

SOUTHSIDE REGIONAL JAIL AUTHORITY

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025

SOUTHSIDE REGIONAL JAIL AUTHORITY

BOARD OF DIRECTORS

William T. "Tim" Jarratt, Jr., Greenville County Sheriff, Chairman

Ricky A. Pinksaw, Emporia Chief of Police, Treasurer

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James R. Brown

Steve E. Coleman

William E. Johnson, III, City of Emporia – Emporia City Manager

Dr. Charlette T. Woolridge, Greenville County Administrator

D. Keith Prince, Jr, City of Emporia Sheriff

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Independent Auditors' Report

**To the Honorable Members of
Southside Regional Jail Authority
Emporia, Virginia**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the remaining fund information of Southside Regional Jail Authority, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Southside Regional Jail Authority's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Change in Accounting Principle

As described in Note 18 to the financial statements, in 2025, the Authority adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 17 to the financial statements, in 2025, the Authority restated beginning balances to reflect the requirements of GASB Statement No. 101. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2025, on our consideration of Southside 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 Southside 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 Southside Regional Jail Authority's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 15, 2025

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

As management of Southside Regional Jail Authority (the Authority), we offer this narrative overview and analysis of the financial performance and overview of the Authority's financial activities for the fiscal year ended June 30, 2025. Please read this information in conjunction with the Authority's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS FOR FY 2025

The assets and deferred outflows of resources of the Authority's operating fund exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$2,770,109.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. Since the Authority is engaged only in business-type activities, its basic financial statements are comprised of only two components: 1) enterprise fund financial statements and 2) notes to the financial statements.

Enterprise fund financial statements. The enterprise fund financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

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

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

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

The Authority's operating fund net position decreased \$1,793,540 for the fiscal year ended June 30, 2025, after including a noncash expense for depreciation in the amount of \$291,128.

FINANCIAL SUMMARY

Financial Position. A comparative summary schedule of Southside Regional Jail Authority’s Statement of Net Position for 2025 and 2024 is presented below:

| Condensed Statement of Net Position - Operating Fund | | |
|---|---------------------|---------------------|
| | 2025 | 2024 |
| Current and other assets | \$ 554,036 | \$ 2,313,978 |
| Net pension asset | - | 5,143 |
| Net capital assets | 3,476,740 | 3,767,868 |
| Total assets | <u>\$ 4,030,776</u> | <u>\$ 6,086,989</u> |
| Deferred outflows of resources | \$ 978,876 | \$ 761,250 |
| Total assets and deferred outflows of resources | <u>\$ 5,009,652</u> | <u>\$ 6,848,239</u> |
| Other liabilities | \$ 98,714 | \$ 219,331 |
| Long-term liabilities | 1,712,968 | 1,584,436 |
| Total liabilities | <u>\$ 1,811,682</u> | <u>\$ 1,803,767</u> |
| Deferred inflows of resources | \$ 427,861 | \$ 331,570 |
| Net position: | | |
| Net investment in capital assets | \$ 2,855,867 | \$ 3,090,587 |
| Restricted | 3,848 | 11,040 |
| Unrestricted (deficit) | (89,606) | 1,611,275 |
| Total net position | <u>\$ 2,770,109</u> | <u>\$ 4,712,902</u> |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 5,009,652</u> | <u>\$ 6,848,239</u> |

The financial position of Southside Regional Jail Authority continues to remain stable. This is evidenced by the Authority’s strong liquidity, with a Quick Ratio (Current Assets/Current Liabilities) of 5.6/1 (excluding current portion of long-term debt). The Authority’s unrestricted net position represents -3% of total net position.

CHANGE IN NET POSITION

A comparative summary schedule of Southside Regional Jail Authority’s Statement of Revenues, Expenses and Changes in Net Position for 2025 and 2024 is presented below:

| Condensed Statement of Revenues, Expenses and Changes in Net Position - Operating Fund | | |
|---|-----------------------|---------------------|
| | 2025 | 2024 |
| Operating revenues | \$ 4,331,901 | \$ 6,017,410 |
| Operating expenses | (6,135,073) | (6,075,222) |
| Net operating income (loss) | <u>\$ (1,803,172)</u> | <u>\$ (57,812)</u> |
| Nonoperating revenues | 30,613 | 74,794 |
| Nonoperating expenses | (20,981) | (22,788) |
| Change in net position | <u>\$ (1,793,540)</u> | <u>\$ (5,806)</u> |
| Net position, beginning of year, as originally reported | 4,712,902 | 4,718,708 |
| Restatement for GASB Statement 101 | (149,253) | - |
| Net position, beginning of year, restated | <u>\$ 4,563,649</u> | <u>\$ 4,718,708</u> |
| Net position, end of year | <u>\$ 2,770,109</u> | <u>\$ 4,712,902</u> |

CHANGE IN NET POSITION (CONTINUED)

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

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

Nonoperating revenues (expenses) consist of interest and investment earnings, grant revenues, and interest expense.

Operating revenues decreased from \$6,017,410 in 2024 to \$4,331,901 in 2025. This represents a decrease of \$1,685,509. This is largely due to federal inmate housing. The change in operating expenses and nonoperating revenues and expenses was insignificant in comparison.

CASH FLOWS

A comparative summary schedule of Southside Regional Jail Authority's Statement of Cash Flows for 2025 and 2024 is presented below:

| Condensed Statement of Cash Flows - Operating Fund | | |
|---|-------------------|---------------------|
| | 2025 | 2024 |
| Cash flows from operating activities | \$ (1,328,828) | \$ 9,331 |
| Cash flows from capital and related financing activities | (78,622) | (167,866) |
| Cash flows from investing activities | 30,612 | 10,808 |
| Net increase (decrease) in cash and cash equivalents | \$ (1,376,838) | \$ (83,742) |
| Cash and cash equivalents, beginning of year | 1,622,019 | 1,705,761 |
| Cash and cash equivalents, end of year | \$ <u>245,181</u> | \$ <u>1,622,019</u> |

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

Cash flows from capital and related financing activities include the purchase of capital assets and principal and interest paid on capital debt. Cash flows from investing activities include interest and investment earnings.

The change in cash and cash equivalents from the beginning to the end of the year was a decrease of \$1,376,838, which was largely due to a decrease in federal inmate housing revenues while operating expenses remained fairly consistent.

LONG-TERM OBLIGATIONS

At the end of the fiscal year, the Authority had \$1,712,968 in long-term obligations. Compensated absences accounted for \$426,946 of the long-term obligations. Outstanding bonds and notes at June 30, 2025 were \$620,873. Total long-term obligations decreased by \$20,721 during fiscal year 2025 due to routine principal payments on the revenue bond and note payable, as well as increases in compensated absences and pension liabilities.

Additional information on the Authority's long-term obligations can be found in Note 5 of this report.

CAPITAL ASSETS

The Authority's investment in capital assets as of June 30, 2025 amounted to \$3,476,740 (net of accumulated depreciation). Net investment in capital assets is calculated as capital assets (net of accumulated depreciation) less any related debt incurred for the purchase of those assets. Below is a comparative schedule of the amounts that comprise the capital assets as of June 30, 2025 and 2024:

| Capital Assets | | | |
|--------------------------------|---------------------|---------------------|--|
| Classification | 2025 | 2024 | |
| Land and land rights | \$ 125,376 | \$ 125,376 | |
| Buildings and improvements | 9,835,636 | 9,835,636 | |
| Vehicles | 296,168 | 296,168 | |
| Office equipment | 523,384 | 523,384 | |
| Radio equipment | 357,278 | 357,278 | |
| Furniture and fixtures | 275,391 | 275,391 | |
| Subtotal | \$ 11,413,233 | \$ 11,413,233 | |
| Less: Accumulated depreciation | (7,936,493) | (7,645,365) | |
| Total | \$ <u>3,476,740</u> | \$ <u>3,767,868</u> | |

Additional information on the Authority's capital assets can be found in Note 4 of this report.

CONTACTING THE AUTHORITY'S MANAGEMENT

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be directed to the Authority's Superintendent located at Southside Regional Jail, 244 Uriah Branch Way, Emporia, VA 23847.

