WESTERN TIDEWATER REGIONAL JAIL AUTHORITY
SUFFOLK, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2020

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SUFFOLK, VIRGINIA

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YEAR ENDED JUNE 30, 2020

Prepared by the Administrative Division

William C. Smith, Superintendent

Karen Hatfield, Fiscal Officer

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Comprehensive Annual Financial Report
Year Ended June 30, 2020

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WESTERN TIDEWATER REGIONAL JAIL AUTHORITY
BOARD OF DIRECTORS

City of Suffolk:

- Everett “E.C.” Harris, Sheriff, Suffolk
  WTRJ Authority Personnel Committee

- Michael D. Duman, City Council Member, Suffolk
  WTRJ Authority **Secretary**, Personnel and Finance Committees

- Lue R. Ward, City Council Member, Suffolk
  WTRJ Authority Personnel Committee

- Tealan D. Hansen, Director of Finance, Suffolk (Alternate)
  WTRJ Authority Finance Committee

Isle of Wight:

- James R. Clarke, Sheriff, Isle of Wight
  WTRJ Authority Personnel Committee

- William M. McCarty, Board of Supervisors, Isle of Wight
  WTRJ Authority Personnel Committee

- Rudolph Jefferson, Board of Supervisors, Isle of Wight
  WTRJ Authority **Vice Chairman**, Personnel and Finance Committees

- Randy R. Keaton, Isle of Wight (Alternate)
  WTRJ Authority Finance Committee

Franklin:

- Barry W. Cheatham, Vice Mayor, Franklin, City Council Member
  WTRJ Authority **Chairman**, Personnel Committee

- Josh A. Wyche, Sr., Sheriff (Southampton County), Franklin
  WTRJ Authority Personnel Committee

- Linwood W. Johnson, City Council Member, Franklin
  WTRJ Authority Personnel Committee

- Amanda Jarratt, City Manager, Franklin (Alternate)
  WTRJ Authority Finance Committee

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Principal Officials

First Name	Last Name	Rank/Title	Team
William C.	Smith	Colonel - Superintendent	Admin
Ernest L.	Bower	Lt Colonel - Deputy Supt.	Admin
Marissa A.	Dickens	Executive Assistant	Admin
Laura B.	Conway	Human Resources Manager	Admin
Karen	Hatfield	Fiscal Officer	Admin
Dorothy	Wilford	Payroll Officer	Admin
Karla	Sraver	Purchasing Officer	Admin
Stevie L.	Ezzell	Lieutenant	Admin
Leon	Dupree	Captain	Security
Keanessa	Williams-Whitehead	Lieutenant	A Team
Maranda	Perry	Lieutenant	B Team
Tamitia L.	Wiggins	Lieutenant	C Team
William	Brinkley	Lieutenant	D Team
Joshua	Bower	Lieutenant	Training
Grady	Massenburg III	Lieutenant	Transportation
Tanya D.	Blair	Captain	Treatment
Joshua	Humphrey	Lieutenant	Booking/Classification
Anthony	Perry	Lieutenant	Work Release
Ronnie E.	Sharpe	Education Director	Education
Doris B.	Jacobs	Registered Nurse	Health Services Admin
Karen L.	Modesitt	Licensed Practical Nurse	Director of Nursing
Ngozika	Okpo	Mental Health Administrator	Treatment

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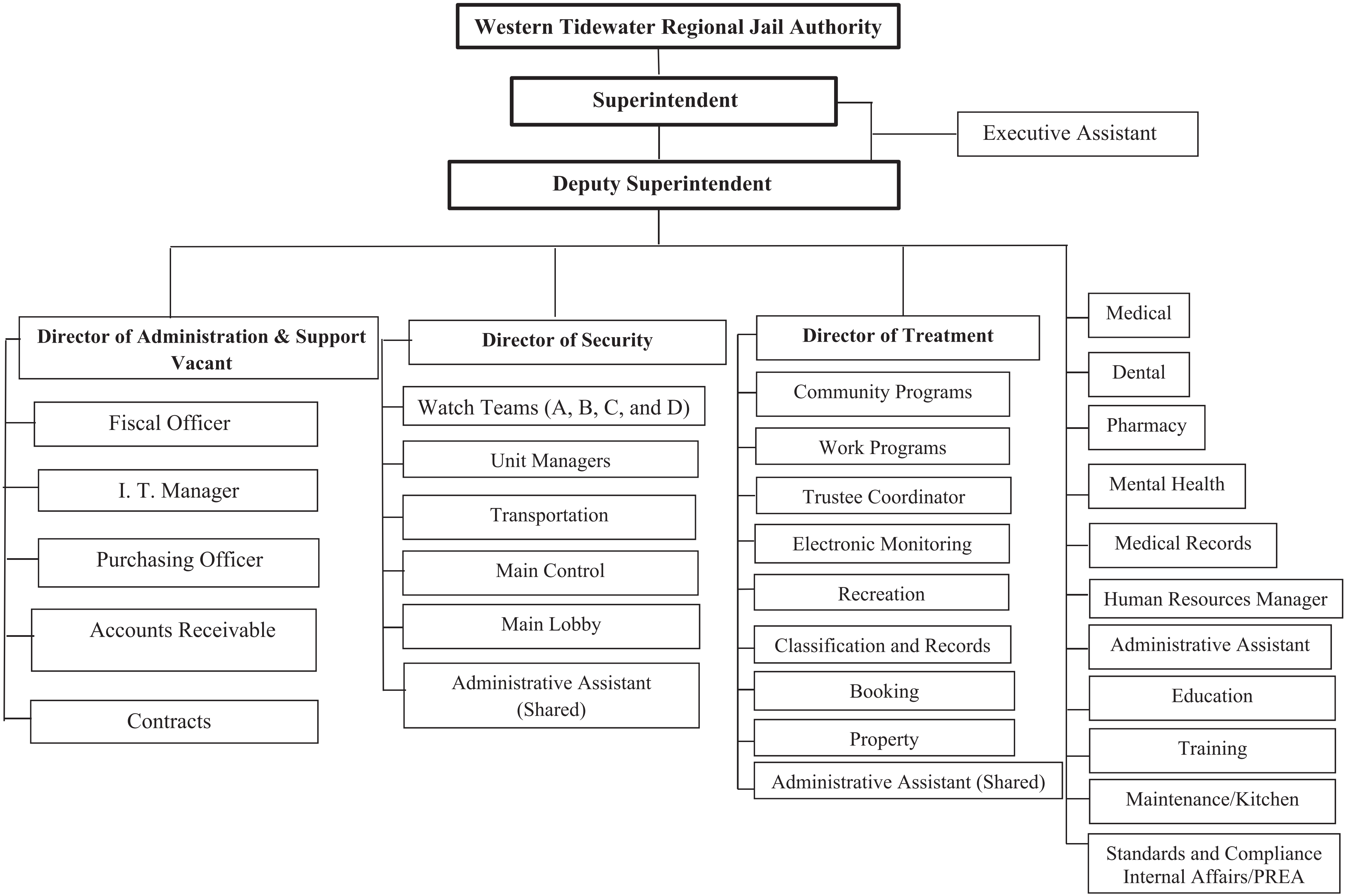

