

NEW RIVER VALLEY REGIONAL JAIL AUTHORITY

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

**NEW RIVER VALLEY REGIONAL JAIL AUTHORITY
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021**

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FINANCIAL SECTION



Independent Auditors' Report

**To the Board of Directors
New River Valley Regional Jail Authority
Dublin, Virginia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New River Valley Regional Jail Authority, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of governmental activities, each major fund, and the aggregate remaining fund information of New River Valley Regional Jail Authority, as of June 30, 2021, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 16 to the financial statements, in 2021, the Authority adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 16 to the financial statements, in 2021, the Authority restated beginning balances to reflect the requirements of GASB Statement No. 84. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 3-14, 62, and 63-70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2021, on our consideration of New River Valley 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 New River Valley 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 New River Valley Regional Jail Authority's internal control over financial reporting and compliance.

Polina, Faver, Cox Associates

Blacksburg, Virginia
September 24, 2021

New River Valley Regional Jail, Virginia

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) For The Year Ended June 30, 2021

As management of the New River Valley Regional Jail's Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2021.

FINANCIAL HIGHLIGHTS

Fiscal Year 2021:

- The Jail Authority's net position increased \$2,530,300 in fiscal year 2021. This is primarily due to an increase in fund balance and a decrease in net OPEB liabilities.
- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflow of resources at the close of the most recent fiscal year by \$18,598,727 (net position). Of this amount, \$6,141,105 was considered unrestricted.
- As of the close of the current fiscal year; the Authority's fund balance for governmental activities totaled \$16,787,831 and increased by \$3,203,507 in comparison with the prior year. Of this amount \$9,375,306 was considered unassigned and available for spending at the Authority's discretion, and \$7,412,525 was considered restricted.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$9,375,306 or 55.42% of total general fund expenditures.
- The Authority's total long-term obligations increased by \$2,565,769 during the current fiscal year. This increase was due to a capital lease agreement issued to finance an energy efficiency project. The project is currently in the construction phase and therefore has not started to accumulate depreciation. As of June 30, 2021, \$4,064,431 has been expensed in relation to the project.
- Total expenses for the General Fund in fiscal year 2021 decreased by \$336,455, or 1.95%. This decrease is partly due to less capital outlay expenditures and inmate costs.

New River Valley Regional Jail, Virginia

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) For The Year Ended June 30, 2021 (Continued)

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise three components:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to financial statements.

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

Government-wide financial statements – The government-wide 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 all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with resources 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 Activities 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 related cash flows. Thus, revenues and expenditures are reported in the statement for some items that will only result flows in future fiscal periods (e.g., earned but unused vacation leave).

Fund financial statements – a fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. New River Valley Regional Jail Authority, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority's funds can be divided into two categories – the governmental funds and fiduciary funds.

Governmental funds – *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statement, the governmental fund financial statement focuses on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

New River Valley Regional Jail, Virginia

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) For The Year Ended June 30, 2021 (Continued)

Overview of the Financial Statements (Continued)

Because the focus of government funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government-wide financial statements. By doing so, readers may better understand the long-term impact of the Authority's near-term financing decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between government funds and governmental activities.

The Authority maintains four individual governmental funds – the General Fund, the Debt Service Fund, the Capital Projects Fund and a non-major Special Revenue Fund-Commissary Fund. Information is presented in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Debt Service Fund and Capital Projects Fund, all of which are major funds. The Commissary Fund is presented as a non-major Special Revenue Fund.

The Authority adopts an annual appropriated budget for its General Fund. The budget is prepared for informational purposes and is adopted as a planning document and is not a legal control on expenditures. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Special Revenue Funds – Special Revenue Funds account for and report the specific revenue sources (other than those dedicated for major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. Special Revenue Funds consist of the non-major Commissary Fund.

Debt Service Funds - Debt Service Funds accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should also be used to report financial resources being accumulated for future debt service.

Capital Projects Funds - The Capital Projects Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for capital outlays, except for those financed by proprietary funds or for assets held in trusts for individuals, private organizations, or other governments. For fiscal year 2021, the capital projects fund shows activity for the energy savings program.

Fiduciary Funds -Fiduciary funds are used to account for resources held by the Authority for inmates and employees. Fiduciary funds are not reflected in the governmental-wide statements because the funds are not available to support the Authority's programs. The Authority's fiduciary funds consist of Inmate Trust Fund.

New River Valley Regional Jail, Virginia

**MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
For The Year Ended June 30, 2021 (Continued)**

Overview of the Financial Statements (Continued)

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

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for the schedule of funding progress for pension and OPEB related items.

Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of an Authority's financial position. In the case of the Authority's Primary Government, assets and deferred outflows exceed liabilities and deferred inflows by \$18,598,727 at the close of the most recent fiscal year.

A significant portion of the Authority's net position, \$2,616,372 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any outstanding debt related to acquisition of those assets. The Authority uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Authority's net position, totaling \$9,841,250, is subject to restrictions on how it may be used. The remaining balance of net position of \$6,141,105 may be used to meet the Authority's ongoing obligations

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New River Valley Regional Jail, Virginia

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
For The Year Ended June 30, 2021 (Continued)

Analysis of Governmental Activities

The following table summarizes the Authority's Statement of Net Position and Statement of Activities for 2020 and 2021:

Table 1
Governmental Activities

	<u>2020</u>	<u>2021</u>
Current Assets	\$ 17,532,622	\$ 21,588,720
Capital Assets	\$ 48,326,990	\$ 50,468,651
Total Assets	\$ <u>65,859,612</u>	\$ <u>72,057,371</u>
Deferred Outflow of Resources	\$ <u>7,824,108</u>	\$ <u>8,037,810</u>
Current Liabilities	\$ 1,291,640	\$ 1,849,136
Long-Term Liabilities	\$ 55,520,866	\$ 58,086,635
Total Liabilities	\$ <u>56,812,506</u>	<u>59,935,771</u>
Deferred Inflows of Resources	\$ <u>1,240,579</u>	\$ <u>1,560,683</u>
Net position:		
Net Investment in Capital Assets	\$ 2,179,857	\$ 2,616,372
Restricted	\$ 9,148,348	\$ <u>9,841,250</u>
Unrestricted	\$ 4,302,430	\$ <u>6,141,105</u>
Total Net Position	\$ <u>15,630,635</u>	\$ <u>18,598,727</u>

Overall net position increased 19% in 2021, with an unrestricted net position increase of 43% for 2021. Comparatively, overall net position increased 3% in 2020, with unrestricted net position increasing 165% for 2020.

New River Valley Regional Jail, Virginia

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
For The Year Ended June 30, 2021 (Continued)

Analysis of Governmental Activities (Continued)

Net Position increased by \$2,530,300 for the year ended June 30, 2021.

Summary data is presented in the following computation:

	OPERATING	
	<u>2020</u>	<u>2021</u>
Revenues	\$ 21,466,068	\$ 21,668,586
Expenses	<u>21,806,510</u>	<u>20,340,862</u>
Net operating income (loss)	<u>\$ (340,442)</u>	<u>\$ 1,327,724</u>
Nonoperating:		
Revenues	<u>\$ 767,685</u>	<u>\$ 1,202,576</u>
Change in net position	<u>\$ 427,243</u>	<u>\$ 2,530,300</u>
Net position, beginning of year, as restated*	\$ 15,203,392	\$ 16,068,427
Net position, end of year	<u>\$ 15,630,635</u>	<u>\$ 18,598,727</u>

* See net position restatement note #16

New River Valley Regional Jail, Virginia

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
For The Year Ended June 30, 2021 (Continued)

Analysis of Governmental Activities (Continued)

The revenues and expenses for governmental activities are shown in Table 3:

Table 3

Governmental Activities	2020	2021
Charges for Services	\$ 9,547,863	\$ 9,646,114
Operating Grants/Contributions	\$ 11,934,045	\$ 12,022,472
Capital Grants/Contributions	\$ -	\$ -
Program Revenues	<u>\$ 21,481,908</u>	<u>\$ 21,668,586</u>
Miscellaneous	\$ 559,476	\$ 1,174,185
Unrestricted Revenues from Use of Money and Property	<u>\$ 192,369</u>	<u>\$ 28,391</u>
General Revenues	\$ 751,845	\$ 1,202,576
Public safety	\$ 20,023,662	\$ 18,439,936
Interest on long-term obligation	<u>\$ 1,782,848</u>	<u>\$ 1,900,926</u>
Total Expenses	\$ 21,806,510	\$ 20,340,862
Change in Net Position	<u>\$ 427,243</u>	<u>\$ 2,530,300</u>
Beginning Net Position, as restated	<u>\$ 15,203,392</u>	<u>\$ 16,068,427</u>
Ending Net Position	<u>\$ 15,630,635</u>	<u>\$ 18,598,727</u>

New River Valley Regional Jail, Virginia

**MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
For The Year Ended June 30, 2021 (Continued)**

Analysis of Jail Funds

The financial statements are prepared on the modified accrual basis, recognizing revenue when earned and both measurable and available and expenses are recognized when a liability is incurred.