- Basic Financial Statements -

SOUTHSIDE REGIONAL JAIL AUTHORITY

**Statement of Net Position
As of June 30, 2025**

| ASSETS | Operating Fund | Commissary Fund | Total |
|---|---------------------------|----------------------------|--------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 245,181 | \$ 42,370 | \$ 287,551 |
| Due from other governments (Note 3) | 308,855 | - | 308,855 |
| Total current assets | \$ 554,036 | \$ 42,370 | \$ 596,406 |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Land | \$ 125,376 | \$ - | \$ 125,376 |
| Other capital assets, net of accumulated depreciation | 3,351,364 | - | 3,351,364 |
| Net capital assets (Note 4) | \$ 3,476,740 | \$ - | \$ 3,476,740 |
| Total noncurrent assets | \$ 3,476,740 | \$ - | \$ 3,476,740 |
| Total assets | \$ 4,030,776 | \$ 42,370 | \$ 4,073,146 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension related items | | | |
| OPEB related items | \$ 832,911 | \$ - | \$ 832,911 |
| Total deferred outflows of resources | \$ 978,876 | \$ - | \$ 978,876 |
| Total assets and deferred outflows of resources | \$ 5,009,652 | \$ 42,370 | \$ 5,052,022 |
| LIABILITIES | | | |
| Liabilities: | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 85,138 | \$ - | \$ 85,138 |
| Accrued interest payable | 13,576 | - | 13,576 |
| Compensated absences, current portion (Note 6) | 42,695 | - | 42,695 |
| Bonds and notes payable, current portion (Note 5) | 60,617 | - | 60,617 |
| Total current liabilities | \$ 202,026 | \$ - | \$ 202,026 |
| Noncurrent liabilities: | | | |
| Compensated absences, noncurrent portion (Note 6) | \$ 384,251 | \$ - | \$ 384,251 |
| Bonds and notes payable, noncurrent portion (Note 5) | 560,256 | - | 560,256 |
| Net pension liability (Note 7) | 77,502 | - | 77,502 |
| Net OPEB liabilities (Notes 9-12) | 587,647 | - | 587,647 |
| Total noncurrent liabilities | \$ 1,609,656 | \$ - | \$ 1,609,656 |
| Total liabilities | \$ 1,811,682 | \$ - | \$ 1,811,682 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension related items | | | |
| OPEB related items | \$ 302,260 | \$ - | \$ 302,260 |
| Total deferred inflows of resources | \$ 427,861 | \$ - | \$ 427,861 |
| NET POSITION | | | |
| Net investment in capital assets | \$ 2,855,867 | \$ - | \$ 2,855,867 |
| Restricted for benefit of inmates | - | 42,370 | 42,370 |
| Restricted for benefit of employees | 3,848 | - | 3,848 |
| Unrestricted (deficit) | (89,606) | - | (89,606) |
| Total net position | \$ 2,770,109 | \$ 42,370 | \$ 2,812,479 |
| Total liabilities, deferred inflows of resources and net position | \$ 5,009,652 | \$ 42,370 | \$ 5,052,022 |

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

SOUTHSIDE REGIONAL JAIL AUTHORITY

**Statement of Revenues, Expenses and Change in Net Position
Year Ended June 30, 2025**

| | <u>Operating Fund</u> | <u>Commissary Fund</u> | <u>Total</u> |
|--|---------------------------|----------------------------|-----------------------|
| Operating revenues: | | | |
| Purchase of services: | | | |
| City of Emporia, Virginia | \$ 540,000 | \$ - | \$ 540,000 |
| County of Greensville, Virginia | 460,000 | - | 460,000 |
| Other Governments | 59,505 | - | 59,505 |
| Commonwealth of Virginia: | | | |
| State Compensation Board | 2,171,232 | - | 2,171,232 |
| Federal inmate housing (net of cost recovery of \$246,243) | 700,557 | - | 700,557 |
| Commissary sales | - | 175,509 | 175,509 |
| Employee recognition fund receipts | 1,470 | - | 1,470 |
| Medical fund receipts | 9,752 | - | 9,752 |
| Other | 389,385 | - | 389,385 |
| Total operating revenues | <u>\$ 4,331,901</u> | <u>\$ 175,509</u> | <u>\$ 4,507,410</u> |
| Operating expenses: | | | |
| Salaries | \$ 3,270,769 | \$ - | \$ 3,270,769 |
| Fringe benefits | 1,433,810 | - | 1,433,810 |
| Professional services | 267,737 | - | 267,737 |
| Repairs and maintenance | 63,505 | - | 63,505 |
| Advertising | 529 | - | 529 |
| Laundry | 1,024 | - | 1,024 |
| Fiscal services | 30,000 | - | 30,000 |
| Utilities | 199,810 | - | 199,810 |
| Communications | 24,256 | - | 24,256 |
| Insurance | 34,174 | - | 34,174 |
| Lease of equipment | 6,287 | - | 6,287 |
| Conventions and education | 44,707 | - | 44,707 |
| Dues and subscriptions | 5,480 | - | 5,480 |
| Supplies | 458,339 | 411,743 | 870,082 |
| Employee recognition fund disbursements | 3,518 | - | 3,518 |
| Depreciation | 291,128 | - | 291,128 |
| Total operating expenses | <u>\$ 6,135,073</u> | <u>\$ 411,743</u> | <u>\$ 6,546,816</u> |
| Operating income (loss) | <u>\$ (1,803,172)</u> | <u>\$ (236,234)</u> | <u>\$ (2,039,406)</u> |
| Nonoperating revenues (expenses): | | | |
| Interest and investment earnings | \$ 30,613 | \$ - | \$ 30,613 |
| Interest expense | (20,981) | - | (20,981) |
| Total nonoperating revenues (expenses) | <u>\$ 9,632</u> | <u>\$ -</u> | <u>\$ 9,632</u> |
| Change in net position | <u>\$ (1,793,540)</u> | <u>\$ (236,234)</u> | <u>\$ (2,029,774)</u> |
| Net position, beginning of year, as originally reported | \$ 4,712,902 | \$ 278,604 | \$ 4,991,506 |
| Restatement for change in accounting principle | (149,253) | - | (149,253) |
| Net position, beginning of year, as restated | <u>\$ 4,563,649</u> | <u>\$ 278,604</u> | <u>\$ 4,842,253</u> |
| Net position, end of year | <u>\$ 2,770,109</u> | <u>\$ 42,370</u> | <u>\$ 2,812,479</u> |

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

SOUTHSIDE REGIONAL JAIL AUTHORITY

**Statement of Cash Flows
Year Ended June 30, 2025**

| | <u>Operating Fund</u> | <u>Commissary Fund</u> | <u>Total</u> |
|--|---------------------------|----------------------------|-----------------------|
| Cash flows from operating activities: | | | |
| Receipts from operating activities | \$ 4,715,005 | \$ 175,509 | \$ 4,890,514 |
| Payments to suppliers | (1,258,749) | (411,743) | (1,670,492) |
| Payments to and on behalf of employees | <u>(4,785,084)</u> | <u>-</u> | <u>(4,785,084)</u> |
| Net cash provided by (used for) operating activities | <u>\$ (1,328,828)</u> | <u>\$ (236,234)</u> | <u>\$ (1,565,062)</u> |
| Cash flows from capital and related financing activities: | | | |
| Principal paid on capital debt | \$ (56,408) | \$ - | \$ (56,408) |
| Interest paid on capital debt | <u>(22,214)</u> | <u>-</u> | <u>(22,214)</u> |
| Net cash provided by (used for) capital and related financing activities | <u>\$ (78,622)</u> | <u>\$ -</u> | <u>\$ (78,622)</u> |
| Cash flows from investing activities: | | | |
| Interest and investment earnings | <u>\$ 30,612</u> | <u>\$ -</u> | <u>\$ 30,612</u> |
| Net increase (decrease) in cash and cash equivalents | \$ (1,376,838) | \$ (236,234) | \$ (1,613,072) |
| Cash and cash equivalents, beginning of year | <u>1,622,019</u> | <u>\$ 278,604</u> | <u>1,900,623</u> |
| Cash and cash equivalents, end of year | <u>\$ 245,181</u> | <u>\$ 42,370</u> | <u>\$ 287,551</u> |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | | |
| Operating income (loss) | \$ (1,803,172) | \$ (236,234) | \$ (2,039,406) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | |
| Depreciation | 291,128 | - | 291,128 |
| Changes in assets, deferred outflows/inflows of resources and liabilities: | | | |
| (Increase) / decrease in due from other governments | 383,104 | - | 383,104 |
| (Increase) / decrease in net pension asset | 5,143 | - | 5,143 |
| (Increase) / decrease in deferred outflows - pension related | (267,976) | - | (267,976) |
| (Increase) / decrease in deferred outflows - OPEB related | 50,350 | - | 50,350 |
| Increase / (decrease) in accounts payable | (119,383) | - | (119,383) |
| Increase / (decrease) in compensated absences | (44,269) | - | (44,269) |
| Increase / (decrease) in net pension liability | 77,502 | - | 77,502 |
| Increase / (decrease) in net OPEB liabilities | 2,454 | - | 2,454 |
| Increase / (decrease) in deferred inflows - pension related | 119,369 | - | 119,369 |
| Increase / (decrease) in deferred inflows - OPEB related | <u>(23,078)</u> | <u>-</u> | <u>(23,078)</u> |
| Cash flows (used for) operating activities | <u>\$ (1,328,828)</u> | <u>\$ (236,234)</u> | <u>\$ (1,565,062)</u> |

