35,500	40,072	31,664	8,408
Miscellaneous	5,000	5,000	3,989	1,011
Training and travel	45,000	64,827	11,580	53,247
Dues/memberships	4,200	7,700	6,347	1,353
Total other charges	\$ 2,974,168	\$ 2,894,979	\$ 2,495,341	\$ 399,638

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Schedules of Revenues and Expenditures - Budget to Actual
Fiscal Year Ended June 30, 2021 (Continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget (over) under</u>
Materials and supplies				
Office and miscellaneous supplies	\$ 40,000	\$ 69,880	\$ 43,817	\$ 26,063
Security supplies	10,000	23,903	23,309	594
Maintenance parts and supplies	150,000	171,308	153,824	17,484
Uniforms	130,000	114,243	61,770	52,473
Inmate bedding and clothing	170,000	135,700	110,803	24,897
Laundry and janitorial supplies	170,000	245,869	188,203	57,666
Other jail materials and supplies	58,500	49,199	8,690	40,509
Total materials and supplies	<u>\$ 728,500</u>	<u>\$ 810,102</u>	<u>\$ 590,417</u>	<u>\$ 219,685</u>
Capital outlay	\$ 562,500	\$ 1,775,949	\$ 297,255	\$ 1,478,694
Behavioral Health Grant Expenses	\$ -	\$ 481,381	\$ 336,516	\$ 144,865
Inmates commissary sales commissions	\$ 360,000	\$ 391,013	\$ 331,959	\$ 59,054
Employees canteen sales commissions	\$ 4,000	\$ 4,000	\$ 3,829	\$ 171
Total operating expenditures	<u>\$ 42,049,699</u>	<u>\$ 45,110,484</u>	<u>\$ 36,082,133</u>	<u>\$ 9,028,351</u>
Excess (deficit) of operating revenues (over) under operating expenditures	<u>\$ 4,264,071</u>	<u>\$ 1,203,286</u>	<u>\$ 9,600,029</u>	<u>\$ (8,396,743)</u>
Nonoperating revenues				
Gain (loss) on disposal of property	\$ -	\$ -	\$ 10	\$ (10)
Commonwealth Grant Funds	-	481,381	386,516	94,865
Investment income	<u>200,000</u>	<u>200,000</u>	<u>13,059</u>	<u>186,941</u>
Total nonoperating revenues	<u>\$ 200,000</u>	<u>\$ 681,381</u>	<u>\$ 399,586</u>	<u>\$ 281,796</u>
Nonoperating expenses				
Estimated Member Rebate	\$ -	\$ 4,976,060	\$ 4,976,060	\$ -
Debt service				
Principal	\$ 2,875,000	\$ 2,875,000	\$ 2,875,000	\$ -
Interest and fiscal charges	<u>1,833,213</u>	<u>1,840,713</u>	<u>1,078,862</u>	<u>761,851</u>
Total debt service	<u>\$ 4,708,213</u>	<u>\$ 4,715,713</u>	<u>\$ 3,953,862</u>	<u>\$ 761,851</u>
Total nonoperating expenses	<u>\$ 4,708,213</u>	<u>\$ 9,691,773</u>	<u>\$ 8,929,922</u>	<u>\$ 761,851</u>
Excess (deficit) of revenues (over) under expenditures	<u>\$ (244,142)</u>	<u>\$ (7,807,106)</u>	<u>\$ 1,069,693</u>	<u>\$ (8,876,799)</u>
Net position - July 1, 2020			\$ 21,133,391	
Prior year budget expenditures carried over to current year			(317,425)	
Depreciation			(3,403,001)	
Principal payment on debt			2,875,000	
Current year budget obligations carried over to subsequent year			<u>317,427</u>	
Net position - June 30, 2021			<u>\$ 21,675,084</u>	

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STATISTICAL SECTION (UNAUDITED)

This section of the Hampton Roads Regional Jail Authority’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority’s overall financial health.

Financial Trends

These tables contain trend information to help the reader understand how the Authority’s financial performance and well-being have changed over time. Tables 1-2

Revenue Capacity

These tables contain information to help the reader assess the factors affecting the Authority’s ability to generate its revenues..... Tables 3-4

Debt Capacity

These tables presents information to help the reader assess the affordability of the Authority’ current level of outstanding debt and the Authority’s ability to issue additional debt in the future. Table 5-6

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the Authority’s financial activities take place and to help make comparisons over time and with other governments..... Tables 7-13

Operating Information

These tables contain information about the Authority’s operations and resources to help the reader understand how the Authority’s financial information relates to the services the Authority provides and activities it performs. Tables 14-18

Sources: Unless otherwise noted, the information in these tables is derived from the annual comprehensive financial reports for the relevant year.

TABLE 1

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Net Position - By Component
Last Ten Years

		Fiscal Year									
		2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net investment in capital assets	\$	(203,158)	\$ 6,638	\$ 349,469	\$ 489,069	\$ 617,069	\$ 230,685	\$ (29,743)	\$ 309,452	\$ 977,085	\$ 1,573,904
Restricted		4,295,853	4,290,768	4,032,609	3,892,925	3,856,686	3,955,339	4,680,621	4,567,622	4,450,615	4,414,775
Unrestricted		<u>17,582,389</u>	<u>16,835,985</u>	<u>13,519,543</u>	<u>10,484,817</u>	<u>11,335,080</u>	<u>9,016,943</u>	<u>4,013,176</u>	<u>7,426,300</u>	<u>12,856,739</u>	<u>14,108,478</u>
Total net position	\$	<u>21,675,084</u>	<u>\$ 21,133,391</u>	<u>\$ 17,901,621</u>	<u>\$ 14,866,811</u>	<u>\$ 15,808,835</u>	<u>\$ 13,202,967</u>	<u>\$ 8,664,054</u>	<u>\$ 12,303,374</u>	<u>\$ 18,284,439</u>	<u>\$ 20,097,157</u>