Governmental Funds - The focus of the Authority's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. In particular, unassigned fund balance may serve as a useful measure of an Authority's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$16,787,831; \$7,412,525 constitutes restricted fund balance, which is not available for current spending since it has been restricted by external parties such as grantors, laws or legislation. The remaining balance, \$9,375,306 is unassigned, meaning there are no restrictions placed on the funds.

The general fund is the operating fund of the New River Valley Regional Jail Authority. At the end of the current fiscal year, total fund balance of the general fund was \$9,375,306 of this amount \$9,375,306 was considered unassigned.

Total general fund revenues increased \$150,030 because of charges for services and intergovernmental revenues from the State. Expenditures decreased \$336,455 over prior fiscal year amounts. For fiscal year ended June 30, 2021, revenues exceeded expenditures and other financing sources and uses by \$1,791,482 after the transfer to debt service.

New River Valley Regional Jail, Virginia

**MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
For The Year Ended June 30, 2021 (Continued)**

Analysis of Jail Funds (Continued)

REVENUES

Operating and nonoperating revenues for the Jail Authority totaled \$22,326,038 for the year ended June 30, 2021, which equates to a 0.67% increase from fiscal year 2020. The Jail continues to contract out beds to non-member jurisdictions and the US Marshalls. Of this total, per-diem billings to member jurisdictions totaled \$9,331,018 or 41.79% of total operating revenue. Per-diem billings to non-member jurisdictions totaled \$315,096 and accounted for 1.41% of total operating revenues. The revenues received from the state totaled \$12,022,472 or 53.8% of total operating revenues. Inmate and other revenues totaled \$657,452 or 2.9% of total operating revenues.

A summary of revenues for the years ended June 30, 2021 and 2020 is presented in the following computation:

REVENUE SOURCES		
	<u>2020</u>	<u>2021</u>
Operating Revenue:		
Member Jurisdictions		
Bland County	\$ 131,418	\$ 170,840
Carroll County	2,316,231	1,885,371
Giles County	959,978	1,003,208
Grayson County	731,842	775,326
Floyd County	514,669	437,056
Pulaski County	2,067,986	2,201,351
Radford City	705,876	865,173
Wythe County	1,638,207	1,992,693
Subtotal	<u>\$ 9,066,207</u>	<u>\$ 9,331,018</u>
Non-Member Jurisdictions		
Other Localities	<u>\$ 481,656</u>	<u>\$ 315,096</u>
State Share of Jail Operations		
Compensation Board	<u>\$ 11,934,045</u>	<u>\$ 12,022,472</u>
Charges for Services		
Inmate Phones	\$ 469,555	\$ 470,449
Inmate Cost Recovery	66,589	90,745
Miscellaneous Revenue	<u>\$ 157,956</u>	<u>\$ 96,258</u>
Subtotal	<u>\$ 694,100</u>	<u>\$ 657,452</u>
Total Operating Revenue	<u>\$ 22,176,008</u>	<u>\$ 22,326,038</u>

New River Valley Regional Jail, Virginia

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
For The Year Ended June 30, 2021 (Continued)

Analysis of Jail Funds (Continued)

EXPENSES

Operating expenses totaled \$16,917,959 for the year ended June 30, 2021. Of this amount, salaries and employee benefits totaled \$12,208,418, medical services and supplies totaled \$1,879,660, and inmate costs \$1,020,202.

Operating expenses totaled \$17,254,411 for the year ended June 30, 2020. Of this amount, salaries and employee benefits totaled \$12,128,304, medical services and supplies totaled \$1,849,847, and inmate costs totaled \$1,187,333.

Summary data for the years ended June 30, 2021 and 2020 are presented in the following computation:

	EXPENSE CLASSIFICATION	
	<u>2020</u>	<u>2021</u>
Operating Expenses:		
Employee Costs	\$ 12,128,304	\$ 12,208,418
Medical Costs	1,849,847	1,879,660
Building Costs	1,081,562	1,070,809
Administrative Costs	33,716	36,468
Service Contracts/Treatment Costs	442,140	361,858
Telecommunication Costs	31,754	32,338
Vehicle/Equipment Costs	107,531	90,905
Inmate Costs	1,187,333	1,020,202
Custodial Costs	70,638	63,036
Travel Costs	4,225	3,977
Training and Operational Costs	75,669	76,165
Capital Outlay	<u>241,695</u>	<u>74,123</u>
Total Operating Expenses	\$ <u>17,254,414</u>	\$ <u>16,917,959</u>

New River Valley Regional Jail, Virginia

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) For The Year Ended June 30, 2021 (Continued)

General Fund Budgetary Highlights

There were no changes between the original budget and the final budget for the current year. The Authority budgeted revenues of \$22,503,077 for fiscal year 2021. The actual revenues were \$22,326,038 which is an unfavorable variance of \$177,039. The budgeted expenditures were \$19,092,571 for the Authority. The actual expenditures were \$16,917,959 which is a favorable variance of \$1,997,573 which can be attributed to savings in various departments.

Capital Asset and Debt Administration

Capital assets – The Authority's capital assets for its governmental funds as of June 30, 2021 totals \$50,468,651 (net of accumulated depreciation). This includes land, buildings and improvements, and machinery and equipment. The Authority's capital assets for the current fiscal year increased \$2,141,661 primarily due to construction in progress for energy savings program.

Long-term debt

The outstanding debt for governmental activities at June 30, 2021 is as follows:

	Balance 1-Jul-20	Increases/ Issuances	Decreases/ Retirements	Balance 30-Jun-21
Revenue Refunding Bond	\$ 47,115,000	\$ -	\$ (1,705,000)	\$ 45,410,000
Revenue Refunding Bond Premium	\$ 4,309,177	\$ -	\$ (478,790)	\$ 3,830,387
Capital Lease	\$ -	\$ 5,199,644	\$ -	\$ 5,199,644
Compensated Absences	\$ 683,984	\$ 525,637	\$ (512,988)	\$ 696,633
Net OPEB Liabilities	<u>\$ 3,412,705</u>	<u>\$ 572,328</u>	<u>\$ (1,035,062)</u>	<u>\$ 2,949,971</u>
Total	\$ 55,520,866	\$ 6,297,609	\$ (3,731,840)	\$ 58,086,635

Additional information on the Authority's long-term debt can be found in Note 6 of this report.

New River Valley Regional Jail, Virginia

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) For The Year Ended June 30, 2021 (Continued)

Jail Authority's Per Diem Rates

Our local average daily inmate population was 892 for FY 20/21. Our average daily inmate population for FY 19/20 was 867. By comparison, our August 2021, average daily inmate population was 807 and the average daily inmate population for August 2020, was 803. Although the average daily inmate population recovered after the COVID Pandemic, operational expenditures that are not related proportionally to population, such as utility services and inmate health services, remain at an all-time high

Contact the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's finances for all of those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Authority's Director of Finance, P.O. Box 1067, Dublin, VA 24084.