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

SOUTHSIDE REGIONAL JAIL AUTHORITY

**Statement of Fiduciary Net Position
Fiduciary Fund
As of June 30, 2025**

| | <u>Custodial Fund</u> |
|---------------------------|---------------------------|
| | <u>Inmate Fund</u> |
| ASSETS | |
| Cash and cash equivalents | \$ <u>65,706</u> |
| Total assets | \$ <u>65,706</u> |
| NET POSITION | |
| Restricted for inmates | \$ <u>65,706</u> |
| Total net position | \$ <u><u>65,706</u></u> |

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

SOUTHSIDE REGIONAL JAIL AUTHORITY

**Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended June 30, 2025**

| | <u>Custodial Fund</u> |
|---|---------------------------|
| | <u>Inmate Fund</u> |
| ADDITIONS | |
| Inmate deposits | \$ 699,790 |
| Total additions | \$ 699,790 |
| DEDUCTIONS | |
| Return of funds | \$ 144,912 |
| Commissary charges | 175,509 |
| Phone charges | 299,488 |
| Work release, home electronic monitoring and housing fees | 52,190 |
| Medical copays | 9,752 |
| Miscellaneous | 2,717 |
| Total deductions | \$ 684,568 |
| Net increase (decrease) in fiduciary net position | \$ 15,222 |
| Net position, beginning of year | <u>50,484</u> |
| Net position, end of year | <u>\$ 65,706</u> |

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

SOUTHSIDE REGIONAL JAIL AUTHORITY

Notes to Financial Statements As of June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Southside Regional Jail Authority was established pursuant to the *Code of Virginia* (1950), as amended, and resolutions of the participating localities of the County of Greensville and the City of Emporia, Virginia in May 1995. The Authority is considered a jointly governed organization of the above localities because each locality is represented on the Board. However, the localities do not retain an ongoing financial interest or responsibility. The purpose of the Authority is to acquire, construct, equip, finance, operate and maintain the regional jail for the benefit of the member jurisdictions.

A. Management's Discussion and Analysis

Accounting standards require the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A) as listed in the table of contents.

B. Basis of Accounting, Budgets, and Financial Statement Presentation

Southside Regional Jail Authority operates as an enterprise activity and its accounts are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded as liabilities when incurred, without regard to receipt or payment of cash.

The enterprise funds consist of the operating fund, which accounts for most of the Authority's activity, and the commissary fund, which accounts for the inmate commissary activity.

The Authority adopts an annual budget for informative and fiscal planning purposes only. The budget is not intended to be a legal control on expenses. Budgets are adopted on the accrual basis of accounting except that contributed capital, depreciation and amortization are not budgeted.

Operating revenues and expenses are defined as those items that result from providing services and include all transactions and events which are not capital and related financing, noncapital financing or investing activities. Nonoperating revenues are defined as grants, investments, and other income. Nonoperating expenses are defined as capital and noncapital related financing and other expenses.

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

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

B. Basis of Accounting, Budgets, and Financial Statement Presentation (Continued)

Additionally, the Authority reports the following fund type:

Fiduciary funds account for assets held by the Authority in a trustee capacity or as custodian of individuals, private organizations, other governmental units or other funds. The inmate fund and work release fund are the Authority's custodial funds. The work release fund had no activity during the current fiscal year. Fiduciary funds are maintained on the accrual basis of accounting and are not included in the enterprise financial statements.

C. Capital Assets

Property, plant and equipment are recorded at historical cost. Donated assets are recorded at their acquisition value on the date donated. Only assets with a cost of \$3,000 or more will be capitalized. Depreciation is computed using the straight-line method over the assets' estimated useful lives as follows:

| | |
|--------------------------|---------------|
| Buildings and structures | 40 years |
| Vehicles | 5 years |
| Equipment | 5 to 20 years |
| Furniture and fixtures | 5 to 10 years |

Depreciation applicable to operating facilities constructed with contributions is amortized by the straight-line method at rates sufficient to amortize the contributions over the estimated useful lives of the related plant. Maintenance and repairs are charged to expense as incurred; material renewals and betterments are capitalized. When assets are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

D. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, 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 Authority considers their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

E. Fiscal Agent

The Treasurer of County of Greensville, Virginia is the fiscal agent for Southside Regional Jail Authority.

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

F. 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.

G. Use of Estimates

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

H. Prepaid Expenses

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid expenses in the financial statements. The cost of prepaid expenses is recorded as expenses when consumed rather than when purchased.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

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

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

J. Compensated Absences

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

K. Net Position

For the Authority, 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 government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

L. Pensions

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

M. 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 HIC 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.

NOTE 2 - DEPOSITS AND INVESTMENTS:

Deposits:

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

The Authority has no formal deposit and investment policy.

Investments:

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard & Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). The Authority did not hold any investments in fiscal year 2025.

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 3 - DUE FROM OTHER GOVERNMENTS:

| | |
|--|-------------------|
| Commonwealth of Virginia: | |
| Compensation Board | \$ 169,797 |
| US Marshalls | 49,725 |
| Local Governments and other political subdivisions | <u>89,333</u> |
| Total | <u>\$ 308,855</u> |

NOTE 4 - CAPITAL ASSETS:

A summary of the Authority's capital assets for the year ended June 30, 2025 is as follows:

| | <u>Balance July 1, 2024</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2025</u> |
|---|-------------------------------------|---------------------|------------------|--------------------------------------|
| Capital assets, not being depreciated: | | | | |
| Land and land rights | \$ 125,376 | \$ - | \$ - | \$ 125,376 |
| Total capital assets not being depreciated | <u>\$ 125,376</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 125,376</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | \$ 9,835,636 | \$ - | \$ - | \$ 9,835,636 |
| Vehicles | 296,168 | - | - | 296,168 |
| Office equipment | 523,384 | - | - | 523,384 |
| Radio equipment | 357,278 | - | - | 357,278 |
| Furniture and fixtures | <u>275,391</u> | <u>-</u> | <u>-</u> | <u>275,391</u> |
| Total capital assets being depreciated | <u>\$ 11,287,857</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 11,287,857</u> |
| Less: Accumulated depreciation for: | | | | |
| Buildings and improvements | \$ (6,314,981) | \$ (262,034) | \$ - | \$ (6,577,015) |
| Vehicles | (289,409) | (6,760) | - | (296,169) |
| Office equipment | (520,827) | (2,557) | - | (523,384) |
| Radio equipment | (306,107) | (8,529) | - | (314,636) |
| Furniture and fixtures | <u>(214,041)</u> | <u>(11,248)</u> | <u>-</u> | <u>(225,289)</u> |
| Total accumulated depreciation | <u>\$ (7,645,365)</u> | <u>\$ (291,128)</u> | <u>\$ -</u> | <u>\$ (7,936,493)</u> |
| Total capital assets being depreciated, net | <u>\$ 3,642,492</u> | <u>\$ (291,128)</u> | <u>\$ -</u> | <u>\$ 3,351,364</u> |
| Capital assets, net of accumulated depreciation | <u>\$ 3,767,868</u> | <u>\$ (291,128)</u> | <u>\$ -</u> | <u>\$ 3,476,740</u> |