Western Tidewater Regional Jail Authority
Superintendent
Executive Assistant
Deputy Superintendent
Director of Administration & Support Vacant
Fiscal Officer
I. T. Manager
Purchasing Officer
Accounts Receivable
Contracts
Director of Security
Watch Teams (A, B, C, and D)
Unit Managers
Transportation
Main Control
Main Lobby
Administrative Assistant (Shared)
Director of Treatment
Community Programs
Work Programs
Trustee Coordinator
Electronic Monitoring
Recreation
Classification and Records
Booking
Property
Administrative Assistant (Shared)
Medical
Dental
Pharmacy
Mental Health
Medical Records
Human Resources Manager
Administrative Assistant
Education
Training
Maintenance/Kitchen
Standards and Compliance Internal Affairs/PREA

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WESTERN TIDEWATER REGIONAL JAIL
2402 Godwin Blvd., Suffolk, VA 23434 ■ (757) 539-3119 ■ Fax (757) 539-6409

Serving:
County of Isle of Wight
City of Franklin
City of Suffolk

Superintendent
William C. Smith

December 7, 2020

Members of the Board
Western Tidewater Regional Jail

The Comprehensive Annual Financial Report (CAFR) of the Western Tidewater Regional Jail Authority (Authority) for the fiscal year ended June 30, 2020 is submitted herewith in accordance with applicable requirements, including the provisions of the *Specifications for Audits of Authorities, Boards and Commissions,* issued by the Auditor of Public Accounts, Commonwealth of Virginia as revised July 2020. This report was prepared by the Authority's Administration Division in accordance with generally accepted accounting principles (GAAP) as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB).

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

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

Profile of the Government

The Authority is an intergovernmental joint venture created by the three jurisdictions of the City of Suffolk, City of Franklin, and Isle of Wight County. The Authority is considered a stand-alone governmental entity for financial reporting purposes. The financial reporting entity includes two enterprise funds and three agency funds. The Authority is designed and operates to accommodate all types of inmates from the member jurisdictions including those with special needs and those who require special management. The jail also has the ability to house a limited number of juvenile detainees. None of the participating jurisdictions have their own jails.

Profile of the Government: (Continued)

In January 2014, the Authority updated its contract with the U.S. Marshals Service (USMS) to house Federal inmates awaiting trial or awaiting final assignment after sentencing. To prevent charges for inmate transportation and off-site security watches, the Marshals Service must maintain a population of 75 inmates. We currently house between 165 and 260 USMS inmates. In April 2017, an amendment to the contract was signed which allowed WTRJ to be reimbursed for any hospital watches exceeding a 24-hour period.

Information Useful in Assessing Economic Condition

The Authority's financial and economic outlook is stable. Effective with the contract signed in January 2014, the rate per day for federal inmates dropped from $65.00 to $55.00 and other concessions were made to keep the revenue stream intact. We also have an electronic monitoring program and a work release program that generate revenue for the Authority.

The Authority builds an incremental budget based upon extrapolating actuals for the remainder of the current year's actual numbers which are then adjusted for known events or plans or by the Consumer Price Index. The preliminary budget is discussed by the Board of Directors and then finally adopted as approved. The budget shortfall from expenses reduced by revenues from the Federal Government, the State of Virginia, and Inmate programs such as Work Release, Commissions from Inmate Programs, and from Room & Board and Medical Copays from the inmates. Any additional revenue required is provided by the participating jurisdictions at a proportional rate based on the inmate population from the previous three fiscal years. The Authority receives payments in July and January for 50% of the annual jurisdictions' responsibilities. The Board voted on and approved a measure to prevent short payments or late payments from the jurisdictions that allows the use of fines, penalties, and interest as well as the ability of the Authority to refuse to accept any future inmates if the situation warrants such drastic measures. The Authority implemented a Capital Budget and Capital Improvement Plan in FY2018.

Operating Revenues exceeded budget slightly by $1.77 million or 10.58% while Expenses exceeded budget by $203 thousand or 1.27%. After negating non-cash items such as depreciation and gain or loss on disposals of assets, the Authority finished the year with a positive variance of $1.59 million. Most categories or groupings of both revenues and expenses came in at under 10% variance except for:

1. Federal Revenues (for United States Marshals Service)	82.21% over budget
2. Inmate Revenues (Room & Board, Work Release Revenues, Commissions from various inmate programs)	12.68% over budget
3. Employee Medical Expenses (decreased staffing levels)	31.89% under budget
4. Equipment Maintenance & Repairs (Food Service equipment replacement)	14.24% over budget
5. Inmate Medical Expenses (increase in medically compromised inmates; increase in required medical supplies)	27.29% over budget

Information Useful in Assessing Economic Condition: (Continued)

6. Office Expenses (cost cutting measures and due to the pandemic employees were required to work from home, reassignment of staff)	21.45% under budget
7. Vehicle Expense (decrease in transport of inmates due to the pandemic)	34.46% under budget
8. Officer Expenses (travel and training events cancelled due to pandemic)	11.13% under budget

This was the Authority's sixth year of using a line item budget in the accounting system, which gave management better control of expenditures and allowed us to better utilize our capital through programs like bulk purchasing, alternate vendors, and better cash management. For FY2020, the entire budget was built using individual line items at actual adjusted for CPI or known adjustments (actual insurance rates, contracted values, etc.).

Items of Note:

1. We implemented a new digital Inmate Mail System in January 2020 to help reduce the introduction of contraband into the facility. All inmate personal mail from family and friends, other than legal mail and/or parcels and packages, is sent to Durham, NC, scanned in and then viewed by the inmate via the Facility Messages app on the tablets available in the inmate housing areas. For those inmates who are unable to use the tablets their mail is printed out and delivered to them to read.

2. We entered into an agreement with FiNet Merchant Services in March 2020 which offered a way for our inmates on Electronic Monitoring to make their weekly payments online via a link provided on WTRJ's website, www.wtrj.org.

3. We entered into a contract with Paycor in November 2019. This new payroll and human resources system helped WTRJ integrate all scheduling, leave, and time keeping programs into one effective platform. The system has also allowed staff more "self-service" opportunities when it comes to updating personal information, tax withholding status, or direct deposit information along with easy access to pay stubs and W-2 information within their profile.

4. We implemented a few auxiliary programs and services in FY2018 which are continuing to be utilized; One is a Guardian RFID system that tracks an inmate anywhere in the facility via an ID card they are issued. The second is a Tablet program that includes educational, informational, recreational and entertainment applications as well as telephone calling and video visitation.

5. We continue to have a strong working relationship with the United States Marshals Service (USMS) and the Bureau of Prisons (BOP). We expect this relationship to continue to improve into the future.

Major Initiatives - Outside Compliance Audits

The Commonwealth of Virginia Board of Corrections continued to grant unconditional certification to the Authority following its triennial inspection in January 2020. The Authority was awarded recognition for 100% compliance with all applicable standards. This certification was originally granted in 1993.