Basic Financial Statements

NEW RIVER VALLEY REGIONAL JAIL AUTHORITY
Statement of Net Position
June 30, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,293,108
Investments	6,413,159
Accounts receivable	58,649
Inventory	882
Due from other governmental units	2,393,225
Noncurrent assets:	
Cash and cash equivalents with trustee - restricted	1,588,447
Cash and cash equivalents with inmates - restricted	762,872
Investments with trustee - restricted	5,522,165
Net pension asset	3,556,213
Capital assets (net of accumulated depreciation):	
Land	240,396
Machinery and equipment	388,103
Buildings and improvements	45,775,721
Construction in progress	4,064,431
Total assets	\$ 72,057,371
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding, net	\$ 4,999,305
Pension related items	2,143,306
OPEB related items	895,199
Total deferred outflows of resources	\$ 8,037,810
LIABILITIES	
Accounts payable	\$ 595,848
Accrued interest payable	604,460
Due to inmates	9,073
Accrued wages and benefits	639,755
Long-term liabilities:	
Due within one year	2,870,870
Due in more than one year	55,215,765
Total liabilities	\$ 59,935,771
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 1,070,299
OPEB related items	490,384
Total deferred inflows of resources	\$ 1,560,683
NET POSITION	
Net investment in capital assets	\$ 2,616,372
Restricted for future debt service	5,522,165
Restricted for future pension costs	3,556,213
Restricted for benefit of inmates	762,872
Unrestricted	6,141,105
Total net position	\$ 18,598,727

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

NEW RIVER VALLEY REGIONAL JAIL AUTHORITY
 Statement of Activities
 For the Year Ended June 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Primary Governmental activities:			<u>Operating Grants and Contributions</u>	<u>Regional Jail Authority Governmental Activities</u>
Governmental activities:			<u>Capital Grants and Contributions</u>	
Public safety	\$ 18,439,936	\$ 9,646,114	\$ 12,022,472	\$ 3,228,650
Interest on long-term obligations	1,900,926	-	-	(1,900,926)
Total governmental activities	<u>\$ 20,340,862</u>	<u>\$ 9,646,114</u>	<u>\$ 12,022,472</u>	<u>\$ 1,327,724</u>
General revenues:				
Unrestricted revenues from use of money and property				\$ 28,391
Miscellaneous				1,174,185
Total general revenues				<u>\$ 1,202,576</u>
Change in net position				\$ 2,530,300
Net position - beginning, as restated				16,068,427
Net position - ending				<u>\$ 18,598,727</u>

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

NEW RIVER VALLEY REGIONAL JAIL AUTHORITY
Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Commissary Fund	Total Governmental Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,293,108	\$ -	\$ -	\$ -	\$ 1,293,108
Investments	6,413,159	-	-	-	6,413,159
Accounts receivable	37,659	-	-	20,990	58,649
Inventory	-	-	-	882	882
Due from other governmental units	2,393,225	-	-	-	2,393,225
Noncurrent assets:					
Cash and cash equivalents with trustee - restricted	-	-	1,588,447	-	1,588,447
Cash and cash equivalents with inmates - restricted	-	-	-	762,872	762,872
Investments with trustee - restricted	-	5,522,165	-	-	5,522,165
Total assets	\$ 10,137,151	\$ 5,522,165	\$ 1,588,447	\$ 784,744	\$ 18,032,507
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 122,090	\$ -	\$ 472,726	\$ 1,032	\$ 595,848
Due to inmates	-	-	-	9,073	9,073
Accrued wages and benefits	639,755	-	-	-	639,755
Total liabilities	\$ 761,845	\$ -	\$ 472,726	\$ 10,105	\$ 1,244,676
FUND BALANCE					
Restricted:					
Debt service	\$ -	\$ 5,522,165	\$ -	\$ -	\$ 5,522,165
For benefit of inmates	-	-	-	774,639	774,639
Capital projects	-	-	1,115,721	-	1,115,721
Unassigned	9,375,306	-	-	-	9,375,306
Total fund balance	\$ 9,375,306	\$ 5,522,165	\$ 1,115,721	\$ 774,639	\$ 16,787,831
Total liabilities and fund balance	\$ 10,137,151	\$ 5,522,165	\$ 1,588,447	\$ 784,744	\$ 18,032,507

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

NEW RIVER VALLEY REGIONAL JAIL AUTHORITY
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2021

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances per Exhibit 3 - Balance Sheet	\$	16,787,831
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		50,468,651
The net pension asset is not an available resource and, therefore, is not reported in the funds.		3,556,213
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Deferred charge on refunding (to be amortized as interest expense)	\$	4,999,305
Pension related items		2,143,306
OPEB related items		895,199
		8,037,810
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Revenue refunding bond	\$	(45,410,000)
Premium on revenue refunding bond		(3,830,387)
Capital lease		(5,199,644)
Accrued interest payable		(604,460)
Net OPEB liabilities		(2,949,971)
Compensated absences		(696,633)
		(58,691,095)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$	(1,070,299)
OPEB related items		(490,384)
		(1,560,683)
Net position of governmental activities	\$	18,598,727

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

NEW RIVER VALLEY REGIONAL JAIL AUTHORITY
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Commissary Fund	Total Governmental Funds
Revenues:					
Revenue from use of money and property	\$ 11,316	\$ 16,567	\$ 508	\$ -	\$ 28,391
Charges for services	9,646,114	-	-	-	9,646,114
Miscellaneous	555,391	-	-	618,794	1,174,185
Recovered costs	90,745	-	-	-	90,745
Intergovernmental	12,022,472	-	-	-	12,022,472
	<u>\$ 22,326,038</u>	<u>\$ 16,567</u>	<u>\$ 508</u>	<u>\$ 618,794</u>	<u>\$ 22,961,907</u>
Total revenues					
Expenditures:					
Public Safety:					
Employee costs	\$ 12,208,418	\$ -	\$ -	\$ -	\$ 12,208,418
Medical costs	1,879,660	-	-	-	1,879,660
Building costs	1,070,809	-	-	-	1,070,809
Administrative costs	36,468	-	-	-	36,468
Service contracts/treatment costs	361,859	-	-	-	361,859
Telecommunication costs	32,337	-	-	-	32,337
Vehicle/equipment costs	90,905	-	-	34,826	125,731
Inmate costs	1,020,202	-	-	245,472	1,265,674
Custodial costs	63,036	-	-	-	63,036
Travel costs	3,977	-	-	-	3,977
Miscellaneous	-	-	-	1,649	1,649
Training and operational costs	76,165	-	-	-	76,165
Capital outlay	74,123	-	4,064,431	-	4,138,554
Debt Service:					
Principal	-	1,705,000	-	-	1,705,000
Interest and other fiscal charges	-	1,968,707	20,000	-	1,988,707
	<u>\$ 16,917,959</u>	<u>\$ 3,673,707</u>	<u>\$ 4,084,431</u>	<u>\$ 281,947</u>	<u>\$ 24,958,044</u>
Total expenditures					
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,408,079</u>	<u>\$ (3,657,140)</u>	<u>\$ (4,083,923)</u>	<u>\$ 336,847</u>	<u>\$ (1,996,137)</u>
Other financing sources (uses):					
Transfers in	\$ -	\$ 3,616,597	\$ -	\$ -	\$ 3,616,597
Transfers out	(3,616,597)	-	-	-	(3,616,597)
Issuance of capital lease	-	-	5,199,644	-	5,199,644
	<u>\$ (3,616,597)</u>	<u>\$ 3,616,597</u>	<u>\$ 5,199,644</u>	<u>\$ -</u>	<u>\$ 5,199,644</u>
Total other financing sources (uses)					
Net change in fund balance	\$ 1,791,482	\$ (40,543)	\$ 1,115,721	\$ 336,847	\$ 3,203,507
Fund balance, beginning of year, as restated	7,583,824	5,562,708	-	437,792	13,584,324
	<u>\$ 9,375,306</u>	<u>\$ 5,522,165</u>	<u>\$ 1,115,721</u>	<u>\$ 774,639</u>	<u>\$ 16,787,831</u>
Fund balance, end of year					

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

NEW RIVER VALLEY REGIONAL JAIL AUTHORITY
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2021

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	3,203,507
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital asset purchases exceeded depreciation in the current period.