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 5 - LONG-TERM OBLIGATIONS:

A. Changes in Long-Term Obligations:

The following is a summary of long-term obligation transactions for the year ended June 30, 2025.

| | <u>Beginning Balance</u> | <u>Restatement for GASB 101</u> | <u>Beginning Balance Restated</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|-----------------------------------|------------------------------|-------------------------------------|---|---------------------|-----------------------|---------------------------|------------------------------------|
| Direct borrowings and placements: | | | | | | | |
| Revenue bonds payable | \$ 677,281 | \$ - | \$ 677,281 | \$ - | \$ (56,408) | \$ 620,873 | \$ 60,617 |
| Other Liabilities: | | | | | | | |
| Compensated absences* | 321,962 | 149,253 | 471,215 | - | (44,269) | 426,946 | 42,695 |
| Net pension liability | - | - | - | 1,729,790 | (1,652,288) | 77,502 | - |
| Net OPEB liabilities | 585,193 | - | 585,193 | 174,770 | (172,316) | 587,647 | - |
| Total | <u>\$ 1,584,436</u> | <u>\$ 149,253</u> | <u>\$ 1,733,689</u> | <u>\$ 1,904,560</u> | <u>\$ (1,925,281)</u> | <u>\$ 1,712,968</u> | <u>\$ 103,312</u> |

* The change in compensated absences above is a net change for the year.

B. Details of Long-Term Obligations:

| | <u>Total Amount</u> | <u>Amount Due Within One Year</u> |
|--|-------------------------|---|
| Direct borrowings and placements: | | |
| Revenue bonds: | | |
| Regional Jail Facility Revenue Bonds, Series 2019 - On May 2, 2019, the Authority issued \$917,481 in Revenue Bonds with a fixed interest rate of 3.28% to finance various energy conservation measures. Annual principal and interest payments ranging from \$22,563 - \$94,001 are due each November 1, through 2033. If Borrower shall fail to perform any of its obligations under this Article, Purchaser may take such action to cure such failure, including the advancement of money, and Borrower shall be obligated to repay all such advances on demand, with interest at the Default Rate from the date of the advance to the date of repayment. | \$ 620,873 | \$ 60,617 |
| Other Liabilities: | | |
| Compensated absences | 426,946 | 42,695 |
| Net pension liability | 77,502 | - |
| Net OPEB liabilities | 587,647 | - |
| Total | <u>\$ 1,712,968</u> | <u>\$ 103,312</u> |

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 5 - LONG-TERM OBLIGATIONS: (CONTINUED)

C. Annual Amortization on Long-Term Obligation:

The annual requirements to amortize long-term obligations outstanding as of June 30, 2025 are as follows:

| <u>Year Ending June 30,</u> | <u>Direct Borrowings and Placements</u> | |
|---------------------------------|---|-------------------|
| | <u>Revenue Bond</u> | |
| | <u>Principal</u> | <u>Interest</u> |
| 2026 | \$ 60,617 | \$ 20,365 |
| 2027 | 65,035 | 18,376 |
| 2028 | 69,671 | 16,243 |
| 2029 | 74,533 | 13,958 |
| 2030 | 74,511 | 11,513 |
| 2031 | 79,536 | 9,069 |
| 2032 | 84,802 | 6,461 |
| 2033 | 90,322 | 3,679 |
| 2034 | 21,846 | 717 |
| Total | \$ <u>620,873</u> | \$ <u>100,381</u> |

NOTE 6 - COMPENSATED ABSENCES:

Authority employees earn vacation leave based on years of service. Sick leave is earned at a rate of eight hours per 28-day schedule for 8-hour shift employees and 12 hours per 28-day schedule for 12-hour shift employees. Accumulated unpaid vacation amounts are accrued when incurred. Sick leave is paid out only upon retirement or death, capped at \$2,500 or \$5,000 depending on years of service, and is accrued based on the estimate to be used or paid out. Comp time is paid as accrued. At June 30, 2025, the liability for compensated absences was \$426,946.

NOTE 7 - PENSION PLAN:

Plan Description

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

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 7 - PENSION PLAN: (CONTINUED)

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.

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

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 7 - PENSION PLAN: (CONTINUED)

Average Final Compensation and Service Retirement Multiplier: (Continued)

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

| | <u>Number</u> |
|--|----------------------|
| Inactive members or their beneficiaries currently receiving benefits | 39 |
| Inactive members: | |
| Vested inactive members | 6 |
| Non-vested inactive members | 44 |
| Inactive members active elsewhere in VRS | <u>47</u> |
| Total inactive members | 97 |
| Active members | <u>36</u> |
| Total covered employees | <u><u>172</u></u> |

Contributions

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

The Authority's contractually required employer contribution rate for the year ended June 30, 2025 was 21.38% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 7 - PENSION PLAN: (CONTINUED)

Contributions: (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were \$641,667 and \$446,355 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$6,606 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$1,415 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$660,618 for the year ended June 30, 2025.

Net Pension Liability (Asset)

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

Actuarial Assumptions – General Employees

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 7 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

Mortality rates: (Continued)

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

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

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

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

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

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 7 - PENSION PLAN: (CONTINUED)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

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

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

| <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 | 32.00% | 6.70% | 2.14% |
| Fixed Income | 16.00% | 5.40% | 0.86% |
| Credit Strategies | 16.00% | 8.10% | 1.30% |
| Real Assets | 15.00% | 7.20% | 1.08% |
| Private Equity | 15.00% | 8.70% | 1.31% |
| PIP - Private Investment Partnership | 1.00% | 8.00% | 0.08% |
| Diversifying Strategies | 6.00% | 5.80% | 0.35% |
| Cash | 2.00% | 3.00% | 0.06% |
| Leverage | -3.00% | 3.50% | -0.11% |
| Total | <u>100.00%</u> | | <u>7.07%</u> |
| | | Expected arithmetic nominal return** | <u>7.07%</u> |

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

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

SOUTHSIDE REGIONAL JAIL AUTHORITY

**Notes to Financial Statements
As of June 30, 2025 (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. For the year ended June 30, 2024, the employer contribution rate was 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. From July 1, 2024 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

| | Increase (Decrease) | | |
|--|--|--|--|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (a) - (b) |
| Balances at June 30, 2023 | \$ 10,893,898 | \$ 10,899,041 | \$ (5,143) |
| Changes for the year: | | | |
| Service cost | \$ 550,935 | \$ - | \$ 550,935 |
| Interest | 756,110 | - | 756,110 |
| Differences between expected and actual experience | 416,238 | - | 416,238 |
| Contributions - employer | - | 445,636 | (445,636) |
| Contributions - employee | - | 133,983 | (133,983) |
| Net investment income | - | 1,067,282 | (1,067,282) |
| Benefit payments, including refunds of employee contributions | (486,398) | (486,398) | - |
| Administrative expenses | - | (6,507) | 6,507 |
| Other changes | - | 244 | (244) |
| Net changes | \$ 1,236,885 | \$ 1,154,240 | \$ 82,645 |
| Balances at June 30, 2024 | \$ 12,130,783 | \$ 12,053,281 | \$ 77,502 |

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 7 - PENSION PLAN: (CONTINUED)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

| | Rate | | |
|-------------------------------|----------------|----------------|----------------|
| | <u>(5.75%)</u> | <u>(6.75%)</u> | <u>(7.75%)</u> |
| Net Pension Liability (Asset) | \$ 1,695,023 | \$ 77,502 | \$ (1,259,269) |

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

For the year ended June 30, 2025, the Authority recognized pension expense of \$574,986. At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 191,244 | \$ - |
| Net difference between projected and actual earnings on pension plan investments | - | 302,260 |
| Employer contributions subsequent to the measurement date | 641,667 | - |
| Total | <u>\$ 832,911</u> | <u>\$ 302,260</u> |

\$641,667 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

| <u>Year ended June 30</u> | |
|---------------------------|-------------|
| 2026 | \$ (62,598) |
| 2027 | 78,847 |
| 2028 | (61,531) |
| 2029 | (65,734) |
| 2030 | - |
| Thereafter | - |

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 7 - PENSION PLAN: (CONTINUED)

Pension Plan Data

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

NOTE 8 - RISK MANAGEMENT:

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority joined together with other local governments in Virginia to form the Virginia Association of Counties Risk Pool, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The Authority pays an annual premium to the pool for substantially all of its insurance coverage. In the event of a loss deficit and depletion of all available excess insurance, the pool may assess all members in the proportion in which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The Authority continues to carry commercial insurance for all other risks of loss, including employee dishonesty and surety bond insurance coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 9 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

Plan Description

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

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

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 9 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Plan Description (Continued)

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.