Certification inspections are conducted every three years and unannounced Life, Health and Safety (LHS) inspections are conducted annually. The last Life, Health and Safety inspection, which was part of the triennial inspection back in January 2020, was conducted and the Authority was in 100% compliance with all applicable standards.

The United States Marshals Service continued to grant unconditional certification to the Authority following its annual inspections of the facility with 100% compliance. The last USMS audit was completed in August 2019.

The last Federal Bureau of Prisons inspection was conducted in April 2019 and the Authority was in 100% compliance with applicable standards.

The last LIDS Compliance audit was conducted in July 2019 with one deficiency noted. A follow-up audit indicated 100% compliance.

The last PREA audit was completed in August 2019 with 100% compliance.

The Department of Juvenile Justice completed their last audit in August 2016 with 100% compliance.

As part of our medical program, we have continued to maintain our Pharmacy Registration from the Board of Pharmacy for the State of Virginia.

Major Initiatives Inside Programs to Reduce Recidivism

In our continuing efforts to reduce recidivism and to help our inmates successfully transition to being a productive member of society, we offer the following programs with the number of participants through our Education Department who successfully completed those programs for the last Fiscal Year (FY20):

Special Education 8 (Teaching individuals with IEP's or Special Needs)

Transition 5 (Teaching inmates not fitting normal criteria; for example, those with a low reading ability - not Special Ed.)

General Education 16 (Earned GED's 5)

Career Education 20 (Focuses on Careers, Health, Interviewing process, History, etc.)

Career Readiness Certificate 5 (Preparing inmates for Workforce Skills)

Alcoholics Anonymous 25 (Focuses on recovery and detoxification)

Substance abuse 22 (Provides treatment methods to help overcome addictive symptoms)

Anger Management 25 (Understanding life triggers and how to deal with them)

Major Initiatives Inside Programs to Reduce Recidivism: (Continued)

Seeking Safety 20 (Understanding trauma and coping with it)

Parenting 27 (Teaches inmates the proper way to motivate and discipline youthful children)

Females Building Bridges 9 (Reconnecting mother and child through recorded readings)

Women Empowerment Workshop 10 (Helping women to believe in themselves – decision making)

Building Resilience in the Community “BRC” 5 (Building Self Esteem and Fortitude)

Re-Entry Suffolk Library 15 (Providing information to aide in job searches and career paths)

Major Initiatives Taken To Offset Impact Of Covid-19 Pandemic

Beginning in March 2020 various measures were taken to prevent the introduction of Covid-19 into the facility. These included stopping all onsite visitation from family and friends, stopping all contact visits between attorneys and inmates, along with stopping all work release and work force programs. We purchased three (3) temperature scanning devices placed in the lobby, the medical department and the booking area. Per the Governor’s mandate, we also required a mask be worn by all staff, inmates and those entering the facility.

Additional equipment and supplies had to be purchased to adequately protect staff and inmates from Covid-19 exposure. These items include PPE equipment (gloves, masks, coveralls, gowns, face shields and eye protection). Also, several pieces of equipment were purchased to include electro-static foggers and additional sanitation equipment and supplies. All inventories had to be increased due to the additional sanitation and cleaning of the facilities.

The above factors have impacted several budgetary line items both positively and negatively.

Accounting System

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

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

Enterprise Fund Operations

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

WTRJ continues to maintain an agreement with Adventis Inc. to use their Pay-My-Jailor service. This service notifies the released inmate of money due the jail by letter and also provides convenient payment options and locations. The service does not cost the jail anything but the company adds a twenty five dollar fee to the balance owed to the jail. WTRJ has seen some positive results from this program and looks forward to continuing the relationship. This program continues to be a productive way of collecting funds from released inmates.

Independent Audit

Authority Bylaws require that the financial statements of the Authority be audited annually by a certified public accountant selected by the Authority's Board. An annual audit of the book of accounts, financial records, and transactions of all funds of the Authority has been performed by Robinson, Farmer, Cox, Associates for the fiscal year ended June 30, 2020.

The auditor's report, which includes their opinion on the financial statements of the Authority, is presented in this report on pages 17-18.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Western Tidewater Regional Jail Authority for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This was the fifth consecutive year that the Authority has achieved this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

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

Respectfully Submitted

William C. Smith, CJM	**Karen Hatfield**
Superintendent	**Fiscal Officer**

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Western Tidewater Regional Jail
Virginia

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants
CPAs | CONSULTANTS

INDEPENDENT AUDITORS' REPORT

BOARD OF DIRECTORS
WESTERN TIDEWATER REGIONAL JAIL AUTHORITY
SUFFOLK, VIRGINIA

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Western Tidewater Regional Jail Authority, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Western Tidewater Regional Jail Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of Western Tidewater Regional Jail Authority, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules related to pension and OPEB funding on pages 21-25 and 62-68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Western Tidewater Regional Jail Authority's basic financial statements. The introductory section, other supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2020, on our consideration of Western Tidewater 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 Western Tidewater 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 Western Tidewater Regional Jail Authority's internal control over financial reporting and compliance.

Robinson Farmer Cox Associates

Charlottesville, Virginia
December 7, 2020

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The following discussion and analysis of Western Tidewater Regional Jail Authority's (the "Authority") financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the Authority's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Net position increased by $860 thousand or 17.4% during the year ended June 30, 2020 as compared to an increase of approximately $847 thousand or 20.8% during the year ended June 30, 2019.

- Operating revenues showed an increase of 8.4% during the year compared to an increase of 3.0% in 2019, while operating expenses reflected an increase of 9.0% over the prior year, higher than the .5% modest increase in fiscal year 2019.

- The Authority's long-term debt decreased by $637,658 due to the payment of principal due on bonds.

USING THIS ANNUAL REPORT

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

The Authority's financial statements report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer both short- and long-range financial information about its activities. The Statement of Net Position includes the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). It also provides the basis for computing the rate of return, evaluation of the capital structure and assessing the liquidity and financial flexibility of the Authority. The Statement of Revenues, Expenses and Change in Net Position contains all of the current year's revenues and expenses. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its per diem charges and other revenues, profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the cash receipts and cash payments made by the Authority during the fiscal year. The statement reports cash receipts, cash payments and net changes in cash and cash equivalents resulting from operations, investing, and capital and noncapital financing activities, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets. The Notes to Financial Statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

FINANCIAL ANALYSIS – ENTERPRISE FUNDS

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

The Authority's net position increased from last year by approximately $860 thousand. The analysis below focuses on the change in net position and the resulting changes in assets and liabilities:

	2020	2019	Amount Change	% Change
Current and other assets	$ 6,832,433	$ 5,238,219	$ 1,594,214	30.4%
Capital assets	8,084,217	9,239,025	(1,154,808)	-12.5%
Total assets	$ 14,916,650	$ 14,477,244	$ 439,406	3.0%
Deferred outflows of resources	$ 2,056,732	$ 1,679,719	$ 377,013	22.4%
Long-term liabilities	$ 9,248,699	$ 9,177,778	$ 70,921	0.8%
Current liabilities	1,464,043	1,551,459	(87,416)	-5.6%
Total liabilities	$ 10,712,742	$ 10,729,237	$ (16,495)	-0.2%
Deferred inflows of resources	$ 470,167	$ 497,101	$ (26,934)	-5.4%
Net position:				
Net investment in capital assets	$ 1,331,109	$ 1,848,259	$ (517,150)	-28.0%
Restricted	49,366	20,398	28,968	142.0%
Unrestricted	4,409,998	3,061,968	1,348,030	44.0%
Total net position	$ 5,790,473	$ 4,930,625	$ 859,848	17.4%

Restricted net position includes the balance of canteen commissions. The use of canteen funds is restricted to the benefit of inmates. Expenses paid with these funds include a portion of salaries and related benefits for the commissary officer and other related staff, canteen food and supplies, educational supplies, postage, cable, and other items benefiting the inmates.