Capital outlay	\$	4,178,047	
Depreciation expense		<u>(2,036,386)</u>	2,141,661

The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of prepaid bond insurance, premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items.

Issuance of capital lease	\$	(5,199,644)	
Principal payments on revenue bond		<u>1,705,000</u>	(3,494,644)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Increase (decrease) in deferred charge on refunding	\$	(277,739)	
(Increase) decrease in premium on revenue refunding bond		478,790	
(Increase) decrease in compensated absences		(12,649)	
(Increase) decrease in accrued interest payable		(113,270)	
Change in pension related items		305,496	
Change in OPEB related items		<u>299,148</u>	<u>679,776</u>

Change in net position of governmental activities	\$	<u>2,530,300</u>
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The accompanying notes to the financial statements are an integral part of this statement.

NEW RIVER VALLEY REGIONAL JAIL AUTHORITY
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

		Custodial Funds Inmate Account
ASSETS		
Cash and cash equivalents	\$	152,372
Total assets	\$	152,372
LIABILITIES		
Accounts payable and other liabilities	\$	92,716
Total liabilities	\$	92,716
NET POSITION		
Restricted for:		
Held for inmates	\$	59,656
Total net position	\$	59,656

The accompanying notes to the financial statements are an integral part of th

NEW RIVER VALLEY REGIONAL JAIL AUTHORITY
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

		Custodial Funds Inmate Account
ADDITIONS		
Inmate deposits	\$	1,893,833
DEDUCTIONS		
Inmate refunds	\$	204,880
Vendor payments for benefit of inmates		1,674,777
Total deductions	\$	1,879,657
Net increase (decrease) in fiduciary net position	\$	14,176
Net position - beginning, as restated		45,480
Net position - ending	\$	59,656

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

New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021

Note 1-Summary of Significant Accounting Policies:

The financial statements of the New River Valley Regional Jail Authority (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:

A. Financial Reporting Entity

The Authority was created by concurrent resolutions of the Counties of Bland, Carroll, Floyd, Giles, Grayson, Pulaski and Wythe and the City of Radford. The Authority was created under the provisions of Title 53.1, Chapter 3, Articles 3.1 and 5 of the Code of Virginia (1950), as amended. The Authority was created to construct and operate jail facilities for the participating jurisdictions.

The Authority does not have any component units. In addition, the Authority is not considered a component unit of any of the participating jurisdictions.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Authority (primary government). For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are other charges between the Authority's functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Statement of Net Position - The Statement of Net Position is designed to display the financial position of the primary government (governmental and business-type activities). Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense, the cost of "using up" capital assets, in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities - The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)

Note 1-Summary of Significant Accounting Policies: (Continued)

B. Government-wide and fund financial statements (continued)

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when the government receives cash.

The Authority reports the following major governmental funds:

The General Fund is the Authority's primary operating fund. The fund is used to account for and report all financial resources except those required to be accounted for in another fund. Revenues are derived primarily from state and federal distributions as well as charges to participating localities. The General Fund is considered a major fund for reporting purposes.

The Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should also be used to report financial resources being accumulated for future debt service. The Debt Service Fund is considered a major fund.

The Capital Projects Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for capital outlays, except for those financed by proprietary funds or for assets held in trusts for individuals, private organizations, or other governments.

New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)

Note 1-Summary of Significant Accounting Policies: (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

Additionally, the Authority reports the following fund types:

Fiduciary Funds (trust and custodial funds) account for assets held by the Authority in a trustee capacity or as a custodian for individuals, private organizations, other governmental units, or other funds. These funds include Custodial Funds, which consists of the Inmate Account. Fiduciary funds are not included in the government-wide financial statements.

Special Revenue Funds account for and report the specific revenue sources (other than those dedicated for major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The Commissary Fund is reported as a nonmajor special revenue fund.

D. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance

1. *Cash and Cash Equivalents*

The Authority's cash and cash equivalents (including cash in custody of trustee) are considered to be cash on hand, amounts in demand deposits, as well as short-term investments with original maturities of three months or less from the date of acquisition.

2. *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.

3. *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.

4. *Capital Assets*

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

**New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)**

Note 1-Summary of Significant Accounting Policies: (Continued)

D. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance (continued)

4. *Capital Assets (Continued)*

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the Authority are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Machinery and equipment	5-20

5. *Accounts Receivable*

Accounts receivable are stated at book value. The Authority has created an allowance for doubtful accounts based on amounts uncollected for greater than 90 days. The Authority had no allowance for doubtful accounts at June 30, 2021.

6. *Compensated Absences*

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. The Authority’s employees accrue paid time off at various rates based on the total years of service during employment as a full-time employee. Employees will be allowed to accumulate their maximum accrued hours per year as determined by years of service. An employee can accrue more than the maximum hours allowed however, the maximum amount will only be carried beyond December 31st of each year. Upon termination, full compensation will be paid for unused paid time off up to the designated maximum based upon total years of service. The Authority’s employees also accrue comp time at time and a half which is paid in full upon termination. During FY2014 the Authority adopted a new policy regarding sick leave. Upon retirement, employees with 5 years of service receive their sick leave at 25% up to \$5,000. The Authority’s liability for compensated absences, including sick leave to those employees eligible to retire at June 30, 2021 was \$696,633.

7. *Restricted Assets*

Restricted assets are set aside for future debt service expenditures, future pension costs, and benefits of inmates.

New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)

Note 1-Summary of Significant Accounting Policies: (Continued)

D. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance
(continued)

8. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority has multiple items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to the measurement of the net pension asset and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension asset and net OPEB liabilities measurement date. For more detailed information on these items, reference the related notes.

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

10. Pensions

For purposes of measuring the net pension 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 net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)

Note 1-Summary of Significant Accounting Policies: (Continued)

D. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance
(continued)

11. Other Post Employment 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 OPEB Plan and the additions to/deductions from the VRS OPEB Plan's 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.

In addition to the VRS related OPEB, the Authority allows their retirees to stay on the health insurance plan after retirement. The retiree is required to pay the blended premium cost creating an implicit subsidy OPEB liability. In addition, retirees receive a monthly stipend towards their health insurance cost until the retiree is Medicare eligible.

12. Net Position

For government-wide reporting as well as in proprietary funds, 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.

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New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)

Note 1-Summary of Significant Accounting Policies: (Continued)

D. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance
(continued)

12. Net Position (Continued)

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

13. Fund Balance

The following classifications of fund balance describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Directors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation;
- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

When fund balance resources are available for a specific purpose in more than one classification, it is the Authority's policy to use the most restrictive funds first in the following order: restrictive, committed, assigned and unassigned, as they are needed.

New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)

Note 2-Deposits and Investments:

Deposits:

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

Investments:

Statutes authorize 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 and Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

Custodial Credit Risk (Investments):

Custodial credit risk is the risk that, in the event of failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority’s Local Government Investment Pool (LGIP) investment is not exposed to custodial credit risk because its existence is not evidenced by securities that exist in physical or book entry form.

Credit Risk of Debt Securities:

The Authority has not adopted an investment policy for credit risk. The Authority’s rated debt investments as of June 30, 2021 were rated by Standard and Poor’s and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor’s rating scale.

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment pool (LGIP)	\$ 6,413,159
First American Treasury Obligations	5,522,165
Total	<u>\$ 11,935,324</u>

New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)

Note 2-Deposits and Investments: (Continued)

Concentration of Credit Risk:

At June 30, 2021, the Authority did not have any investments requiring concentration of credit risk disclosures that exceeded 5% of total investments.