Benefit Amounts

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

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025, was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the entity were \$14,106 and \$14,856 for the years ended June 30, 2025 and June 30, 2024, respectively.

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 9 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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

At June 30, 2025, the entity reported a liability of \$119,515 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was 0.01071% as compared to 0.01003% at June 30, 2023.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$4,343. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 18,850 | \$ 2,919 |
| Net difference between projected and actual earnings on GLI OPEB investments | - | 10,074 |
| Change in assumptions | 681 | 5,923 |
| Changes in proportion | 19,441 | 6,597 |
| Employer contributions subsequent to the measurement date | 14,106 | - |
| Total | <u>\$ 53,078</u> | <u>\$ 25,513</u> |

\$14,106 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

| <u>Year Ended June 30</u> | |
|---------------------------|------------|
| 2026 | \$ (2,555) |
| 2027 | 5,106 |
| 2028 | 2,494 |
| 2029 | 5,324 |
| 2030 | 3,090 |
| Thereafter | - |

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 9 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 9 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 9 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

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

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

NET GLI OPEB Liability

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

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

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

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 9 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 9 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Discount Rate

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

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

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

| | Rate | | |
|--|--------------------|-------------------------|--------------------|
| | 1% Decrease | Current Discount | 1% Increase |
| | (5.75%) | (6.75%) | (7.75%) |
| Authority's proportionate share of the GLI Plan Net OPEB Liability | \$ 185,862 | \$ 119,515 | \$ 65,916 |

GLI Plan Fiduciary Net Position

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

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 10 - HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 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 participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The Political Subdivision Retiree HIC Plan was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

Benefit Amounts

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 10 - HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Employees Covered by Benefit Terms

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

| | <u>Number</u> |
|--|------------------|
| Inactive members or their beneficiaries currently receiving benefits | 22 |
| Inactive members: | |
| Vested inactive members | 1 |
| Non-vested inactive members | - |
| Inactive members active elsewhere in VRS | 40 |
| Total inactive members | <u>41</u> |
| Active members | <u>36</u> |
| Total covered employees | <u><u>99</u></u> |

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) 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. The Authority’s contractually required employer contribution rate for the year ended June 30, 2025 was 0.37% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Authority to the HIC Plan were \$11,105 and \$10,179 for the years ended June 30, 2025 and June 30, 2024, respectively.

Net HIC OPEB Liability

The Authority’s net HIC OPEB liability was measured as of June 30, 2024. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2023, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Actuarial Assumptions

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

| | |
|--|---|
| 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 |

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 10 - HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 10 - HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 10 - HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

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

| <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 | 32.00% | 6.70% | 2.14% |
| Fixed Income | 16.00% | 5.40% | 0.86% |
| Credit Strategies | 16.00% | 8.10% | 1.30% |
| Real Assets | 15.00% | 7.20% | 1.08% |
| Private Equity | 15.00% | 8.70% | 1.31% |
| PIP - Private Investment Partnerships | 1.00% | 8.00% | 0.08% |
| Diversifying Strategies | 6.00% | 5.80% | 0.35% |
| Cash | 2.00% | 3.00% | 0.06% |
| Leverage | -3.00% | 3.50% | -0.11% |
| Total | <u>100.00%</u> | | <u>7.07%</u> |
| | | Expected arithmetic nominal return** | <u>7.07%</u> |

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

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 10 - HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy 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, 2024, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC 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 HIC OPEB liability.

Changes in Net HIC OPEB Liability

| | Increase (Decrease) | | |
|---|---|--|---|
| | Total HIC OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net HIC OPEB Liability (Asset) (a) - (b) |
| Balances at June 30, 2023 | \$ 107,700 | \$ 74,698 | \$ 33,002 |
| Changes for the year: | | | |
| Service cost | \$ 2,010 | \$ - | \$ 2,010 |
| Interest | 7,207 | - | 7,207 |
| Differences between expected and actual experience | (2,771) | - | (2,771) |
| Contributions - employer | - | 10,179 | (10,179) |
| Net investment income | - | 7,341 | (7,341) |
| Benefit payments | (5,870) | (5,870) | - |
| Administrative expenses | - | (104) | 104 |
| Net changes | \$ 576 | \$ 11,546 | \$ (10,970) |
| Balances at June 30, 2024 | \$ 108,276 | \$ 86,244 | \$ 22,032 |

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 10 - HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Sensitivity of the Authority's HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the Authority's HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the Authority's net HIC 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 Net HIC OPEB Liability | \$ 34,692 | \$ 22,032 | \$ 11,409 |

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB

For the year ended June 30, 2025, the Authority recognized HIC Plan OPEB expense of \$9,294. At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to the Authority's HIC Plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 15,132 | \$ 4,412 |
| Net difference between projected and actual earnings on HIC OPEB plan investments | - | 1,666 |
| Change in assumptions | 2,750 | 16,610 |
| Employer contributions subsequent to the measurement date | 11,105 | - |
| Total | <u>\$ 28,987</u> | <u>\$ 22,688</u> |

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 10 - HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

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

\$11,105 reported as deferred outflows of resources related to the HIC OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

| <u>Year Ended June 30</u> | | |
|---------------------------|----|---------|
| 2026 | \$ | 3,856 |
| 2027 | | 400 |
| 2028 | | (3,908) |
| 2029 | | (3,880) |
| 2030 | | (1,274) |
| Thereafter | | - |

HIC Plan Data

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

NOTE 11 - DISABILITY- PAY-AS-YOU-GO (OPEB PLAN):

Plan Description

In addition to the OPEB benefits described in Notes 9 and 10, the Authority administers a single-employer defined benefit healthcare plan, The Southside Regional Jail Authority OPEB Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the Authority's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits that are provided to eligible retirees include medical and disability coverage. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the Authority who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. In addition, the Authority provides a fixed basic death benefit for all retirees.

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 11 - DISABILITY– PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)

Plan Membership

At July 1, 2024 (measurement date), the following employees were covered by the benefit terms:

| | |
|--------------------------------------|------------------|
| Total active employees with coverage | 38 |
| Total retirees with coverage | <u>9</u> |
| Total | <u><u>47</u></u> |

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Authority Board. The amount paid by the Authority for OPEB as the benefits came due during the year ended June 30, 2025 was \$37,800.

Total OPEB Liability

The Authority's total OPEB liability was measured as of July 1, 2024. The total OPEB liability was determined by an actuarial valuation as of July 1, 2024.

Actuarial Assumptions

The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|------------------|-------|
| Salary Increases | 2.50% |
| Discount Rate | 4.09% |

Healthcare cost trend rates are at 9.95% for fiscal year end 2024, then 7.00% for fiscal year end 2025, decreasing at 0.50% per year to the eventual rate of 5.00%.

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

Discount Rate

The discount rate has been set equal to 4.09% and represents the Municipal GO AA 20-year yield curve rate as of the measurement date.