Note: Funds identified by the Authority's Board for Capital Repair and Replacement and the Operating Reserve are considered unrestricted.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Changes in Net Position
Last Ten Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Operating revenues:										
Commonwealth of Virginia:										
Reimbursements	\$ 10,408,488	\$ 11,133,682	\$ 10,672,776	\$ 10,637,496	\$ 10,254,359	\$ 10,122,896	\$ 9,720,524	\$ 10,043,289	\$ 9,304,484	\$ 9,187,838
Per diems, net of recoveries	1,735,955	2,131,730	2,516,366	2,623,976	2,672,390	2,820,066	2,571,432	2,458,120	712,519	(20,641)
Out of Compliance Medical	1,143,071	1,068,660	890,360	503,852	1,236,421	299,358	-	-	-	-
Member per diems	31,330,338	29,059,405	28,154,058	26,797,828	26,245,733	24,447,996	21,924,385	16,751,048	15,474,383	14,230,706
ICE per diems	-	-	-	-	-	-	-	42,008	6,410,640	8,797,146
New Member Buy In	-	-	-	-	1,000,000	1,000,000	1,000,000	-	-	-
Telephone revenue	476,447	455,277	466,098	379,082	432,520	352,686	356,604	360,400	564,000	566,156
Inmates commissary sales commissions	402,262	377,037	362,708	380,730	382,707	349,107	258,860	220,883	272,843	302,905
Inmates keep fees	138,220	143,430	112,073	127,934	128,277	130,886	106,881	97,379	95,219	94,028
Employees canteen sales commissions	6,188	4,733	3,159	2,895	3,903	6,336	5,295	5,402	5,726	6,792
Miscellaneous revenues	41,193	79,646	463,645	35,406	19,120	23,738	18,234	233,525	54,378	76,058
Total operating revenues	\$ 45,682,163	\$ 44,453,599	\$ 43,641,241	\$ 41,489,197	\$ 42,375,430	\$ 39,553,069	\$ 35,962,215	\$ 30,212,054	\$ 32,894,192	\$ 33,240,988
Operating expenses:										
Jail operations										
Personal services	\$ 12,636,586	\$ 13,714,220	\$ 13,574,392	\$ 13,787,268	\$ 12,886,666	\$ 12,455,103	\$ 12,223,582	\$ 11,723,937	\$ 11,721,476	\$ 10,895,338
Employee benefits	5,446,274	5,450,435	4,387,154	4,748,370	5,277,147	4,757,741	4,756,240	5,118,128	4,946,227	4,675,228
Medical services	11,063,932	11,173,417	12,003,746	10,676,511	11,382,438	9,549,716	9,186,936	8,855,878	8,412,865	8,944,932
Other purchased services	2,880,024	2,401,321	2,497,864	2,322,422	2,503,411	2,524,109	2,209,057	2,136,631	2,287,935	2,166,816
Other charges	2,495,341	2,918,982	2,675,649	2,658,233	2,501,662	2,340,931	2,340,737	2,207,920	2,164,575	2,318,073
Materials and supplies	590,417	677,744	710,211	747,073	562,587	743,079	579,516	589,227	599,338	608,233
Noncapital equipment	297,255	225,379	126,269	221,480	219,757	156,636	102,596	102,425	106,697	60,705
Inmates commissary	331,959	306,003	356,619	374,606	260,149	257,781	258,860	218,027	297,485	343,815
Employees canteen	3,829	4,000	3,526	2,948	5,000	2,713	6,612	7,420	9,581	6,825
Behavioral Health Grant	336,516	287,853	370,570	487,352	113,867	-	-	-	-	-
Depreciation	3,403,001	3,394,681	3,339,995	3,191,086	2,883,812	2,570,467	2,554,786	2,556,165	2,583,573	2,570,262
Total operating expenses	\$ 39,485,134	\$ 40,554,035	\$ 40,045,995	\$ 39,217,348	\$ 38,596,496	\$ 35,355,276	\$ 34,218,922	\$ 33,515,758	\$ 33,129,752	\$ 32,590,227
Operating income (loss)	\$ 6,197,029	\$ 3,899,564	\$ 3,595,247	\$ 2,271,849	\$ 3,778,934	\$ 4,197,793	\$ 1,743,293	\$ (3,303,704)	\$ (235,560)	\$ 650,761
Nonoperating revenues (expenses)										
Investment income	\$ 13,059	\$ 162,585	\$ 211,208	\$ 143,201	\$ 22,992	\$ 13,284	\$ 20,859	\$ 47,100	\$ 34,272	\$ 240,356
Commonwealth Grant Funds	386,516	342,299	439,640	514,935	132,136	-	-	-	-	-
Gain (loss) on disposal of capital assets	10	(20,712)	2,964	(195,510)	4,005	(11,745)	2,780	(274)	(357)	(1,329)
Member rebate	(4,976,060)	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	(1,078,862)	(1,151,966)	(1,214,249)	(1,274,662)	(1,332,199)	(1,420,199)	(1,512,838)	(1,542,514)	(1,611,073)	(2,049,681)
Total nonoperating revenues (expenses)	\$ (5,655,336)	\$ (667,793)	\$ (560,437)	\$ (812,036)	\$ (1,173,066)	\$ (1,418,660)	\$ (1,489,199)	\$ (1,495,688)	\$ (1,577,158)	\$ (1,810,654)
Change in net position	\$ 541,692	\$ 3,231,770	\$ 3,034,810	\$ 1,459,814	\$ 2,605,868	\$ 2,779,133	\$ 254,094	\$ (4,799,392)	\$ (1,812,718)	\$ (1,159,893)
Capital contributions										
State Grant for Capital Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,759,780	\$ -	\$ -	\$ -	\$ -
Change in net position	\$ 541,692	\$ 3,231,770	\$ 3,034,810	\$ 1,459,814	\$ 2,605,868	\$ 4,538,913	\$ 254,094	\$ (4,799,392)	\$ (1,812,718)	\$ (1,159,893)