FINANCIAL ANALYSIS – ENTERPRISE FUNDS: (CONTINUED)

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

	2020	2019	Amount Change	% Change
Operating revenues:				
Commonwealth	$ 5,969,843	$ 5,454,427	$ 515,416	9.4%
Federal	4,708,375	3,938,770	769,605	19.5%
City of Suffolk	4,297,658	4,424,060	(126,402)	-2.9%
City of Franklin	948,013	948,013	-	0.0%
Isle of Wight County	1,074,415	948,013	126,402	13.3%
Telephone commissions	973,000	973,000	-	0.0%
Other	1,056,640	874,004	182,636	20.9%
Total operating revenues	$ 19,027,944	$ 17,560,287	$ 1,467,657	8.4%
Operating expenses:				
Personnel costs	$ 7,737,563	$ 7,418,474	$ 319,089	4.3%
Fringe benefits and payroll taxes	3,565,916	2,719,026	846,890	31.1%
Medical supplies and services	1,880,766	1,416,246	464,520	32.8%
Utilities	887,316	837,014	50,302	6.0%
Contractual services	1,620,334	1,585,744	34,590	2.2%
Depreciation	1,512,386	1,561,834	(49,448)	-3.2%
Other	767,026	955,947	(188,921)	-19.8%
Total operating expenses	$ 17,971,307	$ 16,494,285	$ 1,477,022	9.0%
Net operating income (loss)	$ 1,056,637	$ 1,066,002	$ (9,365)	-0.9%
Nonoperating revenues (expenses):				
Interest income	$ 29,720	$ 19,300	$ 10,420	54.0%
Rental income	9,000	9,000	-	0.0%
Interest expense	(235,509)	(254,791)	19,282	-7.6%
Gain on sale of capital assets	-	7,825	(7,825)	N/A
Nonoperating revenues (expenses), net	$ (196,789)	$ (218,666)	$ 29,702	-13.6%
Change in net position	$ 859,848	$ 847,336	$ 12,512	1.5%
Net position, beginning of year	4,930,625	4,083,289	847,336	20.8%
Net position, end of year	$ 5,790,473	$ 4,930,625	$ 859,848	17.4%

Operating revenues increased by 8.4% in 2020 compared to a 3.0% increase in 2019. Federal revenues increased by $769,605 or 19.5% and revenues from the Commonwealth increased by $515,416 or 9.4% over the prior year. Member revenues, determined during the budget process and based on a running average of housing numbers for the prior three years, remained constant after rates were increased in 2019.

Operating expenses increased by 9.0% in 2020 compared to the .5% increase in 2019. Personnel costs increased by $319,089 and fringe benefits increased by $820,656. Medical supplies and services increased by $464,520 compared to a decrease of $158,494 in 2019. Other changes were modest. Energy upgrades completed in fiscal year 2016 continues to show savings on utilities expenses, as projected.

FINANCIAL ANALYSIS – ENTERPRISE FUNDS: (CONTINUED)

A summary of changes in cash flows is represented in the below condensed statement of cash flows:

	2020	2019	Amount Change	% Change
Cash flows provided by (used for):				
Operating activities	$ 2,693,317	$ 2,373,748	$ 319,569	13.5%
Noncapital and related financing activities	9,000	9,000	-	0.0%
Capital and related financing activities	(1,238,776)	(959,174)	(279,602)	29.2%
Investing activities	29,720	19,300	10,420	54.0%
Net increase (decrease) in cash and cash equivalents	$ 1,493,261	$ 1,442,874	$ 50,387	3.5%
Cash and cash equivalents, beginning of year	4,204,780	2,761,906	1,442,874	52.2%
Cash and cash equivalents, end of year	$ 5,698,041	$ 4,204,780	$ 1,493,261	35.5%

Cash flows from operating activities are comprised of operating revenues combined with expenses for personnel, benefits and payments to operating suppliers. There was a positive flow of cash from operating activities, which increased 13.5% from the 2019 amounts. This is dependent on the budget in order to fund debt service and operating requirements.

Cash flows from capital and related financing activities include the purchase of capital assets and principal and interest payments on debt. There was an increase of $279,602 in cash spent on capital and related financing activities this year, due to a parking lot project and other capital activities. Debt activity was consistent with the prior year.

Cash flows from investing activities include interest and investment earnings.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2020, the Authority had $8.1 million invested in capital assets comprised of the land, building and improvements, land improvements, machinery, equipment, and office equipment of the regional jail. The net change of $1,154,808 represents the parking lot project in process at year-end, the purchase of vehicles and various equipment during the year offset by depreciation expense of $1,512,386.

The following table summarizes the Authority's capital assets, net of accumulated depreciation:

	2020	2019
Land	$ 37,455	$ 37,455
Construction in progress	71,722	-
Building and improvements	5,816,293	6,858,430
Land improvements	75,787	101,049
Machinery and equipment	2,016,868	2,124,795
Office furniture	66,092	117,296
Net capital assets	$ 8,084,217	$ 9,239,025

For additional information related to capital assets, see Note 5.

CAPITAL ASSETS AND DEBT ADMINISTRATION: (CONTINUED)

Capital Financing Debt

At year-end, the Authority had $2.7 million in revenue bonds outstanding and $4.0 million outstanding related to the energy performance contract bond. No new financing was obtained during the year; however, both bonds were refinanced in fiscal year 2021 to take advantage of lower interest rates. For additional analysis related to long-term debt activities, see Note 11.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional information regarding the Authority, contact the Director of Administration at 2402 Godwin Boulevard, Suffolk, Virginia 23434.