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 11 - DISABILITY – PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)

Changes in Total OPEB Liability

| | | |
|---|----|----------|
| Balances at July 1, 2024 | \$ | 431,900 |
| Changes for the year: | | |
| Service cost | \$ | 12,500 |
| Interest | | 16,400 |
| Difference between expected and actual experience | | 13,800 |
| Changes in assumptions | | 9,300 |
| Contributions - employer | | (37,800) |
| Net changes | \$ | 14,200 |
| Balances at June 30, 2025 | \$ | 446,100 |

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

The following amounts present the total OPEB liability of the Authority, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.09%) or one percentage point higher (5.09%) than the current discount rate:

| Rate | | |
|------------------------|----------------------------------|------------------------|
| 1% Decrease (3.09%) | Current Discount Rate (4.09%) | 1% Increase (5.09%) |
| \$ 476,300 | \$ 446,100 | \$ 418,700 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table presents the total OPEB liability of the Authority as calculated using the existing healthcare cost trend rates described above. It also displays the total OPEB liability if it were calculated using healthcare cost trend rates that are one percentage point lower and one percentage point higher than the current healthcare cost trend rates.

| Rates | | |
|-------------|--------------------------|-------------|
| 1% Decrease | Healthcare Cost Trend | 1% Increase |
| \$ 413,300 | \$ 446,100 | \$ 482,900 |

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 11 - DISABILITY – PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)

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

For the year ended June 30, 2025, the Authority recognized OPEB expense in the amount of \$83,900. At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 34,500 | \$ 39,200 |
| Changes in assumptions | 29,400 | 38,200 |
| Total | <u>\$ 63,900</u> | <u>\$ 77,400</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

| <u>Year Ended June 30</u> | |
|---------------------------|----------|
| 2026 | \$ 7,800 |
| 2027 | (1,600) |
| 2028 | (7,400) |
| 2029 | (13,700) |
| 2030 | 1,100 |
| Thereafter | 300 |

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

NOTE 12 - AGGREGATE OPEB INFORMATION:

| | <u>Deferred Outflows</u> | <u>Deferred Inflows</u> | <u>Net OPEB Liabilities</u> | <u>OPEB Expense</u> |
|--|------------------------------|-----------------------------|---------------------------------|-------------------------|
| VRS OPEB Plans: | | | | |
| Group Life Insurance Plan (Note 9) | \$ 53,078 | \$ 25,513 | \$ 119,515 | \$ 4,343 |
| Health Insurance Credit Plan (Note 10) | 28,987 | 22,688 | 22,032 | 9,294 |
| Stand-Alone Plan (Note 11) | 63,900 | 77,400 | 446,100 | 83,900 |
| Totals | <u>\$ 145,965</u> | <u>\$ 125,601</u> | <u>\$ 587,647</u> | <u>\$ 97,537</u> |

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 13 - COMMITMENTS AND CONTINGENCIES:

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

NOTE 14 - LITIGATION:

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

NOTE 15 - LINE OF DUTY ACT (LODA):

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 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 Jail Authority to VACORP. VACORP assumes all liability for the Jail 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 Jail Authority's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The Jail Authority's LODA premium for the year ended June 30, 2025 was \$11,880.

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

NOTE 16 - UPCOMING PRONOUNCEMENTS:

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

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

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

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

NOTE 17 - RESTATEMENT OF NET POSITION:

At June 30, 2025, the change in accounting principle resulted in the following restatement of net position:

| | <u>Operating Fund</u> |
|--|----------------------------------|
| Net Position as of July 1, 2024, previously reported | \$ 4,712,902 |
| Restatement for GASB 101 Implementation | <u>(149,253)</u> |
| Net Position as of July 1, 2024, as restated | <u>\$ 4,563,649</u> |

NOTE 18 - ADOPTION OF ACCOUNTING PRINCIPLES FOR GASB 101:

During fiscal year 2025, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. GASB 101 establishes recognition and measurement guidance for compensated absences, such as vacation and sick leave, to enhance the consistency and comparability of financial reporting. The implementation of this standard resulted in a restatement of beginning balances.

- Required Supplementary Information -

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

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---|----------------------|----------------------|----------------------|----------------------|---------------------|
| Total pension liability | | | | | |
| Service cost | \$ 550,935 | \$ 495,964 | \$ 400,659 | \$ 406,719 | \$ 362,063 |
| Interest | 756,110 | 690,835 | 648,784 | 558,791 | 517,333 |
| Differences between expected and actual experience | 416,238 | 184,240 | (93,137) | (142,033) | 66,937 |
| Assumption changes | - | - | - | 493,419 | - |
| Benefit payments, including refunds of employee contributions | (486,398) | (431,542) | (425,731) | (342,909) | (321,364) |
| Net change in total pension liability | \$ 1,236,885 | \$ 939,497 | \$ 530,575 | \$ 973,987 | \$ 624,969 |
| Total pension liability - beginning | <u>10,893,898</u> | <u>9,954,401</u> | <u>9,423,826</u> | <u>8,449,839</u> | <u>7,824,870</u> |
| Total pension liability - ending (a) | <u>\$ 12,130,783</u> | <u>\$ 10,893,898</u> | <u>\$ 9,954,401</u> | <u>\$ 9,423,826</u> | <u>\$ 8,449,839</u> |
| Plan fiduciary net position | | | | | |
| Contributions - employer | \$ 445,636 | \$ 385,127 | \$ 310,781 | \$ 324,002 | \$ 303,783 |
| Contributions - employee | 133,983 | 117,635 | 94,945 | 98,726 | 95,911 |
| Net investment income | 1,067,282 | 667,429 | (13,829) | 2,201,276 | 149,039 |
| Benefit payments, including refunds of employee contributions | (486,398) | (431,542) | (425,731) | (342,909) | (321,364) |
| Administrative expense | (6,507) | (6,428) | (6,313) | (5,255) | (4,886) |
| Other | 244 | 270 | 239 | 210 | (179) |
| Net change in plan fiduciary net position | \$ 1,154,240 | \$ 732,491 | \$ (39,908) | \$ 2,276,050 | \$ 222,304 |
| Plan fiduciary net position - beginning | <u>10,899,041</u> | <u>10,166,550</u> | <u>10,206,458</u> | <u>7,930,408</u> | <u>7,708,104</u> |
| Plan fiduciary net position - ending (b) | <u>\$ 12,053,281</u> | <u>\$ 10,899,041</u> | <u>\$ 10,166,550</u> | <u>\$ 10,206,458</u> | <u>\$ 7,930,408</u> |
| Authority's net pension liability (asset) - ending (a) - (b) | \$ 77,502 | \$ (5,143) | \$ (212,149) | \$ (782,632) | \$ 519,431 |
| Plan fiduciary net position as a percentage of the total pension liability | 99.36% | 100.05% | 102.13% | 108.30% | 93.85% |
| Covered payroll | \$ 2,751,142 | \$ 2,362,647 | \$ 1,911,647 | \$ 1,990,572 | \$ 1,928,053 |
| Authority's net pension liability (asset) as a percentage of covered payroll | 2.82% | -0.22% | -11.10% | -39.32% | 26.94% |

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

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total pension liability | | | | | |
| Service cost | \$ 378,240 | \$ 393,882 | \$ 406,777 | \$ 401,308 | \$ 333,255 |
| Interest | 469,342 | 444,453 | 427,598 | 382,028 | 372,675 |
| Differences between expected and actual experience | 229,960 | (93,325) | (242,863) | 42,847 | (406,438) |
| Assumption changes | 249,440 | - | (82,682) | - | - |
| Benefit payments, including refunds of employee contributions | (414,006) | (364,903) | (171,164) | (179,213) | (152,536) |
| Net change in total pension liability | \$ 912,976 | \$ 380,107 | \$ 337,666 | \$ 646,970 | \$ 146,956 |
| Total pension liability - beginning | <u>6,911,894</u> | <u>6,531,787</u> | <u>6,194,121</u> | <u>5,547,151</u> | <u>5,400,195</u> |
| Total pension liability - ending (a) | <u>\$ 7,824,870</u> | <u>\$ 6,911,894</u> | <u>\$ 6,531,787</u> | <u>\$ 6,194,121</u> | <u>\$ 5,547,151</u> |
| Plan fiduciary net position | | | | | |
| Contributions - employer | \$ 284,495 | \$ 287,620 | \$ 282,818 | \$ 283,947 | \$ 286,673 |
| Contributions - employee | 89,854 | 93,627 | 92,063 | 91,707 | 95,962 |
| Net investment income | 483,570 | 506,109 | 729,019 | 104,553 | 240,218 |
| Benefit payments, including refunds of employee contributions | (414,006) | (364,903) | (171,164) | (179,213) | (152,536) |
| Administrative expense | (4,755) | (4,312) | (3,936) | (3,316) | (3,011) |
| Other | (308) | (588) | (829) | (43) | (50) |
| Net change in plan fiduciary net position | \$ 438,850 | \$ 517,553 | \$ 927,971 | \$ 297,635 | \$ 467,256 |
| Plan fiduciary net position - beginning | <u>7,269,254</u> | <u>6,751,701</u> | <u>5,823,730</u> | <u>5,526,095</u> | <u>5,058,839</u> |
| Plan fiduciary net position - ending (b) | <u>\$ 7,708,104</u> | <u>\$ 7,269,254</u> | <u>\$ 6,751,701</u> | <u>\$ 5,823,730</u> | <u>\$ 5,526,095</u> |
| Authority's net pension liability (asset) - ending (a) - (b) | \$ 116,766 | \$ (357,360) | \$ (219,914) | \$ 370,391 | \$ 21,056 |
| Plan fiduciary net position as a percentage of the total pension liability | 98.51% | 105.17% | 103.37% | 94.02% | 99.62% |
| Covered payroll | \$ 1,805,126 | \$ 1,872,518 | \$ 1,841,269 | \$ 1,834,142 | \$ 1,851,560 |
| Authority's net pension liability (asset) as a percentage of covered payroll | 6.47% | -19.08% | -11.94% | 20.19% | 1.14% |