TABLE 3

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Per Diem Revenues
Last Ten Years

<u>Fiscal Year</u>		<u>City of Chesapeake</u>		<u>City of Hampton</u>		<u>City of Newport News</u>		<u>City of Norfolk</u>		<u>City of Portsmouth</u>	<u>Member Per Diem Total</u>	<u>ICE</u>
2021	\$	7,026,250	\$	5,045,775	\$	5,621,000	\$	7,026,250	\$	6,611,063	\$ 31,330,338	\$ -
2020		6,496,540		4,630,470		5,353,280		6,498,940		6,080,175	29,059,405	-
2019		6,297,290		4,506,655		5,169,240		6,299,810		5,881,063	28,154,058	-
2018		5,932,290		4,664,305		4,749,800		5,935,370		5,516,063	26,797,828	-
2017		5,840,360		4,443,560		4,692,080		5,844,960		5,424,773	26,245,733	-
2016		4,320,345		4,345,830		4,701,000		5,764,860		5,315,520	24,447,555	-
2015		2,009,085		4,382,085		4,621,000		5,756,590		5,155,625	21,924,385	-
2014		-		3,757,855		3,870,840		4,843,330		4,279,023	16,751,048	42,008
2013		-		3,507,781		3,579,628		4,471,250		3,915,724	15,474,383	6,410,640
2012		-		3,230,498		3,328,016		4,118,332		3,553,860	14,230,706	8,797,146

TABLE 4

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Per Diem Rates
Last Ten Years

Fiscal Year	City of Chesapeake	City of Hampton	City of Newport News	City of Norfolk	City of Portsmouth (1)	ICE	Reduced Rate Maximum 20% (2)
2021	\$ 77.00	\$ 77.00	\$ 77.00	\$ 77.00	\$ 72.45	\$ -	\$ 40.00
2020	71.00	71.00	71.00	71.00	66.45	-	40.00
2019	69.00	69.00	69.00	69.00	64.45	-	40.00
2018	65.00	65.00	65.00	65.00	60.45	-	40.00
2017	64.00	64.00	64.00	64.00	59.45	-	40.00
2016	63.00	63.00	63.00	63.00	58.08	-	40.00
2015	-	63.00	63.00	63.00	56.50	75.69	40.00
2014	-	53.00	53.00	53.00	46.85	75.69	40.00
2013	-	49.00	49.00	49.00	42.80	75.69	36.00
2012	-	45.00	45.00	45.00	38.84	75.69	32.00

(1) Portsmouth is the host city for the Authority and its per diem rate is less than that of the other four cities.

(2) Per diem rate for cities that exceed their contractual bed amount.

TABLE 5

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Revenue Bond Coverage Compliance with Indenture Revenue Covenant
Last Ten Years

Fiscal Year	Revenue Available for Debt Service (1)	Operating Expenses Less Depreciation (2)	Income Available for Debt Service	Credits Allowed by Revenue Covenant (3)	Net Revenue and Credits Available for Debt Service	Annual Revenue Bond Debt Service	Revenue Covenant Ratio (4)
2021 (6)	\$ 45,695,232	\$ 41,058,194	\$ 4,637,038	\$ 3,523,393	\$ 8,160,431	\$ 3,862,050	2.11
2020	44,958,483	37,159,354	7,799,129	3,512,892	11,312,021	3,867,329	2.93
2019	44,295,053	36,705,999	7,589,054	3,461,608	11,050,662	3,864,909	2.86
2018	42,147,334	36,026,262	6,121,072	3,999,275	10,120,347	3,868,673	2.62
2017	42,530,559	35,712,683	6,817,876	3,792,263	10,610,139	3,864,268	2.75
2016	39,590,209	32,172,866	7,417,343	3,789,080	11,206,423	3,777,024	2.97
2015	35,983,074	31,664,136	4,318,938	3,386,812	7,705,750	3,030,799	2.54
2014 (5)	30,258,881	30,959,593	(700,712)	3,418,145	2,717,433	3,133,313	0.87
2013	32,928,464	30,546,179	2,382,285	3,474,083	5,856,368	3,554,705	1.65
2012	33,481,344	30,019,965	3,461,379	3,291,103	6,752,482	3,649,681	1.85

(1) Includes operating revenue plus investment income.

(2) The indenture does not permit depreciation to be included in the operating expense.

(3) The Indenture permits credits toward the revenue covenant for, among other items, unencumbered amounts in the General Reserve Fund and amounts in Capital Repair and Replacement Reserve Fund in excess of the Replacement Reserve Requirement of \$100,000. The allowable credit is limited to 10% in the aggregate of the total of operating expenses plus the debt service requirement contained in the annual budget for the fiscal year.

(4) The ratio required by the Revenue Covenant is the greater of (a) 1.10 times Senior Debt Service plus 1.0 times Subordinate Debt Service for the fiscal year or (b) 1 times the funding requirements for all funds established under the Master Indenture. The ratio shown is coverage for Senior Debt Service in clause (a) which is greater than the amount required in clause (b). The Authority has no subordinate debt.