Basic Financial Statements

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Exhibit 1

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Statement of Net Position
As of June 30, 2020

	Operating Fund	Canteen Fund	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 5,692,492	$ 5,549	$ 5,698,041
Accounts receivable	137,147	74,617	211,764
Internal balances	765	(765)	-
Due from other governmental units	865,941	-	865,941
Prepaids	56,687	-	56,687
Total current assets	$ 6,753,032	$ 79,401	$ 6,832,433
Noncurrent Assets:			
Capital assets (net of accumulated depreciation):			
Land	$ 37,455	$ -	$ 37,455
Construction in progress	71,722	-	71,722
Land improvements	75,787	-	75,787
Building and improvements	5,816,293	-	5,816,293
Machinery and equipment	2,016,868	-	2,016,868
Office furniture	66,092	-	66,092
Total capital assets	$ 8,084,217	$ -	$ 8,084,217
Total noncurrent assets	$ 8,084,217	$ -	$ 8,084,217
Total assets	$ 14,837,249	$ 79,401	$ 14,916,650
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	$ 1,933,447	$ -	$ 1,933,447
OPEB related items	123,285	-	123,285
Total deferred outflows of resources	$ 2,056,732	$ -	$ 2,056,732
LIABILITIES			
Current Liabilities:			
Accounts payable	$ 334,624	$ 30,035	$ 364,659
Accrued liabilities	13,241	-	13,241
Accrued interest payable	91,128	-	91,128
Long-term liabilities, current portion	723,682	-	723,682
Unearned revenue	271,333	-	271,333
Total current liabilities	$ 1,434,008	$ 30,035	$ 1,464,043
Noncurrent Liabilities:			
Long-term liabilities, net of current portion	$ 9,248,699	$ -	$ 9,248,699
Total noncurrent liabilities	$ 9,248,699	$ -	$ 9,248,699
Total liabilities	$ 10,682,707	$ 30,035	$ 10,712,742
DEFERRED INFLOWS OF RESOURCES			
Pension related items	$ 399,454	$ -	$ 399,454
OPEB related items	70,713	-	70,713
Total deferred inflows of resources	$ 470,167	$ -	$ 470,167
NET POSITION			
Net investment in capital assets	$ 1,331,109	$ -	$ 1,331,109
Restricted for inmates	-	49,366	49,366
Unrestricted	4,409,998	-	4,409,998
Total net position	$ 5,741,107	$ 49,366	$ 5,790,473

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

Exhibit 2

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Statement of Revenues, Expenses and Change in Net Position
Year Ended June 30, 2020

	Operating Fund	Canteen Fund	Total
Operating Revenues:			
Commonwealth	$ 5,969,843	$ -	$ 5,969,843
Federal	4,708,375	-	4,708,375
City of Suffolk	4,297,658	-	4,297,658
City of Franklin	948,013	-	948,013
Isle of Wight County	1,074,415	-	1,074,415
Telephone commissions	973,000	-	973,000
Room and board	58,338	-	58,338
Work release and weekenders	286,701	-	286,701
Canteen commissions	-	217,482	217,482
Miscellaneous	472,160	21,959	494,119
Total operating revenues	$ 18,788,503	$ 239,441	$ 19,027,944
Operating Expenses:			
Personnel costs	$ 7,657,078	$ 80,485	$ 7,737,563
Fringe benefits	2,965,211	32,955	2,998,166
Payroll taxes	559,603	8,147	567,750
Medical supplies and services	1,880,766	-	1,880,766
Utilities	887,316	-	887,316
Repairs and maintenance	171,464	-	171,464
Insurance	27,275	-	27,275
Contractual services	1,616,148	4,186	1,620,334
Vehicle expenses	52,429	-	52,429
Administrative	223,454	-	223,454
Inmate supplies	98,372	50,156	148,528
Inmate support	-	34,544	34,544
Officer expenses	101,433	-	101,433
Miscellaneous	7,899	-	7,899
Depreciation	1,512,386	-	1,512,386
Total operating expenses	$ 17,760,834	$ 210,473	$ 17,971,307
Net operating income (loss)	$ 1,027,669	$ 28,968	$ 1,056,637
Nonoperating Revenues (Expenses):			
Interest income	$ 29,720	$ -	$ 29,720
Rental income	9,000	-	9,000
Interest expense	(235,509)	-	(235,509)
Net nonoperating revenues (expenses)	$ (196,789)	$ -	$ (196,789)
Change in net position	$ 830,880	$ 28,968	$ 859,848
Net position, beginning of year	4,910,227	20,398	4,930,625
Net position, end of year	$ 5,741,107	$ 49,366	$ 5,790,473

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

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Statement of Cash Flows
Year Ended June 30, 2020

	Operating Fund	Canteen Fund	Total
Cash flows from operating activities:			
Receipts from customers and users	$ 18,244,084	$ 195,303	$ 18,439,387
Other operating revenue	472,160	21,959	494,119
Payments to suppliers	(5,171,578)	(91,151)	(5,262,729)
Payments to and for employees	(10,296,270)	(113,440)	(10,409,710)
Payments to agencies	(559,603)	(8,147)	(567,750)
Total cash flows provided by (used for) operating activities	$ 2,688,793	$ 4,524	$ 2,693,317
Cash flows from noncapital and related financing activities:			
Rental income	$ 9,000	$ -	$ 9,000
Total cash flows provided by (used for) noncapital and related financing activities	$ 9,000	$ -	$ 9,000
Cash flows from capital and related financing activities:			
Purchase of capital assets	$ (357,578)	$ -	$ (357,578)
Principal paid on long-term liabilties	(637,657)	-	(637,657)
Interest paid on long-term liabilities	(243,541)	-	(243,541)
Total cash flows provided by (used for) capital and related financing activities	$ (1,238,776)	$ -	$ (1,238,776)
Cash flows from investing activities:			
Interest income	$ 29,720	$ -	$ 29,720
Total cash flows provided by (used for) investing activities	$ 29,720	$ -	$ 29,720
Net increase (decrease) in cash and cash equivalents	$ 1,488,737	$ 4,524	$ 1,493,261
Cash and cash equivalents, beginning of year	4,203,755	1,025	4,204,780
Cash and cash equivalents, end of year	$ 5,692,492	$ 5,549	$ 5,698,041
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	$ 1,027,669	$ 28,968	$ 1,056,637
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	1,512,386	-	1,512,386
Changes in assets, liabilities, and deferred outflows and inflows of resources:			
Accounts receivable	(41,503)	(18,826)	(60,329)
Internal balances	3,353	(3,353)	-
Due from other governmental units	(34,109)	-	(34,109)
Prepaids	(6,515)	-	(6,515)
Deferred outflows of resources - pension related	(331,906)	-	(331,906)
Deferred outflows of resources - OPEB related	(45,107)	-	(45,107)
Accounts payable	(98,507)	(2,265)	(100,772)
Accrued liabilities	5,289	-	5,289
Compensated absences	(27,038)	-	(27,038)
Net pension liability	749,808	-	749,808
Net OPEB liability	1,907	-	1,907
Deferred inflows of resources - pension related	(43,647)	-	(43,647)
Deferred inflows of resources - OPEB related	16,713	-	16,713
Total cash flows provided by (used for) operating activities	$ 2,688,793	$ 4,524	$ 2,693,317

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

Exhibit 4

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

FIDUCIARY FUNDS

Statement of Fiduciary Net Position
As of June 30, 2020

		Agency Funds
ASSETS		
Cash	$	197,448
Total assets	$	197,448
LIABILITIES		
Accounts payable	$	79,547
Amounts held for inmate benefits		117,901
Total liabilities	$	197,448

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

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES:

Western Tidewater Regional Jail Authority (Authority) was created as a political subdivision of the Commonwealth of Virginia jointly by the cities of Suffolk (59.3%), Franklin (6.8%), and the County of Isle of Wight (33.9%), (Member Jurisdictions) under the Jail Authorities Act, Code of Virginia. The Authority has the responsibility to finance the acquisition, construction, equipping, and maintenance of a facility to operate for the benefit of the Member Jurisdictions; as such, it is exempt from federal and state income taxes.