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

| <u>Date</u> | <u>Contractually Required Contribution*</u> | <u>Contributions in Relation to Contractually Required Contribution*</u> | <u>Contribution Deficiency (Excess)</u> | <u>Employer's Covered Payroll</u> | <u>Contributions as a % of Covered Payroll</u> |
|-------------|---|--|---|---|--|
| 2025 | \$ 641,667 | \$ 641,667 | - | \$ 3,001,248 | 21.38% |
| 2024 | 446,355 | 446,355 | - | 2,751,142 | 16.22% |
| 2023 | 385,497 | 385,497 | - | 2,362,647 | 16.32% |
| 2022 | 311,010 | 311,010 | - | 1,911,647 | 16.27% |
| 2021 | 324,277 | 324,277 | - | 1,990,572 | 16.29% |
| 2020 | 303,948 | 303,948 | - | 1,928,053 | 15.76% |
| 2019 | 284,626 | 284,626 | - | 1,805,126 | 15.77% |
| 2018 | 287,620 | 287,620 | - | 1,872,518 | 15.36% |
| 2017 | 282,819 | 282,819 | - | 1,841,269 | 15.36% |
| 2016 | 284,109 | 284,109 | - | 1,834,142 | 15.49% |

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

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

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

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

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

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

All Others (Non 10 Largest) – Hazardous Duty:

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

SOUTHSIDE REGIONAL JAIL AUTHORITY

**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, 2024**

| Date | Employer's Proportion of the Net GLI OPEB Liability | Employer's Proportionate Share of the Net GLI OPEB Liability | Employer's Covered Payroll | Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll | Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability |
|-------------|--|---|---|--|--|
| 2024 | 0.01071% \$ | 119,515 \$ | 2,751,142 | 4.34% | 73.41% |
| 2023 | 0.01003% | 120,291 | 2,362,647 | 5.09% | 69.30% |
| 2022 | 0.00880% | 105,840 | 1,911,647 | 5.54% | 67.21% |
| 2021 | 0.00960% | 112,236 | 1,990,572 | 5.64% | 67.45% |
| 2020 | 0.00940% | 156,370 | 1,928,053 | 8.11% | 52.64% |
| 2019 | 0.00920% | 149,871 | 1,805,126 | 8.30% | 52.00% |
| 2018 | 0.00985% | 150,000 | 1,872,518 | 8.01% | 51.22% |
| 2017 | 0.01013% | 152,000 | 1,841,269 | 8.26% | 48.86% |

This schedule is intended to show information for 10 years. However, information prior to the 2017 valuation is not available. Additional years will be included as they become available.

SOUTHSIDE REGIONAL JAIL AUTHORITY

**Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
Years Ended June 30, 2016 through June 30, 2025**

| <u>Date</u> | <u>Contractually Required Contribution</u> | <u>Contributions in Relation to Contractually Required Contribution</u> | <u>Contribution Deficiency (Excess)</u> | <u>Employer's Covered Payroll</u> | <u>Contributions as a % of Covered Payroll</u> |
|-------------|--|---|---|---|--|
| 2025 | \$ 14,106 | \$ 14,106 | \$ - | \$ 3,001,248 | 0.47% |
| 2024 | 14,856 | 14,856 | - | 2,751,142 | 0.54% |
| 2023 | 12,758 | 12,758 | - | 2,362,647 | 0.54% |
| 2022 | 10,323 | 10,323 | - | 1,911,647 | 0.54% |
| 2021 | 10,749 | 10,749 | - | 1,990,572 | 0.54% |
| 2020 | 10,025 | 10,025 | - | 1,928,053 | 0.52% |
| 2019 | 9,387 | 9,387 | - | 1,805,126 | 0.52% |
| 2018 | 9,737 | 9,737 | - | 1,872,518 | 0.52% |
| 2017 | 9,718 | 9,718 | - | 1,841,269 | 0.53% |
| 2016 | 9,056 | 9,056 | - | 1,834,142 | 0.49% |

SOUTHSIDE REGIONAL JAIL AUTHORITY

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

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

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of Changes in the Authority's Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2024

| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|--|--------------------------|--------------------------|-------------------------|
| Total HIC OPEB Liability | | | |
| Service cost | \$ 2,010 | \$ 1,857 | \$ 2,606 |
| Interest | 7,207 | 5,509 | 7,126 |
| Differences between expected and actual experience | (2,771) | 23,510 | 1,306 |
| Changes of assumptions | - | - | (28,067) |
| Benefit payments | (5,870) | (5,872) | (6,470) |
| Net change in total HIC OPEB liability | <u>\$ 576</u> | <u>\$ 25,004</u> | <u>\$ (23,499)</u> |
| Total HIC OPEB Liability - beginning | <u>107,700</u> | <u>82,696</u> | <u>106,195</u> |
| Total HIC OPEB Liability - ending (a) | <u><u>\$ 108,276</u></u> | <u><u>\$ 107,700</u></u> | <u><u>\$ 82,696</u></u> |
| Plan fiduciary net position | | | |
| Contributions - employer | \$ 10,179 | \$ 8,742 | \$ 7,073 |
| Net investment income | 7,341 | 4,173 | 74 |
| Benefit payments | (5,870) | (5,872) | (6,470) |
| Administrative expense | (104) | (102) | (120) |
| Other | - | 105 | 1,943 |
| Net change in plan fiduciary net position | <u>\$ 11,546</u> | <u>\$ 7,046</u> | <u>\$ 2,500</u> |
| Plan fiduciary net position - beginning | <u>74,698</u> | <u>67,652</u> | <u>65,152</u> |
| Plan fiduciary net position - ending (b) | <u><u>\$ 86,244</u></u> | <u><u>\$ 74,698</u></u> | <u><u>\$ 67,652</u></u> |
| Authority's net HIC OPEB liability - ending (a) - (b) | \$ 22,032 | \$ 33,002 | \$ 15,044 |
| Plan fiduciary net position as a percentage of the total HIC OPEB liability | 79.65% | 69.36% | 81.81% |
| Covered payroll | \$ 2,751,142 | \$ 2,362,647 | \$ 1,911,647 |
| Authority's net HIC OPEB liability as a percentage of covered payroll | 0.80% | 1.40% | 0.79% |

This schedule is intended to show information for 10 years. However, information prior to the 2017 valuation is not available. Additional years will be included as they become available.