(5) Section 9.6 of the Master Indenture of Trust requires, "... if as of the end of any fiscal year, the Authority is not in compliance with the Revenue Covenant, The Authority will immediately request the Consultant to submit a written report and recommendations with respect to increases in the Authority's rates, fees, and charges necessary to bring the Authority into compliance with the Revenue Covenant." Mr. Kevin Rotty, Managing Director of the Public Financial Management Group (PFM) provided this written report and recommendations. The authority has ample cash reserves to meet the debt service requirements and has made all required debt service payments timely.

(6) Operating expenses includes the member rebate, reported as a nonoperating expense on the financial statements.

TABLE 6

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Outstanding Debt by Type and Ratios to Personal Income and Population
Last Ten Years

Fiscal Year	Revenue Bonds	Total	Annual Personal Income	Ratio of Debt to Personal Income	Population (1)	Debt Per Capita
2021	\$ 24,166,865	\$ 24,166,865	Unavailable	Unavailable	Unavailable	-
2020	27,220,086	27,220,086	Unavailable	Unavailable	Unavailable	-
2019	30,213,976	30,213,976	41,139,859	73.44%	895,710	33.73
2018	33,148,523	33,148,523	29,907,403	110.84%	883,058	37.54
2017	36,038,706	36,038,706	38,417,179	93.81%	893,850	40.32
2016	38,884,505	38,884,505	37,507,822	103.67%	896,862	43.36
2015	41,463,245	41,463,245	37,260,974	111.28%	896,862	46.23
2014	41,849,390	41,849,390	25,172,391	166.25%	662,466	63.17
2013	43,636,911	43,636,911	24,465,352	178.36%	660,203	66.10
2012	39,919,746	39,919,746	24,461,409	163.19%	659,729	60.51

Note: 2019 personal income, population and per capita income is the most recent data available.

(1) Total for Members from Table 7

TABLE 7

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Demographic Statistics for Member Jurisdictions

Last Ten Years

Total Annual Personal Income In Thousands (1)						
Fiscal Year	City of Chesapeake	City of Hampton	City of Newport News	City of Norfolk	City of Portsmouth	Totals
2019	\$ 12,700,597	\$ 6,040,694	\$ 7,969,244	\$ 10,407,518	\$ 4,021,806	\$ 41,139,859
2018	2,196,879	5,836,417	7,770,354	10,207,860	3,895,933	29,907,443
2017	11,675,805	5,674,070	7,470,774	9,811,229	3,785,301	38,417,179
2016	11,254,969	5,603,945	7,448,898	9,433,045	3,766,965	37,507,822
2015	11,010,828	5,561,735	7,377,992	9,529,615	3,780,804	37,260,974
2014	-	5,373,822	7,088,395	9,122,284	3,587,890	25,172,391
2013	-	5,207,725	6,906,721	8,842,338	3,508,568	24,465,352
2012	-	5,173,458	6,874,615	8,928,833	3,484,503	24,461,409
2011	-	5,084,002	6,695,621	8,608,415	3,465,088	23,853,126
2010	-	4,933,249	6,359,848	8,380,127	3,313,347	22,986,571
Per Capita Personal Income (1)						
Fiscal Year	City of Chesapeake	City of Hampton	City of Newport News	City of Norfolk	City of Portsmouth	Totals
2019	\$ 51,874	\$ 44,909	\$ 44,465	\$ 42,875	\$ 42,605	\$ 226,728
2018	50,326	43,448	42,997	34,237	41,169	212,177
2017	48,569	42,133	41,646	40,094	40,026	212,468
2016	47,302	41,385	40,967	35,940	38,484	204,078
2015	46,769	40,759	40,453	38,676	39,301	205,958
2014	-	38,994	38,841	37,052	37,391	152,278
2013	-	37,909	38,054	36,066	36,486	148,515
2012	-	37,718	38,172	36,308	36,091	148,289
2011	-	37,218	37,170	35,342	36,167	145,897
2010	-	35,892	35,158	34,501	34,701	140,252
Population (1)						
Fiscal Year	City of Chesapeake	City of Hampton	City of Newport News	City of Norfolk	City of Portsmouth	Totals
2019	244,835	134,510	179,225	242,742	94,398	895,710
2018	226,995	136,743	178,626	245,741	94,953	883,058
2017	240,397	134,669	179,388	244,703	94,693	893,850
2016	237,621	135,332	181,825	247,087	94,997	896,862
2015	235,429	136,454	182,385	246,393	96,201	896,862
2014	-	137,813	182,499	246,199	95,955	662,466
2013	-	137,376	181,496	245,169	96,162	660,203
2012	-	137,163	180,098	245,920	96,548	659,729
2011	-	136,601	180,136	243,578	95,809	656,124
2010	-	137,448	180,891	242,893	95,484	656,716
Unemployment Rate (2)						
Fiscal Year	City of Chesapeake	City of Hampton	City of Newport News	City of Norfolk	City of Portsmouth	
2021	4.4%	6.3%	6.2%	6.3%	7.2%	
2020	4.8%	6.1%	6.5%	6.6%	6.1%	
2019	3.1%	3.9%	3.5%	3.6%	3.9%	
2018	4.6%	3.8%	4.2%	3.4%	3.9%	
2017	4.2%	5.3%	4.8%	4.9%	5.6%	
2016	4.3%	5.6%	5.1%	5.3%	6.0%	
2015	4.3%	6.3%	5.7%	5.6%	6.5%	
2014	-	6.4%	6.3%	6.6%	6.8%	
2013	-	7.0%	6.6%	7.0%	7.5%	
2012	-	7.7%	7.2%	7.7%	8.2%	

Note: 2019 personal income, population and per capita income is the most recent data available

Sources: (1) U.S. Department of Commerce, Bureau of Economic Analysis

(2) U.S. Department of Commerce, Bureau of Labor Statistics

TABLE 8

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Full-time Equivalent Employees - By Function
Last Ten Years

As of June 30	Jail Operations		Total (1)
	Sworn	Civilian	
2021	138	28	166
2020	252	22	274
2019	262	22	284
2018	277	22	299
2017	262	10	272
2016	264	14	278
2015	262	15	277
2014	266	15	281
2013	254	14	268
2012	261	17	278

(1) Full-time equivalent employees equal positions filled at June 30.