In addition to the Member Jurisdictions' capital contributions of $10.1 million based on their participation percentages, the Commonwealth of Virginia provided $8.8 million of funding for the construction of the facility. The Member Jurisdictions each appoint three members and an alternate to the Board of Directors, which oversees the operations of the Authority.

Facility construction began in March 1991 and the Authority began accepting inmates in July 1992. A new cell block was constructed and placed into service during 2000, which increased the facility rating to 552 beds. The Authority houses prisoners from all three Member Jurisdictions, other jurisdictions and federal prisoners.

Funding for the Authority is provided by the State Compensation Board, the federal government and other jurisdictions. Operational funding surpluses are shared by Member Jurisdictions as they contributed to the construction of the project. Deficiencies are shared by Member Jurisdictions based on the inmate days utilized by each jurisdiction.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Basis of Accounting

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

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that are comprised of assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses.

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

A. Basis of Accounting (continued)

The various funds are summarized by type in the financial statements. The following are used by the Authority:

Enterprise Funds

The Operating Fund and the Canteen Fund comprise the Authority's Enterprise Funds. Enterprise funds, proprietary fund types, are accounted for on an economic resources measurement focus. All assets and liabilities, whether current or long-term, and deferred outflows and inflows of resources associated with the Authority's activities are included on its Statement of Net Position.

Enterprise Funds are used to account for operations which are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services on a continuing basis be financed or recovered primarily through charges to those who are provided the services. The financial statements are presented using the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

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

Canteen funds are restricted for the benefit of inmates. Expenses paid with these funds include a portion of salaries and related benefits for the commissary officer and other related staff, canteen food and supplies, educational supplies, cable, and other items benefiting the inmates.

Agency Funds

Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The Inmate Fund, Work Release Fund, and Employee Wellness Funds comprise the Authority's Agency Funds. The Inmate and Work Release Funds account for funds held on behalf of the inmates housed at the facility and those participating in the work release program. The Employee Wellness Funds are held for the benefit of employees, funded by vending profits, competitive fundraisers, and donations and used to boost employee morale by holding Christmas parties, serving needy families during the holidays or other similar activities. The Wellness Fund was discontinued and the bank account closed as of June 30, 2020.

B. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses and disclosure of contingent assets and liabilities for the reported periods. Actual results could differ from those estimates and assumptions.

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

C. Cash, Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Authority. For purposes of the statement of cash flows, the Authority considers their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Interest income is recorded when earned.

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.

The by-laws state "in the event the minimum working capital level is required to be drawn below 10% of the operating expense levels due to an emergency or severe economic circumstances, the Authority will fund a "reserve" line item in the succeeding budgets, not to exceed 5 budget cycles or until such policy requirements are met. The minimum funding level will be 2% of the operating budget and may be adjusted higher." Also, the Authority is to maintain a 3-month reserve of expected claims for inmate health expenses. The reserve requirements were met in FY20. With the reserve fund policy requirements being met, the member jurisdictions were not required to provide a 2% funding requirement as outlined in the Authority's financial policy.

D. Accounts receivable

Accounts receivable are stated at book value. Uncollected balances have not been significant and no allowance for uncollectible accounts is recorded.

E. Capital Assets

To the extent the Authority's capitalization threshold of $5,000 (decreased from $25,000) is met, assets are capitalized and valued at historical cost or, if donated, at acquisition value on the date donated. Depreciation is calculated using the straight-line method over estimated useful lives of the assets, as follows:

Building and improvements	10-30 years
Land improvements	30 years
Machinery, equipment, and office furniture	5-15 years

F. Vacation and Sick Pay

Authority employees are granted vacation and sick pay in varying amounts as services are provided. Employees accumulate vacation subject to certain limitations and unused vacation earned may, upon retirement, termination or death, be compensated at specified rates. Eligible employees with five or more consecutive years of vested service with the Authority, who retire or depart from service under favorable conditions, shall be paid for 25% of their sick leave balance, not to exceed a total payment of $2,500. Management has elected to record the amount of sick time required to be paid out for all eligible employees as a liability. The cost of accumulated vacation and sick pay expected to be paid from future expendable resources is accounted for as a liability in the Enterprise Funds. The amount of vacation recognized is the amount earned.

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

G. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's Retirement Plan and the additions to/deductions from the Authority's Retirement Plan's 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.

H. Other Postemployment Benefits (OPEB) - Group Life Insurance

For purposes of measuring the net VRS related OPEB liability, 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 net fiduciary 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.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. 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 pension and OPEB related items that qualify for reporting in this category. Certain items related to the measurement of the net pension liability and net OPEB liability and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

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

J. Net Position

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

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

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

J. Net Position: (Continued)

- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

K. Budgets and Budgetary Accounting

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

NOTE 3 – DEPOSITS AND INVESTMENTS:

Deposits:

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

Investment Policy:

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). At June 30, 2020, the Authority held no investments.

NOTE 4 - DUE FROM OTHER GOVERNMENTAL UNITS:

Due from Commonwealth of Virginia:		
Compensation Board	$	452,380
DOC medical billings		16,901
Due from Federal Government:		
US Marshals - Norfolk		302,830
US Marshals - Other		91,630
Bureau of Prisons		2,200
Total due from other governmental units	$	865,941

NOTE 5 – CAPITAL ASSETS:

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

	Balance July 1, 2019	Adjustment	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets not being depreciated:						
Land	$ 37,455	$ -	$ 37,455	$ -	$ -	$ 37,455
Construction in progress	-	-	-	71,722	-	71,722
Total capital assets not being depreciated	$ 37,455	$ -	$ 37,455	$ 71,722	$ -	$ 109,177
Capital assets being depreciated:						
Building and improvements	$ 30,563,416	$ -	$ 30,563,416	$ 93,141	$ -	$ 30,656,557
Land improvements	757,863	-	757,863	-	-	757,863
Machinery and equipment	3,288,916	83,207	3,372,123	192,715	-	3,564,838
Office furniture	267,882	-	267,882	-	-	267,882
Total capital assets being depreciated	$ 34,878,077	$ 83,207	$ 34,961,284	$ 285,856	$ -	$ 35,247,140
Accumulated depreciation:						
Building and improvements	$ 23,704,986	$ -	$ 23,704,986	$ 1,135,278	$ -	$ 24,840,264
Land improvements	656,814	-	656,814	25,262	-	682,076
Machinery and equipment	1,164,121	83,207	1,247,328	300,642	-	1,547,970
Office furniture	150,586	-	150,586	51,204	-	201,790
Total accumulated depreciation	$ 25,676,507	$ 83,207	$ 25,759,714	$ 1,512,386	$ -	$ 27,272,100
Total capital assets being depreciated, net	$ 9,201,570	$ -	$ 9,201,570	$ (1,226,530)	$ -	$ 7,975,040
Net capital assets	$ 9,239,025	$ -	$ 9,239,025	$ (1,154,808)	$ -	$ 8,084,217

Depreciation amounted to $1,512,386 at June 30, 2020.