Interest Rate Risk:

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

	Investment Maturities (in years)	
	Fair Value	Less than 1 Year
First American Treasury Obligations	\$ 5,522,165	\$ 5,522,165
LGIP	6,413,159	6,413,159
Total	\$ 11,935,324	\$ 11,935,324

External Investment Pool:

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

Note 3-Fair Value Measurements:

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

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

New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)

Note 3-Fair Value Measurements: (Continued)

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

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

Investment	6/30/2021	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
First American Treasury Obligations	\$5,522,165	\$ 5,522,165	\$ -	\$ -

Note 4-Receivables:

At June 30, 2021, the Authority had the following receivables:

Amounts due from other governmental units:	
Amounts due from the State Compensation Board for Jail Payroll	\$ 764,608
Amounts due from the State for Per Diems	694,830
Amounts due from participating jurisdictions	925,395
Amounts due from State Compensation Board for Medical	8,392
Total amounts due from other governmental units	<u>\$ 2,393,225</u>
Accounts receivable:	
Inmate telephone	\$ 37,500
Miscellaneous receivables	159
Total accounts receivable	<u>\$ 37,659</u>

Note 5-Interfund Transfers:

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

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 3,616,597
Debt Service Fund	3,616,597	-
Total	<u>\$ 3,616,597</u>	<u>\$ 3,616,597</u>

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

New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)

Note 6-Long-Term Obligations:

The following is a summary of long-term obligation transactions of the Authority for the year ended June 30, 2021:

	Balance July 1, 2020	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2021
Direct Borrowings and Placements:				
Revenue Refunding Bond	\$ 47,115,000	\$ -	\$ (1,705,000)	\$ 45,410,000
Revenue Refunding Bond Premium	4,309,177	-	(478,790)	3,830,387
Total Direct Borrowings and Placements	<u>\$ 51,424,177</u>	<u>\$ -</u>	<u>\$ (2,183,790)</u>	<u>\$ 49,240,387</u>
Capital Lease	-	5,199,644	-	5,199,644
Compensated Absences	683,984	525,637	(512,988)	696,633
Net OPEB Liabilities	<u>3,412,705</u>	<u>572,328</u>	<u>(1,035,062)</u>	<u>2,949,971</u>
	<u>\$ 55,520,866</u>	<u>\$6,297,609</u>	<u>\$ (3,731,840)</u>	<u>\$ 58,086,635</u>

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30,	Revenue Refunding Bond	
	Principal	Interest
2022	\$ 1,760,000	\$ 1,913,506
2023	1,820,000	1,853,956
2024	1,875,000	1,792,681
2025	1,940,000	1,725,756
2026	2,025,000	1,636,331
2027-2031	11,555,000	6,735,553
2032-2036	14,325,000	3,883,650
2037-2039	<u>10,110,000</u>	<u>774,751</u>
	<u>\$ 45,410,000</u>	<u>\$ 20,316,184</u>

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New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)

Note 6-Long-Term Obligations: (Continued)

Details of long-term obligations:

	Interest Rates	Final Maturity Date	Amount of Original Issue	Installment Frequency	Amount Outstanding	Amount due Within 1 year
Direct Borrowings and Placements:						
Revenue						
Refunding bond	2.00-5.00%	10/1/2038	\$ 51,745,000	Annual*	\$ 45,410,000	\$ 1,760,000
Plus: Premium					3,830,387	448,655
Total revenue refunding bond					<u>\$ 49,240,387</u>	<u>\$ 2,208,655</u>
Other long-term obligations:						
Capital lease					\$ 5,199,644	\$ 139,740
Compensated absences					696,633	522,475
Net OPEB liabilities					2,949,971	-
Total other long-term obligations					<u>\$ 8,846,248</u>	<u>\$ 662,215</u>
Total long-term obligations					<u>\$ 58,086,635</u>	<u>\$ 2,870,870</u>

*Annual payment equals amount due within 1 year but does not include semi-annual interest installments

In the Master Indenture, the Authority has covenanted (the “Revenue Covenant”) to establish, fix, charge and collect such rates, fees and other charges for the use of and for the services furnished by the Regional Jail, and to revise such rates, fees and other charges, from time to time and as often as necessary, so as to produce Revenues in each Fiscal Year, not less than the sum of (i) 1.15 times Senior Debt Service and 1.0 times Subordinate Debt Service for the Fiscal Year (taking into account any interest payments funded from the proceeds of any such indebtedness which are available for such purpose) and (ii) 1.0 times the funding requirements under the Master Indenture for the Operating Account, the Service Reserve Account and the Repair and Replacement Reserve Account.

For purposes of estimating the amount of Revenue available to meet the Revenue Covenant in preparation of the Authority’s Annual Budget, the Authority is entitled to credit to its estimates:

- Reimbursement Payments (1) pledged to pay indebtedness and scheduled to be paid in the upcoming Fiscal Year, *provided*, that the Authority has not been notified by or on behalf of the appropriate payor that it does not intend to make such payments, and (2) received in excess of the amount required to pay or redeem such indebtedness; and
- Amounts in the Repair and Replacement Reserve Account in excess of the Replacement Reserve Requirement and amounts in the General Reserve Account, to the extent not committed, required or intended to be used for a particular purposes; *provided* such amounts in the aggregate do not exceed 15% of Operating Expenses plus Senior Debt Service budgeted to be paid during such Fiscal Year.

New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)

Note 6-Long-Term Obligations: (Continued)

Details of long-term obligations: (Continued)

For purposes of determining compliance with the Revenue Covenant as of the end of each Fiscal Year, the Authority is entitled to credit the following to its calculation of Revenues:

- Payments from the Commonwealth Compensation Board due in such Fiscal Year but not year paid; *provided*, that the Authority has not been notified that such payments will not be made;
- Fees and other charges due for services furnished by the Authority to non-Member Jurisdictions in such Fiscal Year, but not yet paid and not overdue; *provided*, that the Authority has not been notified that such payments will not be made; and
- Amounts in the Repair and Replacement Reserve Account in excess of the Replacement Reserve Requirement and amounts in the General Reserve Account, to the extent not committed, required or intended to be used for a particular purpose; *provided* such amounts in the aggregate do not exceed 15% of Operating Expenses plus Senior Debt Service budgeted to be paid during such Fiscal year.

The following are events of default by the Authority under the Service Agreement: (i) failure to make any payments on the Series 2016 Bonds or other financing for the Regional Jail when due, (ii) the Authority is rendered incapable for any reason of performing its material obligations, (iii) assignment of the Service Agreement without prior consent of the Member Jurisdictions, (iv) a default under any material obligation for borrowed money obtained pursuant to authority of the Service Agreement which is not timely cured, (v) the commencement of any proceeding against the Authority with the consent or acquiescence of the Authority with respect to certain events of bankruptcy, insolvency or reorganization or (vi) the breach of any other provision of the Service Agreement by the Authority which is not cured within 30 days after the receipt of notice thereof.

The following are events of default by the Member Jurisdictions under the Service Agreement: (i) failure to pay Per Diem Charges when due, (ii) any Member Jurisdiction is rendered incapable for any reasons of performing its obligations under the Service Agreement, (iii) the commencement of any proceeding against any Member Jurisdiction with the consent of acquiescence of the Member Jurisdiction with respect to certain events of bankruptcy, insolvency or reorganization or (iv) the breach of any other provision of the Service Agreement by a Member Jurisdiction which is not cured within 30 days of receipt of notice thereof.

Upon the occurrence of any Authority or Member Jurisdiction default, any Member Jurisdiction, or the Authority, as appropriate, after providing notice to all parties, may bring suit to require the defaulting party to perform its duties under the Act or of the Service Agreement or to enjoin acts in violation of the Act or the Service Agreement.

New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)

Note 7-Capital Lease:

The Authority has entered into a lease agreement to finance an energy efficiency project. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments at the date of inception.

As of June 30, 2021, the Authority had the following capital lease:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Lease	Balance Governmental Activities
Energy Efficiency Project	2.719%	07-20	02-37	\$5,199,644	\$ 5,199,644

The project is currently in the construction phase and therefore has not started to accumulate depreciation. As of June 30, 2021, \$4,064,431 has been expensed in relation to the project.