Source: Personnel records.

TABLE 9

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Inmate Population Statistics
Last Ten Years

Average Daily Population (ADP) at HRRJ										
Fiscal Year	From City of Chesapeake	From City of Hampton	From City of Newport News	From City of Norfolk	From City of Portsmouth	Total from Member Cities	From ICE	From Other	Total	Total Number of Inmate Days
2021	181	181	159	154	14	689	-	4	693	253,246
2020	248	177	205	248	35	913	-	3	916	334,077
2019	250	178	209	250	151	1,038	-	2	1,040	379,727
2018	250	209	200	250	184	1,093	-	2	1,095	399,318
2017	250	199	201	250	212	1,112	-	2	1,114	406,583
2016	187	196	206	249	247	1,085	-	4	1,089	399,078
2015	88	200	201	250	212	951	-	6	957	349,007
2014	-	200	200	250	236	886	2	6	894	326,114
2013	-	204	200	249	236	889	232	-	1,121	409,206
2012	-	203	203	250	215	871	318	-	1,189	435,078
Number of Admissions										
Fiscal Year	From City of Chesapeake	From City of Hampton	From City of Newport News	From City of Norfolk	From City of Portsmouth	Total from Member Cities	From ICE	Other	Total	
2021	127	238	295	131	10	801	-	41	842	
2020	425	385	551	531	13	1,905	-	59	1,964	
2019	522	376	756	592	274	2,520	-	77	2,597	
2018	494	360	510	576	544	2,484	-	78	2,562	
2017	527	434	613	668	507	2,749	-	77	2,826	
2016	484	349	623	908	648	3,012	-	38	3,050	
2015	272	384	402	603	578	2,239	-	15	2,254	
2014	-	393	390	463	512	1,758	161	123	2,042	
2013	-	362	404	449	525	1,740	1,165	32	2,937	
2012	-	365	406	458	593	1,822	2,385	20	4,227	
Number of Releases										
Fiscal Year	From City of Chesapeake	From City of Hampton	From City of Newport News	From City of Norfolk	From City of Portsmouth	Total from Member Cities	ICE	Other	Total	
2021	344	235	293	372	27	1,271	-	42	1,313	
2020	425	385	586	534	61	1,991	-	59	2,050	
2019	524	410	750	585	404	2,673	-	78	2,751	
2018	494	365	510	586	542	2,497	-	77	2,574	
2017	520	414	604	670	566	2,774	-	80	2,854	
2016	381	358	636	907	637	2,919	-	39	2,958	
2015	187	381	396	609	536	2,109	-	12	2,121	
2014	-	387	391	454	542	1,774	161	11	1,946	
2013	-	382	401	450	523	1,756	1,546	30	3,332	
2012	-	354	432	455	565	1,806	2,352	20	4,178	

Source: ADP reports issued monthly

TABLE 10

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Average Daily Inmate Population of Member City Jails
Last Ten Years (1)

Fiscal Year	City of Chesapeake	City of Hampton	City of Newport News			City of Norfolk	City of Portsmouth	Total
			Jail	Farm	Total			
2021	1,006	290	394	-	394	893	152	2,735
2020	247	183	192	-	192	239	235	1,096
2019	973	282	482	-	482	988	203	2,927
2018	1,032	305	442	-	442	1,079	204	3,062
2017	543	468	480	-	480	1,114	220	2,825
2016	888	357	480	-	480	1,103	233	3,061
2015	976	368	482	129	611	1,274	400	3,629
2014	-	409	660	163	823	1,646	569	3,447
2013	-	405	476	138	614	1,429	412	2,860
2012	-	406	501	158	659	1,381	409	2,855

(1) Each of the Authority's five Member Cities operate their own City jails, and send selected inmates to Hampton Roads Regional Jail.

Source: ADP was supplied by the State Compensation Board

TABLE 11

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Average Daily Inmate Population - Hampton Roads Regional Jail and Member City Jails - Combined
Last Ten Years

Fiscal Year	Hampton Roads Regional Jail	Member City Jails (1)	Total with ICE	% Increase/ (Decrease) with ICE	Less: ICE	Total without ICE	% Increase/ (Decrease) without ICE
2021	693	2,735	3,428	70.4	-	3,428	70.4
2020	916	1,096	2,012	(49.3)	-	2,012	(49.3)
2019	1,040	2,927	3,967	(4.6)	-	3,967	(4.6)
2018	1,095	3,062	4,157	5.5	-	4,157	5.5
2017	1,114	2,825	3,939	(5.1)	-	3,939	(5.1)
2016	1,089	3,061	4,150	(9.5)	-	4,150	(9.5)
2015	957	3,629	4,586	5.6	-	4,586	5.7
2014	894	3,447	4,341	9.0	2	4,339	15.7
2013	1,121	2,860	3,981	(1.6)	232	3,749	0.6
2012	1,189	2,855	4,044	0.6	318	3,726	1.4

(1) Each of the Authority's five Member Cities operate their own City jails, and send selected inmates to Hampton Roads Regional Jail.