Schedule of Changes in the Authority's Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2024

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Total HIC OPEB Liability | | | | | |
| Service cost | \$ 3,414 | \$ 3,102 | \$ 3,867 | \$ 3,811 | \$ 3,690 |
| Interest | 6,551 | 4,921 | 5,282 | 4,518 | 4,373 |
| Differences between expected and actual experience | (3,357) | 21,368 | (7,783) | 8,480 | - |
| Changes of assumptions | 5,154 | - | 2,000 | - | (1,747) |
| Benefit payments | (5,229) | (5,280) | (6,546) | (5,231) | (3,247) |
| Net change in total HIC OPEB liability | <u>\$ 6,533</u> | <u>\$ 24,111</u> | <u>\$ (3,180)</u> | <u>\$ 11,578</u> | <u>\$ 3,069</u> |
| Total HIC OPEB Liability - beginning | <u>99,662</u> | <u>75,551</u> | <u>78,731</u> | <u>67,153</u> | <u>64,084</u> |
| Total HIC OPEB Liability - ending (a) | <u><u>\$ 106,195</u></u> | <u><u>\$ 99,662</u></u> | <u><u>\$ 75,551</u></u> | <u><u>\$ 78,731</u></u> | <u><u>\$ 67,153</u></u> |
| Plan fiduciary net position | | | | | |
| Contributions - employer | \$ 7,364 | \$ 6,555 | \$ 6,137 | \$ 4,682 | \$ 4,603 |
| Net investment income | 13,423 | 977 | 2,893 | 3,054 | 4,392 |
| Benefit payments | (5,229) | (5,280) | (6,546) | (5,231) | (3,247) |
| Administrative expense | (165) | (95) | (64) | (72) | (74) |
| Other | - | - | (3) | (217) | 217 |
| Net change in plan fiduciary net position | <u>\$ 15,393</u> | <u>\$ 2,157</u> | <u>\$ 2,417</u> | <u>\$ 2,216</u> | <u>\$ 5,891</u> |
| Plan fiduciary net position - beginning | <u>49,759</u> | <u>47,602</u> | <u>45,185</u> | <u>42,969</u> | <u>37,078</u> |
| Plan fiduciary net position - ending (b) | <u><u>\$ 65,152</u></u> | <u><u>\$ 49,759</u></u> | <u><u>\$ 47,602</u></u> | <u><u>\$ 45,185</u></u> | <u><u>\$ 42,969</u></u> |
| Authority's net HIC OPEB liability - ending (a) - (b) | \$ 41,043 | \$ 49,903 | \$ 27,949 | \$ 33,546 | \$ 24,184 |
| Plan fiduciary net position as a percentage of the total HIC OPEB liability | 61.35% | 49.93% | 63.01% | 57.39% | 63.99% |
| Covered payroll | \$ 1,990,572 | \$ 1,928,053 | \$ 1,805,126 | \$ 1,872,518 | \$ 1,841,269 |
| Authority's net HIC OPEB liability as a percentage of covered payroll | 2.06% | 2.59% | 1.55% | 1.79% | 1.31% |

This schedule is intended to show information for 10 years. However, information prior to the 2017 valuation is not available. Additional years will be included as they become available.

SOUTHSIDE REGIONAL JAIL AUTHORITY

**Schedule of Employer Contributions
Health Insurance Credit (HIC) Plan
Years Ended June 30, 2016 through June 30, 2025**

| Date | Contractually Required Contribution | Contributions in Relation to Contractually Required Contribution | Contribution Deficiency (Excess) | Employer's Covered Payroll | Contributions as a % of Covered Payroll |
|-------------|--|---|---|---|--|
| 2025 | \$ 11,105 | \$ 11,105 | \$ - | \$ 3,001,248 | 0.37% |
| 2024 | 10,179 | 10,179 | - | 2,751,142 | 0.37% |
| 2023 | 8,742 | 8,742 | - | 2,362,647 | 0.37% |
| 2022 | 7,073 | 7,073 | - | 1,911,647 | 0.37% |
| 2021 | 7,365 | 7,365 | - | 1,990,572 | 0.37% |
| 2020 | 6,555 | 6,555 | - | 1,928,053 | 0.34% |
| 2019 | 6,137 | 6,137 | - | 1,805,126 | 0.34% |
| 2018 | 4,681 | 4,681 | - | 1,872,518 | 0.25% |
| 2017 | 4,603 | 4,603 | - | 1,841,269 | 0.25% |
| 2016 | 3,852 | 3,852 | - | 1,834,142 | 0.21% |

SOUTHSIDE REGIONAL JAIL AUTHORITY

**Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
Year Ended June 30, 2025**

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

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

**Schedule of Changes in Total OPEB Liability and Related Ratios - Health Insurance
For the Measurement Dates of June 30, 2018 through June 30, 2025**

| | <u>2025</u> | <u>2024</u> | <u>2023</u> |
|---|--------------------------|--------------------------|--------------------------|
| Total OPEB liability | | | |
| Service cost | \$ 12,500 | \$ 14,200 | \$ 17,500 |
| Interest | 16,400 | 18,100 | 10,700 |
| Changes in assumptions | 9,300 | 200 | (65,500) |
| Differences between expected and actual experience | 13,800 | (57,300) | 7,600 |
| Benefit payments | (37,800) | (38,100) | (31,500) |
| Net change in total OPEB liability | \$ 14,200 | \$ (62,900) | \$ (61,200) |
| Total OPEB liability - beginning | 431,900 | 494,800 | 556,000 |
| Total OPEB liability - ending | <u>\$ 446,100</u> | <u>\$ 431,900</u> | <u>\$ 494,800</u> |
| | | | |
| Covered-employee payroll | \$ 1,710,000 | \$ 1,710,000 | \$ 2,099,000 |
| | | | |
| Authority's total OPEB liability as a percentage of covered-employee payroll | 26.09% | 25.26% | 23.57% |

This schedule is intended to show information for 10 years. Additional years will be included as they become available.

**Schedule of Changes in Total OPEB Liability and Related Ratios - Health Insurance
For the Measurement Dates of June 30, 2018 through June 30, 2025**

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total OPEB liability | | | | | |
| Service cost | \$ 15,800 | \$ 14,000 | \$ 13,100 | \$ 13,100 | \$ 12,800 |
| Interest | 11,900 | 14,700 | 6,500 | 6,400 | 6,000 |
| Changes in assumptions | 42,700 | 22,300 | 15,600 | 1,800 | - |
| Differences between expected and actual experience | 32,500 | (3,200) | 285,800 | 100 | - |
| Benefit payments | <u>(35,100)</u> | <u>(32,100)</u> | <u>(32,100)</u> | <u>(9,100)</u> | <u>(8,700)</u> |
| Net change in total OPEB liability | \$ 67,800 | \$ 15,700 | \$ 288,900 | \$ 12,300 | \$ 10,100 |
| Total OPEB liability - beginning | <u>488,200</u> | <u>472,500</u> | <u>183,600</u> | <u>171,300</u> | <u>161,200</u> |
| Total OPEB liability - ending | <u>\$ 556,000</u> | <u>\$ 488,200</u> | <u>\$ 472,500</u> | <u>\$ 183,600</u> | <u>\$ 171,300</u> |
| Covered-employee payroll | \$ 2,099,000 | \$ 1,800,000 | \$ 1,800,000 | \$ 1,890,000 | \$ 1,890,000 |
| Authority's total OPEB liability as a percentage of covered-employee payroll | 26.49% | 27.12% | 26.25% | 9.71% | 9.06% |

This schedule is intended to show information for 10 years. Additional years will be included as they become available.

SOUTHSIDE REGIONAL JAIL AUTHORITY

**Notes to Required Supplementary Information - Health Insurance
Year Ended June 30, 2025**

Valuation Date: 7/1/2024
Measurement Date: 7/1/2024

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:

| | |
|-----------------------|--|
| Actuarial Cost Method | Entry age actuarial cost method |
| Discount Rate | 4.09% |
| Healthcare Trend Rate | 9.95% for fiscal year end 2024 (to reflect actual experience), then 7.00% for fiscal year end 2025, decreasing 0.50% per year to an ultimate rate of 5.00% |
| Salary Increase Rates | 2.50% |
| Retirement Age | Age 65 with 5 years of service or age 50 with 30 years of service |
| Mortality Rates | RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021 |

- Compliance -



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

**To the Honorable Members of
Southside Regional Jail Authority
Emporia, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities and the remaining fund information of Southside Regional Jail Authority as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Southside Regional Jail Authority's basic financial statements and have issued our report thereon dated December 15, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southside 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 Southside Regional Jail Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southside Regional Jail Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 15, 2025