Annual requirements to amortize lease agreements and related interest are as follows:

Fiscal Year Ended	Governmental Activities
2022	\$ 386,206
2023	333,782
2024	343,795
2025	354,110
2026	364,733
2027-2031	1,994,508
2032-2036	2,312,184
2037	580,387
	<hr/>
Total minimum lease payments	\$ 6,669,705
Less: amount representing interest	(1,470,061)
Present value of minimum lease payments	<u>\$ 5,199,644</u>

Note 8-Pension Plan:

Plan Description

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

New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)

Note 8-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 and the multiplier is 1.00%.

**New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)**

Note 8-Pension Plan: (Continued)

Average Final Compensation and Service Retirement Multiplier (Continued)

For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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

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

Employees Covered by Benefit Terms

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	69
Inactive members:	
Vested inactive members	30
Non-vested inactive members	141
Inactive members active elsewhere in VRS	<u>133</u>
Total inactive members	304
Active members	<u>221</u>
Total covered employees	<u><u>594</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 New River Valley Regional Jail Authority’s contractually required employer contribution rate for the year ended June 30, 2021 was 8.77% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

**New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)**

Note 8-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 New River Valley Regional Jail Authority were \$712,602 and \$700,202 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Asset

The net pension asset (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 New River Valley Regional Jail Authority's net pension asset was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

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**New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)**

Note 8-Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates:

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

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

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New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)

Note 8-Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Authority’s Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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**New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)**

Note 8-Pension Plan: (Continued)

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

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

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

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

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New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)

Note 8-Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

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

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)

Note 8-Pension Plan: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Authority was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2020 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 24,150,897	\$ 27,736,537	\$ (3,585,640)
Changes for the year:			
Service cost	\$ 1,371,734	\$ -	\$ 1,371,734
Interest	1,607,083	-	1,607,083
Differences between expected and actual experience	(1,322,410)	-	(1,322,410)
Contributions - employer	-	700,202	(700,202)
Contributions - employee	-	410,060	(410,060)
Net investment income	-	534,862	(534,862)
Benefit payments, including refunds of employees contributions	(684,521)	(684,521)	-
Administrative expenses	-	(17,497)	17,497
Other changes	-	(647)	647
Net changes	\$ 971,886	\$ 942,459	\$ 29,427
Balances at June 30, 2020	\$ 25,122,783	\$ 28,678,996	\$ (3,556,213)

New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)

Note 8-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:

	<u>Rate</u>		
	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
New River Valley Regional Jail Authority			
Net Pension Liability (Asset)	\$ 290,065	\$ (3,556,213)	\$ (6,679,182)

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

For the year ended June 30, 2021, the New River Valley Regional Jail Authority recognized pension expense of \$407,107. At June 30, 2021, the New River Valley Regional Jail Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
	<u>of Resources</u>	<u>of Resources</u>
Differences between expected and actual experience	\$ 144,502	\$ 1,065,795
Change in assumptions	424,979	4,504
Net difference between projected and actual earnings on pension plan investments	861,223	-
Employer contributions subsequent to the measurement date	<u>712,602</u>	<u>-</u>
Total	<u>\$ 2,143,306</u>	<u>\$ 1,070,299</u>

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New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)

Note 8-Pension Plan (Continued)

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

\$712,602 reported as deferred outflows of resources related to pensions resulting from the New River Valley Regional Jail Authority’s contributions subsequent to the measurement date will be recognized as an addition to the Net Pension Asset in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2022	\$ (183,594)
2023	139,746
2024	134,031
2025	270,222
Thereafter	-

Pension Plan Data

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

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New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)

Note 9-Capital Assets:

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 240,396	\$ -	\$ -	\$ 240,396
Construction in Progress	-	4,064,431	-	4,064,431
Total capital assets not being depreciated	<u>\$ 240,396</u>	<u>\$ 4,064,431</u>	<u>\$ -</u>	<u>\$ 4,304,827</u>
Capital assets being depreciated:				
Buildings and Improvements	\$ 74,225,103	\$ -	\$ -	\$ 74,225,103
Machinery and Equipment	18,573,449	113,616	(107,253)	18,579,812
Total capital assets being depreciated	<u>\$ 92,798,552</u>	<u>\$ 113,616</u>	<u>\$ (107,253)</u>	<u>\$ 92,804,915</u>
Accumulated depreciation:				
Buildings and Improvements	\$ (26,593,755)	\$ (1,855,627)	\$ -	\$ (28,449,382)
Machinery and Equipment	(18,118,203)	(180,759)	107,253	(18,191,709)
Total accumulated depreciation	<u>\$ (44,711,958)</u>	<u>\$ (2,036,386)</u>	<u>\$ 107,253</u>	<u>\$ (46,641,091)</u>
Total capital assets being depreciated, net	<u>\$ 48,086,594</u>	<u>\$ (1,922,770)</u>	<u>\$ -</u>	<u>\$ 46,163,824</u>
Governmental activities capital assets, net	<u>\$ 48,326,990</u>	<u>\$ 2,141,661</u>	<u>\$ -</u>	<u>\$ 50,468,651</u>

Note 10-Risk Management:

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority participates with other government entities in a public entity risk pool for its coverage of liability insurance through VARISK 2 insurance pool. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The Authority pays contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss, deficit, or 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. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)

Note 11-Other Postemployment Benefits - Health Insurance:

Plan Description

The Authority administers a single-employer defined benefit healthcare plan, The 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 are provided to eligible retirees to include health insurance. The Plan will provide retiring employees the option to continue health insurance offered by the Authority. Employees are eligible for the program at age 50 and 10 years of service to the Authority for general employees and 5 years of service for safety officers.

Plan Membership

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

Total active employees	221
Total retired employees	3
Total spouses of retired employees	<u>0</u>
Total	224

Contributions

The Authority 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 Board. The amount paid by the Authority for OPEB as the benefits came due during the year ended June 30, 2021 was \$23,041.

Total OPEB Liability

The Authority’s total OPEB liability was measured as of June 30, 2021. The total OPEB liability was determined by an actuarial valuation as of July 1, 2020.

Actuarial Assumptions

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year as of June 30, 2020; 2.50% per year as of June 30, 2021
Salary Increases	The salary increase rate starts at 5.35% salary increase for 1 year of service and gradually declines to 3.50% salary increase for 20 or more years of service
Discount Rate	2.21% as of June 30, 2020; 2.16% as of June 30, 2021

**New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)**

Note 11-Other Postemployment Benefits - Health Insurance: (Continued)

Actuarial Assumptions (continued)

Mortality Rates:

- Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service-related.
- Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85.
- Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the Bond Buyer 20-year Bond Go Index.

Changes in Total OPEB Liability

Balance as of June 30, 2020	\$ 2,742,109
Changes for the year:	
Service Cost	211,283
Interest	65,017
Plan Changes	(578,067)
Economic Gains or Losses	(209,543)
Effect of Assumption Changes	61,328
Benefit Payments	(23,041)
Balance as of June 30, 2021	<u>\$ 2,269,086</u>

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

The following presents the total OPEB liability of the Authority, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current discount rate:

	Rate		
	(1.16%)	(2.16%)	(3.16%)
	1% Decrease	Current Discount	1% Increase
	\$2,540,112	\$ 2,269,086	\$2,031,898

New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)

Note 11-Other Postemployment Benefits - Health Insurance: (Continued)

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

The following presents the total OPEB liability of the Authority, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.00% decreasing to an ultimate rate of 3.00%) or one percentage point higher (6.00% decreasing to an ultimate rate of 5.00%) than the current healthcare cost trend rates:

		Rate	
1% Decrease	Healthcare Cost Trend		1% Increase
(4.00% decreasing to 3.00%)	(5.00% decreasing to 4.00%)	(6.00% decreasing to 5.00%)	
\$ 1,952,293	\$ 2,269,086	\$ 2,653,046	

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

For the year ended June 30, 2021, the Authority recognized OPEB expense in the amount of \$(239,587). At June 30, 2021, the Authority reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 486,325	\$ 177,306
Change in assumptions	265,311	219,362
Total	<u>\$ 751,636</u>	<u>\$ 396,668</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:

Year ended June 30	
2022	\$ 76,574
2023	80,174
2024	80,174
2025	80,174
2026	49,275
Thereafter	(11,403)

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.