NOTE 6 – ECONOMIC DEPENDENCE:

The majority of operating revenues are received from member localities, the federal government and the Commonwealth of Virginia.

NOTE 7 – UNEARNED REVENUE:

The Authority receives a total of $973,000 for telephone commission over four quarterly installments each year. Each month, this amount is adjusted to reflect the revenue earned with a true-up of total commissions done, annually. Unearned revenue related to telephone commission was $271,333 at June 30, 2020.

NOTE 8 - CONTRACT OBLIGATIONS:

On February 1, 2016, the Authority entered into a three-year cancelable agreement with Aramark Correction Services, LLC to provide food service for the jail inmates and staff. As part of this agreement, Aramark granted the facility $40,000 to overhaul the officer's dining area and paid $30,000 in upfront commission on the Fresh Favorites/iCare program, which allows friends and family or the inmates to order specialty food items. The pricing structure for the new agreement decreased the per meal price from approximately $1.10 a meal per inmate/staff for a seven hundred average daily population to $.925 per meal. The original contract expired on January 30, 2019, and the first one (1) year renewal expired on January 30, 2020, at which time the second (1) year renewal was exercised. Per meal prices for each subsequent 12-month period are increased on each anniversary of the Effective Date by the yearly percentage change in CPI-FAH, although price increases shall be capped at 4% per year. Actual meal costs for fiscal year 2020 were $918,062.

The Authority had a parking lot project in process at year-end. Contracts for the project total $416,619, with $346,144 outstanding at June 30, 2020.

NOTE 9 - COMPENSATED ABSENCES:

The Authority accrued the liability arising from outstanding compensated absences. The Authority has outstanding vacation and compensation time pay totaling $672,215 at June 30, 2020 and considers 10% of the balance to be a current liability.

NOTE 10 – LINE OF CREDIT:

The Authority has a line of credit with Farmers Bank. The line of credit is available up to $500,000 with a percentage rate of .500 percentage points under the index (currently 4.750%) with a floor of 3.00% or ceiling of 18.00% per annum or the maximum rate allowed by applicable law. There was no activity on the line of credit for the year ended June 30, 2020.

Upon default, Lender may declare the entire unpaid principal balance under the Note and all accrued unpaid interest, together with all other applicable fees, costs and charges, if any, immediately due and payable. At Lender's option, and if permitted by applicable law, Lender may add any unpaid accrued interest to principal and such sum will bear interest therefrom until paid at the rate provided in this Note. The total sum due under this Note will continue to accrue interest at the interest rate under this Note. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law. Subject to any limits under applicable law, upon default, Borrower agrees to pay Lender's attorneys' fees and all of Lender's other collection expenses, whether or not there is a lawsuit, including without limitation legal expenses for bankruptcy proceedings.

NOTE 11 - LONG-TERM LIABILITIES:

On May 9, 2014, the Authority issued $1,738,000 of Revenue and Refunding Bonds, Series 2014A and $3,382,000 of Revenue and Refunding Bonds, Series 2014B to refund the Authority's Revenue and Refunding Bonds, Series 2011A and 2011B. The refunding was taken to reduce total future debt payments and the new debt was used to pay off the old debt, dollar for dollar except for the costs of issuance. The transaction resulted in cash flow savings of $95,412 over the life of the issue with present value savings of $213,039. Series 2014A payments are due in annual installments ranging from $346,000 on August 15, 2016 to $356,000 on August 15, 2018 at an interest rate of 1.32%, increased to 1.52% effective August 1, 2018. Series 2014B payments are due in annual installments ranging from $47,000 on August 15, 2016 to $482,000 on August 15, 2025 at an interest rate of 2.58%, increased to 2.98% effective August 1, 2018.

On August 11, 2015, the Authority closed on a $4,782,376 bond used to finance certain energy savings equipment and improvements under an energy performance contract. Principal payments are to be made in semi-annual installments ranging from $53,360 on August 1, 2016 to $290,793 on August 1, 2030 at an interest rate of 3.06%, increased to 3.72% effective January 1, 2018.

In the event of default, the lender may declare the unpaid principal balance of the bonds, along with all accrued and unpaid interest thereon, to be immediately due and payable.

As of June 30, 2020, the Authority's outstanding debt consisted of the following:

Year Issued	Description	Interest Rate	Amount Outstanding
2014	Revenue and Refunding Bond - Series 2014B	2.980%	$ 2,716,000
2016	Energy Performance Contract Bond	3.720%	4,037,108

Following is a summary of changes in long-term liabilities for the year ended June 30, 2020:

	Balance July 1, 2019	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2020	Amount Due Within One Year
Direct borrowings and placements:					
Revenue and refunding bonds	$ 3,129,000	$ -	$ 413,000	$ 2,716,000	$ 424,000
Energy performance contract bond	4,261,765	-	224,657	4,037,108	232,460
Total direct borrowings and placements	$ 7,390,765	$ -	$ 637,657	$ 6,753,108	$ 656,460
Compensated absences	699,253	160,034	187,072	672,215	67,222
Net pension liability	1,208,343	4,202,407	3,452,599	1,958,151	-
Net OPEB liability	587,000	149,748	147,841	588,907	-
Total long-term liabilities	$ 9,885,361	$ 4,512,189	$ 4,425,169	$ 9,972,381	$ 723,682

NOTE 11 - LONG-TERM LIABILITIES: (continued)

The annual requirements to amortize bonds are as follows:

	Direct Borrowings and Placements			
	Revenue and Refunding Bonds		Energy Performance Contract Bond	
June 30,	Principal	Interest	Principal	Interest
2021	$ 424,000	$ 74,619	$ 232,460	$ 148,021
2022	435,000	61,820	281,280	138,920
2023	447,000	48,678	305,298	128,233
2024	458,000	35,194	330,621	116,641
2025	470,000	21,367	357,309	104,094
2026-2030	482,000	7,182	2,239,347	295,119
2031	-	-	290,793	5,409
Totals	$ 2,716,000	$ 248,860	$ 4,037,108	$ 936,437

NOTE 12 – PENSION PLAN

Plan Description

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

Benefit Structures

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

a. Employees hired 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.

NOTE 12 – PENSION PLAN: (continued)

Benefit Structures: (Continued)

b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of 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 hired 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%. 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.