(2) Source: ADP was supplied by the State Compensation Board

TABLE 12

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Inmate Days and Per Diems Billed - By Jurisdiction
Fiscal Year 2021

Member City	Per Diem Rate	# Beds Guaranteed	Inmate Days Guaranteed (1)	Inmate Days Billed (2)	Per Diems Billed
Chesapeake	\$ 77.00	250	91,250	91,250	\$ 7,026,250
Hampton	\$ 77.00	175	63,875	67,060	5,045,775
Newport News	\$ 77.00	200	73,000	73,000	5,621,000
Norfolk	\$ 77.00	250	91,250	91,250	7,026,250
Portsmouth	\$ 72.45	250	91,250	91,250	6,611,063
Totals		<u>1,125</u>	<u>410,625</u>	<u>413,810</u>	\$ <u>31,330,338</u>

(1) Inmate days guaranteed are equal to 365 times the number of beds guaranteed.

(2) Inmate days billed are calculated and billed monthly as the greater of actual inmate days or guaranteed inmate days.

HAMPTON ROADS REGIONAL JAIL AUTHORITY

TABLE 13

Page 1 of 2

Principal Employers Member Jurisdictions
2020 and Nine Years Ago

City of Portsmouth, VA					
2020(1)			2011		
Employer	# of Employees	Rank	Employer	# of Employees	Rank
Norfolk Naval Shipyard	1000+	1	Norfolk Naval Shipyard	1000+	1
Naval Medical Center, Portsmouth	1000+	2	Naval Medical Center, Portsmouth	1000+	2
Portsmouth Public Schools	1000+	3	Portsmouth Public Schools	1000+	3
City of Portsmouth	1000+	4	City of Portsmouth	1000+	4
U.S. Coast Guard Command - Portsmouth	1000+	5	U.S. Coast Guard Command - Portsmouth	1000+	5
Bon Secours Maryview Medical Center	1000+	6	Bon Secours Maryview Medical Center	1000+	6
Virginia International Gateway	500-999	7	Earl Industries	500-999	7
Ceres Marine Terminals	500-999	8	Smithfield of Portsmouth	100-499	8
Tidewater Community College	100-499	9	Walmart	100-499	9
The Pines Residential Treatment Center	100-499	10	CDI Marine	100-499	10
City of Chesapeake, VA					
2020(1)			2011		
Employer	# of Employees	Rank	Employer	# of Employees	Rank
City of Chesapeake Public Schools	1000+	1	City of Chesapeake Public Schools	1000+	1
City of Chesapeake	1000+	2	City of Chesapeake	1000+	2
Chesapeake Regional Medical Center	1000+	3	Chesapeake Regional Medical Center	1000+	3
Walmart	1000+	4	Sentara Health System	1000+	4
Sentara Health	1000+	5	QVC Chesapeake, Inc.	1000+	5
Dollar Tree Management, Inc.	1000+	6	Cox Communications Hampton Roads	500-999	6
Tidewater Staffing Inc	1000+	7	Dollar Tree Management, Inc.	500-999	7
Cox Communications Hampton Roads	1000+	8	General Dynamics Advanced, Inc.	500-999	8
QVC Chesapeake, Inc.	1000+	9	Canon Information Technology Service, Inc.	500-999	9
Capital One Services LLC	500-999	10			
City of Hampton, VA					
2020(1)			2011		
Employer	# of Employees	Rank	Employer	# of Employees	Rank
City of Hampton	600+	1	Alcoa Howmet	600+	1
Commonwealth of Virginia	600+	2	City of Hampton	600+	2
Hampton City School Board	600+	3	Fort Monroe	600+	3
Hampton Newport News Community Board	600+	4	Hampton City Schools	600+	4
Hampton University	600+	5	Hampton University	600+	5
			Hampton Virginia Medical Center - Veteran's		
Arconic Howmet	600+	6	Hospital	600+	6
Joint Base Langley-Eustis	600+	7	Langley Air Force Base	600+	7
NASA Langley Research Center	600+	8	NASA Langley Research Center	600+	8
Riverside Regional Medical Center	600+	9	Sentara Healthcare Systems	600+	9
Sentara Health Systems	600+	10	Sprint-Nextel	600+	10

HAMPTON ROADS REGIONAL JAIL AUTHORITY

TABLE 13

Page 2 of 2

Principal Employers Member Jurisdictions
2020 and Nine Years Ago (Continued)

City of Newport News, VA					
2020(1)			2011		
Employer	# of Employees	Rank	Employer	# of Employees	Rank
Huntington Ingall Industries, Inc	10,000-25,000	1	Huntington Ingall Industries, Inc	10,000-25,000	1
Riverside Regional Medical Center	1,000-5,000	2	Riverside Regional Medical Center	1,000-5,000	2
Newport News Public Schools	1,000-5,000	3	Newport News Public Schools	1,000-5,000	3
City of Newport News	1,000-5,000	4	City of Newport News	1,000-5,000	4
U. S. Department of Defense	1,000-5,000	5	U. S. Department of Defense	1,000-5,000	5
Ferguson Enterprises Inc.	1,000-5,000	6	Ferguson Enterprises Inc.	1,000-5,000	6
Christopher Newport University	1,000-5,000	7	Christopher Newport University	1,000-5,000	7
Canon	1,000-5,000	8	Canon	1,000-5,000	8
U. S. Department of Army and Air Force	1,000-5,000	9	U.S. Department of Army and Air Force	1,000-5,000	9
Walmart	500-1,000	10	Hampton Newport News Community	500-1000	10