New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)

Note 12-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 Group Life Insurance Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

The specific information for GLI OPEB, including eligibility, coverage and benefits is 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, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

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New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)

Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$45,385 and \$43,661 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the entity reported a liability of \$680,885 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.04080% as compared to 0.04121% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$8,962. 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.

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New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)

Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 43,673	\$ 6,116
Change in assumptions	34,052	14,217
Net difference between projected and actual earnings on GLI OPEB plan investments	20,453	-
Change in proportionate share	-	73,383
Employer contributions subsequent to the measurement date measurement date	<u>45,385</u>	<u>-</u>
Total	<u>\$ 143,563</u>	<u>\$ 93,716</u>

\$45,385 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2022	\$ (6,747)
2023	(971)
2024	5,535
2025	6,782
2026	(291)
Thereafter	154

**New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)**

Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

**New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)**

Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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**New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)**

Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

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

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

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

NET GLI OPEB Liability

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

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 3,523,938
Plan Fiduciary Net Position	1,855,102
GLI Net OPEB Liability (Asset)	<u>\$ 1,668,835</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability (Asset)	52.64%

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

New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)

Note 12-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:

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return*</u>
Public Equity	34.00%	4.66%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.14%</u>

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%

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**New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)**

Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Discount Rate

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

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

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

	<u>Rate</u>		
	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
Authority's proportionate share of the Group Life Insurance Plan Net OPEB Liability	\$ 895,076	\$ 680,885	\$ 506,942

GLI Program Fiduciary Net Position

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

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New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)

Note 13-Summary of OPEB Plans:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liability</u>	<u>OPEB Expense</u>
Stand-Alone Plan (Note 11)	\$ 751,636	\$ 396,668	\$ 2,269,086	\$ (239,587)
VRS OPEB Plans:				
Group Life Insurance Plan (Note 12)	143,563	93,716	680,885	8,962
Totals	<u>\$ 895,199</u>	<u>\$ 490,384</u>	<u>\$ 2,949,971</u>	<u>\$ (230,625)</u>

Note 14-Litigation:

As of June 30, 2021, the Authority had no matters of litigation involving the Authority which would materially affect the Authority's financial position.

Note 15-Subsequent Event:

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the release date of this report. As such, the full magnitude that the pandemic will have on the Authority's financial condition, liquidity, and future results of operations is uncertain. Management is monitoring the global situation and impact that it may have on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and global responses to curb its spread, the Institute is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

Note 16-Adoption of Accounting Principles:

The Authority implemented provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. Previously, the Commissary Fund was included with Fiduciary Funds. Since that fund was entirely Commissary activity, it was moved to a nonmajor special revenue fund. The Inmate Account is reported solely as fiduciary in the current year. The implementation of this standard resulted in the following restatement of net position and fund balance:

	<u>Fund Balance</u>	<u>Net Position</u>	
	<u>Commissary Fund</u>	<u>Governmental Activities</u>	<u>Inmate Account</u>
Beginning balance, July 1, 2020, as previously stated	\$ -	\$ 15,630,635	\$ -
Implementation of GASB 84	437,792	437,792	45,480
Beginning balance, July 1, 2020, as restated	<u>\$ 437,792</u>	<u>\$ 16,068,427</u>	<u>\$ 45,480</u>

New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)

Note 17-Commitments and Contingencies:

As of June 30, 2021 the following construction commitments were outstanding:

Project	Total Due	Retainage Payable	Net Amount Due	Accounts Payable
Energy Efficiency Project	\$ 1,587,939	\$ -	\$ 1,587,939	\$ 472,726

Note 18-Upcoming Pronouncements:

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

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

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

Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting periods beginning after June 15, 2021.

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

New River Valley Regional Jail Authority
Notes to the Financial Statements
June 30, 2021 (continued)

Note 18-Upcoming Pronouncements: (Continued)

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

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement. No 32*, (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

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

NEW RIVER VALLEY REGIONAL JAIL AUTHORITY
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Revenue from local sources:				
Charges to participating jurisdictions:				
Bland County	\$ 115,030	\$ 115,030	\$ 170,840	\$ 55,810
Carroll County	2,373,797	2,373,797	1,885,371	(488,426)
Giles County	941,152	941,152	1,003,208	62,056
Grayson County	1,098,011	1,098,011	775,326	(322,685)
Floyd County	543,778	543,778	437,056	(106,722)
Pulaski County	1,850,933	1,850,933	2,201,351	350,418
Radford City	794,751	794,751	865,173	70,422
Wythe County	1,526,758	1,526,758	1,992,693	465,935
Charges for non-member jurisdictions and US Marshall	46,500	46,500	315,096	268,596
Interest income	69,000	69,000	11,316	(57,684)
Inmate telephone income	460,000	460,000	470,449	10,449
Inmate cost recovery	67,900	67,900	90,745	22,845
Miscellaneous	39,184	39,184	84,942	45,758
	<u>\$ 9,926,794</u>	<u>\$ 9,926,794</u>	<u>\$ 10,303,566</u>	<u>\$ 376,772</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Reimbursement of salaries and fringes	\$ 10,335,120	\$ 10,335,120	\$ 9,833,403	\$ (501,717)
State per diem warrant	2,241,163	2,241,163	2,128,769	(112,394)
Other	-	-	60,300	60,300
	<u>\$ 12,576,283</u>	<u>\$ 12,576,283</u>	<u>\$ 12,022,472</u>	<u>\$ (553,811)</u>
Total revenue from the Commonwealth	<u>\$ 12,576,283</u>	<u>\$ 12,576,283</u>	<u>\$ 12,022,472</u>	<u>\$ (553,811)</u>
Total revenues	<u>\$ 22,503,077</u>	<u>\$ 22,503,077</u>	<u>\$ 22,326,038</u>	<u>\$ (177,039)</u>
Expenditures:				
Public Safety:				
Employee costs	\$ 13,390,312	\$ 13,390,312	\$ 12,208,418	\$ 1,181,894
Medical costs	1,984,002	1,984,002	1,879,660	104,342
Building costs	1,300,973	1,300,973	1,070,809	230,164
Administrative costs	37,405	37,405	36,468	937
Service contracts/treatment costs	473,092	473,092	361,859	111,233
Telecommunication costs	33,800	33,800	32,337	1,463
Vehicle/equipment costs	126,925	126,925	90,905	36,020
Inmate costs	1,298,272	1,298,272	1,020,202	278,070
Custodial costs	63,040	63,040	63,036	4
Travel costs	8,550	8,550	3,977	4,573
Training and operational costs	85,500	85,500	76,165	9,335
Capital outlay	290,700	290,700	74,123	216,577
	<u>\$ 19,092,571</u>	<u>\$ 19,092,571</u>	<u>\$ 16,917,959</u>	<u>\$ 2,174,612</u>
Total expenditures	<u>\$ 19,092,571</u>	<u>\$ 19,092,571</u>	<u>\$ 16,917,959</u>	<u>\$ 2,174,612</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,410,506</u>	<u>\$ 3,410,506</u>	<u>\$ 5,408,079</u>	<u>\$ 1,997,573</u>
Other financing sources (uses):				
Transfers out	\$ (3,701,206)	\$ (3,701,206)	\$ (3,616,597)	\$ 84,609
Net change in fund balance	\$ (290,700)	\$ (290,700)	\$ 1,791,482	\$ 2,082,182
Fund balance, beginning of year	290,700	290,700	7,583,824	7,293,124
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,375,306</u>	<u>\$ 9,375,306</u>

NEW RIVER VALLEY REGIONAL JAIL AUTHORITY
Schedule of Changes in Net Pension Asset and Related Ratios
Pension Plan
For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 1,371,734	\$ 1,387,518	\$ 1,357,493	\$ 1,345,377	\$ 1,385,232	\$ 1,376,208	\$ 1,367,728
Interest	1,607,083	1,437,748	1,326,841	1,265,744	1,152,273	1,055,042	920,276
Differences between expected and actual experience	(1,322,410)	295,812	(446,444)	(932,819)	(372,846)	(647,155)	-
Changes of assumptions	-	869,984	-	(204,704)	-	-	-
Benefit payments	(684,521)	(758,854)	(548,157)	(653,392)	(433,900)	(356,253)	(369,322)
Net change in total pension liability	<u>\$ 971,886</u>	<u>\$ 3,232,208</u>	<u>\$ 1,689,733</u>	<u>\$ 820,206</u>	<u>\$ 1,730,759</u>	<u>\$ 1,427,842</u>	<u>\$ 1,918,682</u>
Total pension liability - beginning	<u>24,150,897</u>	<u>20,918,689</u>	<u>19,228,956</u>	<u>18,408,750</u>	<u>16,677,991</u>	<u>15,250,149</u>	<u>13,331,467</u>
Total pension liability - ending (a)	<u>\$ 25,122,783</u>	<u>\$ 24,150,897</u>	<u>\$ 20,918,689</u>	<u>\$ 19,228,956</u>	<u>\$ 18,408,750</u>	<u>\$ 16,677,991</u>	<u>\$ 15,250,149</u>
Plan fiduciary net position							
Contributions - employer	\$ 700,202	\$ 677,889	\$ 738,132	\$ 723,508	\$ 863,846	\$ 880,287	\$ 1,137,368
Contributions - employee	410,060	396,376	438,015	433,188	427,471	441,995	427,159
Net investment income	534,862	1,746,468	1,752,892	2,527,375	361,607	826,435	2,283,857
Benefit payments	(684,521)	(758,854)	(548,157)	(653,392)	(433,900)	(356,253)	(369,322)
Administrator charges	(17,497)	(16,451)	(14,334)	(13,825)	(11,309)	(10,160)	(11,175)
Other	(647)	(1,107)	(1,595)	(2,280)	(148)	(177)	121
Net change in plan fiduciary net position	<u>\$ 942,459</u>	<u>\$ 2,044,321</u>	<u>\$ 2,364,953</u>	<u>\$ 3,014,574</u>	<u>\$ 1,207,567</u>	<u>\$ 1,782,127</u>	<u>\$ 3,468,008</u>
Plan fiduciary net position - beginning	<u>27,736,537</u>	<u>25,692,216</u>	<u>23,327,263</u>	<u>20,312,689</u>	<u>19,105,122</u>	<u>17,322,995</u>	<u>13,854,987</u>
Plan fiduciary net position - ending (b)	<u>\$ 28,678,996</u>	<u>\$ 27,736,537</u>	<u>\$ 25,692,216</u>	<u>\$ 23,327,263</u>	<u>\$ 20,312,689</u>	<u>\$ 19,105,122</u>	<u>\$ 17,322,995</u>
Authority's net pension asset - ending (a) - (b)	<u>\$ (3,556,213)</u>	<u>\$ (3,585,640)</u>	<u>\$ (4,773,527)</u>	<u>\$ (4,098,307)</u>	<u>\$ (1,903,939)</u>	<u>\$ (2,427,131)</u>	<u>\$ (2,072,846)</u>
Plan fiduciary net position as a percentage of the total pension liability	114.16%	114.85%	122.82%	121.31%	110.34%	114.55%	113.59%
Covered payroll	\$ 8,365,493	\$ 8,044,807	\$ 8,888,104	\$ 8,668,083	\$ 8,592,835	\$ 8,734,544	\$ 8,544,734
Authority's net pension asset as a percentage of covered payroll	-42.51%	-44.57%	-53.71%	-47.28%	-22.16%	-27.79%	-24.26%

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

Required Supplementary Information

NEW RIVER VALLEY REGIONAL JAIL AUTHORITY
Schedule of Employer Contributions
Pension Plan
For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2021	\$ 712,602	\$ 712,602	-	\$ 8,320,921	8.56%
2020	700,202	700,202	-	8,365,493	8.37%
2019	677,877	677,877	-	8,044,807	8.43%
2018	738,132	738,132	-	8,888,104	8.30%
2017	728,986	728,986	-	8,668,083	8.41%
2016	868,736	868,736	-	8,592,835	10.11%
2015	883,062	883,062	-	8,734,544	10.11%
2014	1,138,159	1,138,159	-	8,934,280	12.74%
2013	1,124,904	1,124,904	-	8,445,222	13.32%
2012	962,480	962,480	-	7,967,547	12.08%

NEW RIVER VALLEY REGIONAL JAIL AUTHORITY
Notes to Required Supplementary Information
Pension Plan
For the Year Ended June 30, 2021

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

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

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

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

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

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

NEW RIVER VALLEY REGIONAL JAIL AUTHORITY
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios
Health Insurance Plan
For the Measurement Dates of June 30, 2018 through June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 211,283	\$ 146,244	\$ 167,034	\$ 149,465
Interest	65,017	83,248	97,837	56,418
Plan Changes	(578,067)	-	-	-
Economic Gains or Losses	(209,543)	-	796,747	-
Effect of assumptions changes	61,328	304,234	(353,480)	(75,576)
Benefit payments	(23,041)	(47,365)	(33,092)	(23,968)
Net change in total OPEB liability	<u>\$ (473,023)</u>	<u>\$ 486,361</u>	<u>\$ 675,046</u>	<u>\$ 106,339</u>
Total OPEB liability - beginning	<u>2,742,109</u>	<u>2,255,748</u>	<u>1,580,702</u>	<u>1,474,363</u>
Total OPEB liability - ending	<u>\$ 2,269,086</u>	<u>\$ 2,742,109</u>	<u>\$ 2,255,748</u>	<u>\$ 1,580,702</u>
Covered payroll	\$ 8,743,384	\$ 8,531,947	\$ 8,531,947	\$ 8,706,700
Authority's total OPEB liability (asset) as a percentage of covered payroll	25.95%	32.14%	26.44%	18.16%

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

NEW RIVER VALLEY REGIONAL JAIL AUTHORITY
Notes to Required Supplementary Information
Health Insurance Plan
For the Year Ended June 30, 2021

Valuation Date: 7/1/2020
 Measurement Date: 6/30/2021

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 normal level % of salary
Discount Rate	2.21% as of June 30, 2020; 2.16% as of June 30, 2021
Inflation	2.50% per year as of June 30, 2020; 2.50% per year as of June 30, 2021
Healthcare Trend Rate	The healthcare trend rate assumption starts at 5.00% in 2020 and gradually declines to 4.00% by the year 2073
Salary Increase Rates	The salary increase rate starts at 5.35% salary increase for 1 year of service and gradually declines to 3.50% salary increase for 20 or more years of service
Retirement Age	The average age at retirement is 62
Mortality Rates	Pre-Retirement - RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service-related. Post-Retirement - RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85. Post-Disablement - RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

NEW RIVER VALLEY 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, 2020

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2020	0.04080% \$	680,885 \$	8,396,311	8.11%	52.64%
2019	0.04121%	670,596	8,078,758	8.30%	52.00%
2018	0.04699%	714,000	8,888,104	8.03%	51.22%
2017	0.04720%	710,000	8,668,084	8.19%	48.86%

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

NEW RIVER VALLEY REGIONAL JAIL AUTHORITY
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2017 through June 30, 2021

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
2021	\$ 45,385	\$ 45,385	\$ -	\$ 8,404,632	0.54%
2020	43,661	43,661	-	8,396,311	0.52%
2019	42,010	42,010	-	8,078,758	0.52%
2018	46,460	46,460	-	8,888,104	0.52%
2017	45,271	45,271	-	8,668,084	0.52%

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

NEW RIVER VALLEY REGIONAL JAIL AUTHORITY
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2021

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

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

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 Board of Directors
New River Valley Regional Jail Authority
Dublin, 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 governmental activities, each major fund, and the aggregate remaining fund information of New River Valley Regional Jail Authority as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise New River Valley Regional Jail Authority's basic financial statements and have issued our report thereon dated September 24, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Polina, Famer, Cox Associates

Blacksburg, Virginia
September 24, 2021