City of Norfolk, VA					
2020(1)			2011		
Employer	# of Employees	Rank	Employer	# of Employees	Rank
U.S. Department of Defense	1000+	1	U.S. Department of Defense	1000+	1
Sentara Healthcare	1000+	2	Norfolk City School Board	1000+	2
Norfolk City School Board	1000+	3	Sentara Healthcare	1000+	3
City of Norfolk	1000+	4	City of Norfolk	1000+	4
Old Dominion University	1000+	5	Old Dominion University	1000+	5
Children's Hospital of the King's Daughters	1000+	6	Children's Hospital of the King's Daughters	1000+	6
Sentara Health Management	1000+	7	Norshipco	1000+	7
Eastern Virginia Medical School	1000+	8	Eastern Virginia Medical School	1000+	8
Anthem	1000+	9	Norfolk State University	1000+	9
Norfolk State University	1000+	10	Portfolio Recovery Associates	1000+	10

Source: FY 2020 Comprehensive Annual Financial Reports from each City

The Virginia Employment Commission does not permit specific employee numbers to be publicly reported, therefore only employment ranges are presented above.

(1) 2020 and 2011 is the most recent data available.

TABLE 14

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Total Expenses - By Function
Last Ten Years

Fiscal Year	Jail Operations										Depreciation	Debt Interest and Fiscal Charges	Member Rebate	Total Expenses
	Personal Services	Employee Benefits	Inmate Medical Services	Other Purchased Services	Other Charges	Grant	Materials and Supplies	Non-capital Equipment	Inmates Commissary	Employees Canteen				
2021	\$ 12,636,586	\$ 5,446,274	\$ 11,063,932	\$ 2,880,024	\$ 2,495,341	\$ 336,516	\$ 590,417	\$ 297,255	\$ 331,959	\$ 3,829	\$ 3,403,001	\$ 1,078,862	\$ 4,976,060	\$ 45,540,057
2020	13,714,220	5,450,435	11,173,417	2,401,321	2,918,982	287,853	677,744	225,379	306,003	4,000	3,394,681	1,151,966	-	41,706,001
2019	13,574,392	4,387,154	12,003,746	2,497,864	2,675,649	370,570	710,211	126,269	356,619	3,526	3,339,995	1,214,249	-	41,260,243
2018	13,787,268	4,748,370	10,676,511	2,322,422	2,658,233	487,352	747,073	221,480	374,606	2,948	3,191,086	1,274,662	-	40,492,011
2017	12,886,666	5,277,147	11,382,438	2,503,411	2,501,662	113,867	562,587	219,757	260,149	5,000	2,883,812	1,332,199	-	39,928,695
2016	12,455,103	4,757,045	8,948,896	2,524,109	2,340,931	-	743,079	156,636	257,781	2,713	2,570,467	1,420,199	-	36,176,959
2015	12,223,582	4,756,240	9,186,936	2,209,057	2,340,737	-	579,516	102,596	258,860	6,612	2,554,786	1,512,838	-	35,731,760
2014	11,723,937	5,118,128	8,855,878	2,136,631	2,207,920	-	589,227	102,425	218,027	7,420	2,556,165	1,542,514	-	35,058,272
2013	11,721,476	4,946,227	8,412,865	2,287,935	2,164,575	-	599,338	106,697	297,485	9,581	2,583,573	1,611,073	-	34,740,825
2012	10,895,338	4,675,228	8,944,932	2,166,816	2,318,073	-	608,233	60,705	343,815	6,825	2,570,262	2,049,681	-	34,639,908

TABLE 15

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Total Revenue - By Source
Last Ten Years

Fiscal Year	Commonwealth		State Grants (2)	Total from Commonwealth	Member Per Diems	ICE Per Diems	Investment Income	Telephone Revenues	Inmates Keep Fees (1)	Sales Commissions			Total Revenues
	Reimbursement	Per Diems								Inmates Commissary	Employees Canteen	Miscellaneous Revenues (3)	
2021	\$ 11,551,559	\$ 1,735,955	\$ 386,516	\$ 13,674,030	\$ 31,330,338	\$ -	\$ 13,059	\$ 476,447	\$ 138,220	\$ 402,262	\$ 6,188	\$ 41,204	\$ 46,081,748
2020	12,202,342	2,131,730	342,299	14,676,372	29,059,405	-	162,585	455,277	143,430	377,037	4,733	58,934	44,937,771
2019	11,563,136	2,516,366	439,640	14,519,141	28,154,058	-	211,208	466,098	112,073	362,708	3,159	466,609	44,295,054
2018	11,141,348	2,623,975	514,935	14,280,258	26,797,828	-	143,201	379,082	127,934	380,730	2,895	(160,104)	41,951,824
2017	11,490,780	2,672,390	132,136	14,295,306	26,245,733	-	22,992	432,520	128,277	382,707	3,903	1,023,124	42,534,563
2016	10,122,896	2,820,066	1,759,780	14,702,742	25,447,996	-	13,284	352,686	130,886	349,107	6,336	1,311,351	42,314,388
2015	9,720,524	2,571,432	-	12,291,956	21,924,385	-	20,859	356,604	106,881	258,860	5,295	1,021,014	35,985,854
2014	10,043,289	2,458,120	-	12,501,409	16,751,048	42,008	46,826	360,400	97,379	220,883	5,402	233,525	30,258,880
2013	9,304,484	712,519	-	10,017,003	15,474,383	6,410,640	34,272	564,000	95,219	272,843	5,726	54,378	32,928,464
2012	9,187,838	(20,641)	-	9,167,197	14,230,706	8,797,146	240,356	566,156	94,028	302,905	6,792	74,729	33,480,015

- (1) The Authority began charging one dollar per day for inmate keep on November 1, 2003 in accordance with the Code of Virginia. In accordance with Virginia law, inmates keep fees were returned to the member cities during FY2010. Beginning in FY2016 Inmate workers were exempted from Keep fees.
- (2) During FY2021, the Authority received a COVID-19 Grant. This was a reimbursement for purchase of COVID related supplies. In FY 2017, 2018, 2019, 2020 and 2021 the Authority received a Behavioral Health Grant. These were passed through the Commonwealth.
- (3) Losses on disposal of property are included in miscellaneous revenues. Fiscal year 2015, 2016, 2017 includes Chesapeake's member buy-in of \$1,000,000.

TABLE 16

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Miscellaneous Statistical Data
June 30, 2021

Date of creation agreement	December 14, 1993			
Date of ground breaking	September 8, 1995			
Date operations began	March 16, 1998			
Number of employee positions				
Uniformed (sworn)	138			
Non-uniformed (non-sworn)	28			
Total	166			
Number of beds allotted				
	Initial Allocation	20% Additional at Reduced rate	Remaining Additional Allocation	Total Allocation
City of Chesapeake	250	50	-	300
City of Hampton	175	29	-	204
City of Newport News	200	40	-	240
City of Norfolk	250	42	-	292
City of Portsmouth	250	42	-	292
Total	1,125	203	-	1,328
State rated capacity				
General population	527			
State rated capacity of member City jails				
City of Chesapeake Jail	555			
City of Hampton Jail	468			
City of Newport News Jail	300			
City of Norfolk Jail	833			
City of Portsmouth Jail	288			
Total five member cities	2,444			
Vehicle miles driven during the fiscal year	260,991			

Source: State certified capacity of member City jails was obtained from the Virginia Compensation Board.

TABLE 17

HAMPTON ROADS REGIONAL JAIL AUTHORITY

\$13,005,000 Refunding Revenue Bonds - Series 2015A

\$24,700,000 Refunding Revenue Bonds - Series 2013B

\$3,345,000 Refunding Revenue Bonds - Series 2013A

Debt Service Schedule Fiscal Year Ended June 30, 2021

Due Date	Principal	Interest	Total Debt Service	Total by Fiscal Year
10/01/21	5,000	298,381	303,381	
04/01/22	-	298,253	298,253	
07/01/22	2,945,000	314,913	3,259,913	3,861,547
10/01/22	5,000	298,253	303,253	
04/01/23	-	298,125	298,125	
07/01/23	3,035,000	227,213	3,262,213	3,863,591
10/01/23	5,000	298,125	303,125	
04/01/24	-	297,997	297,997	
07/01/24	3,125,000	132,648	3,257,648	3,858,769
10/01/24	5,000	297,997	302,997	
04/01/25	-	297,869	297,869	
07/01/25	260,000	32,400	292,400	893,266
10/01/25	3,015,000	297,869	3,312,869	
04/01/26	-	220,609	220,609	
07/01/26	265,000	24,600	289,600	3,823,078
10/01/26	3,165,000	220,609	3,385,609	
04/01/27	-	139,506	139,506	
07/01/27	275,000	16,650	291,650	3,816,766
10/01/27	3,295,000	139,506	3,434,506	
04/01/28	-	96,422	96,422	
07/01/28	280,000	-	280,000	3,810,928
10/01/28	3,435,000	88,022	3,523,022	3,523,022
Total	\$ 23,115,000	\$ 4,335,967	\$ 27,450,967	\$ 27,450,967

TABLE 18

HAMPTON ROADS REGIONAL JAIL AUTHORITY

Schedule of Insurance in Force
As of June 30, 2021

Insurance Coverage	Insurance Company	Expiration Date	Coverage Limit	Deductible
Building and Personal Property & Extra Expense	Virginia Risk Sharing Association (VRSA)	6/30/2021	\$ 109,604,723	\$ 10,000
Business Interruption			\$ 1,000,000	\$ 1,000
			\$ 500,000	\$ 1,000
Flood	Virginia Risk Sharing Association (VRSA)	6/30/2021	\$ 5,000,000	\$ 25,000
Earthquake	Virginia Risk Sharing Association (VRSA)	6/30/2021	\$ 1,000,000	\$ 25,000
Boiler and Machinery	Virginia Risk Sharing Association (VRSA)	6/30/2021	\$ 40,000,000	\$ 1,000
Automobile Liability	Virginia Risk Sharing Association (VRSA)	6/30/2021	\$ 1,000,000	none
Workers' Compensation	Virginia Risk Sharing Association (VRSA)	6/30/2021	Required Statutory Limits	
Line of Duty	Virginia Risk Sharing Association (VRSA)	6/30/2021	Required Statutory Limits	
Crime Coverage	Virginia Risk Sharing Association (VRSA)	6/30/2021	\$ 100,000	\$ 1,000
Cyber Insurance	Virginia Risk Sharing Association (VRSA)	6/30/2021	\$ 1,000,000	none
Employers' Liability	Division of Risk Management	6/30/2021	\$ 1,000,000	none
Constitutional Officer General Liability - VaRisk (1)	Commonwealth of Virginia - Division of Risk Management	Continuous	\$ 1,000,000	none
Faithful Performance of Duty Bond (1)	Travelers Casualty and Surety Company of America	Continuous	\$ 30,000	none

(1) Provided by the Commonwealth of Virginia

COMPLIANCE SECTION

**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
Hampton Roads Regional Jail Authority
Portsmouth, 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 Hampton Roads Regional Jail Authority as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Hampton Roads Regional Jail Authority's basic financial statements and have issued our report thereon dated December 21, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hampton Roads 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 Hampton Roads Regional Jail Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Hampton Roads 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 Hampton Roads 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 Farrow Cox Associates

Charlottesville, Virginia

December 21, 2021