NOTE 12 – PENSION PLAN: (continued)

Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	102
Inactive members:	
Vested inactive members	15
Non-vested inactive members	91
Inactive members active elsewhere in VRS	70
Total inactive members	176
Active members	168
Total covered employees	446

Contributions

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

The Authority's contractually required employer contribution rate for the year ended June 30, 2020 was 14.09% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were $981,960 and $987,285 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For Western Tidewater Regional Jail Authority, the net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018, rolled forward to the measurement date of June 30, 2019.

NOTE 12 – PENSION PLAN: (continued)

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, 2018, 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, 2019.

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

* Administrative expenses as a percent of the market 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) – Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

NOTE 12 – PENSION PLAN: (continued)

Actuarial Assumptions – General Employees (continued)

Mortality rates: (continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

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

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

NOTE 12 – PENSION PLAN: (continued)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

NOTE 12 – PENSION PLAN: (continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

* The above allocation provides a one-year return of 7.63%. 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%. 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.

NOTE 12 – 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, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2019 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	$ 30,219,158	$ 29,010,815	$ 1,208,343
Changes for the year:			
Service cost	$ 1,197,099	$ -	$ 1,197,099
Interest	2,058,981	-	2,058,981
Changes of assumptions	926,226	-	926,226
Differences between expected and actual experience	(170,543)	-	(170,543)
Contributions - employer	-	986,245	(986,245)
Contributions - employee	-	361,015	(361,015)
Net investment income	-	1,934,796	(1,934,796)
Benefit payments, including refunds of employee contributions	(1,610,287)	(1,610,287)	-
Administrative expenses	-	(18,877)	18,877
Other changes	-	(1,224)	1,224
Net changes	$ 2,401,476	$ 1,651,668	$ 749,808
Balances at June 30, 2019	$ 32,620,634	$ 30,662,483	$ 1,958,151

NOTE 12 – PENSION PLAN: (continued)

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

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
Net Pension Liability (Asset)	$ 6,077,621	$ 1,958,151	$ (1,326,714)

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

For the year ended June 30, 2020, the Authority recognized pension expense of $1,355,175. At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 342,462	$ 121,600
Change of assumptions	609,025	20,643
Net difference between projected and actual earnings on pension plan investments	-	257,211
Employer contributions subsequent to the measurement date	981,960	-
Total	$ 1,933,447	$ 399,454

$981,960 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2021	$ 487,864
2022	51,815
2023	(4,858)
2024	17,212
Thereafter	-

NOTE 12 – PENSION PLAN: (continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2019-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB):

Group Life Insurance (GLI) Plan:

Plan Description

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

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

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

Eligible Employees

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

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

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

Group Life Insurance (GLI) Plan: (continued)

Benefit Amounts: (Continued)

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 $8,463 as of June 30, 2020.

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 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% 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, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the entity were $37,286 and $37,178 for the years ended June 30, 2020 and June 30, 2019, 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, 2020, the entity reported a liability of $588,907 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 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, 2018, and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was .03619% as compared to .03868% at June 30, 2018.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of $9,749. 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.

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

Group Life Insurance (GLI) 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, 2020, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 39,166	$ 7,639
Net difference between projected and actual earnings on GLI OPEB plan investments	-	12,097
Change of assumptions	37,180	17,758
Changes in proportion	9,653	33,219
Employer contributions subsequent to the measurement date	37,286	-
Total	$ 123,285	$ 70,713

$37,286 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	
2021	$ (1,776)
2022	(1,776)
2023	3,348
2024	7,653
2025	6,519
Thereafter	1,318

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

Group Life Insurance (GLI) Plan: (continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, 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, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

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

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

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

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

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

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

Group Life Insurance (GLI) Plan: (continued)

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

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

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

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

Group Life Insurance (GLI) Plan: (continued)

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	$ 3,390,238
Plan Fiduciary Net Position	1,762,972
GLI Net OPEB Liability (Asset)	$ 1,627,266
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.00%

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

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

Group Life Insurance (GLI) Plan: (continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

*The above allocation provides a one-year return of 7.63%. 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%. 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.

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

Group Life Insurance (GLI) 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, 2019, 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, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

		Rate	
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Authority's proportionate share of the GLI Plan Net OPEB Liability	$ 773,661	$ 588,907	$ 439,077

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2019-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Line of Duty Act (LODA)

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

The Authority has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the Authority to VML. VML assumes all liability for the Authority's LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The Authority's LODA coverage is fully covered or "insured" through VML. This is built into the LODA coverage cost presented in the annual renewals. The Authority's LODA premium for the year ended June 30, 2020 was $61,827.

NOTE 14 - DEFERRED COMPENSATION PLAN:

The Authority provides an approved deferred compensation plan (Plan) under Section 457 of the Internal Revenue Code. All Authority employees are eligible to participate and may elect to defer up to 25% of their gross income up to a maximum of $19,500 per year for employees under 50 years of age and $26,000 for employees 50 or older. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Contributions to the Plan are administered by a third-party administrator, ICMA Retirement Corporation.

In compliance with the provisions of the IRC Section 457(g), the Plan assets are in custodial accounts for the exclusive benefit of the Plan's participants and beneficiaries. Consequently, these assets and the related liability are not reported in the accompanying financial statements in compliance with governmental accounting standards for deferred compensation plans.

NOTE 15 – CONTINGENCIES:

The Authority is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the disposition of these claims will not have a material adverse impact on the Authority.

NOTE 16 – RISK MANAGEMENT:

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; employee dishonesty; injuries to employees; and natural disasters. The Authority purchases commercial insurance for specific types of coverage including property, auto and workers' compensation. The Commonwealth of Virginia provides coverage under the VARISK program for general liability and faithful performance of duty bond. There were no significant reductions in insurance coverage from the prior year. Claims settlements and judgments not covered by commercial insurance would be covered by operating resources. To date there have been no settlements or judgments not covered by insurance. The amount of settlements did not exceed insurance coverage for each of the past three years. Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 17 – COVID-19 PANDEMIC:

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic, which has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets. The full impact of the COVID-19 outbreak continues to evolve as of the release date of this report. Management is monitoring the 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 Authority is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

NOTE 18 – SUBSEQUENT EVENT:

On November 13, 2020, the Authority closed on Revenue Refunding Bonds, Series 2020A and 2020B in the amount of $6,354,000. The bonds fully refunded series 2014B and 2015 bonds resulting in a present value savings of $475,159.

NOTE 19 – UPCOMING PRONOUNCEMENTS:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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.

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

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- Required Supplementary Information -

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Schedule of Changes in Net Pension Liability and Related Ratios
For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018
Total pension liability		
Service cost	$ 1,197,099	$ 1,235,833
Interest	2,058,981	1,880,480
Differences between expected and actual experience	(170,543)	886,050
Changes of assumptions	926,226	-
Benefit payments	(1,610,287)	(1,294,403)
Net change in total pension liability	$ 2,401,476	$ 2,707,960
Total pension liability - beginning	30,219,158	27,511,198
Total pension liability - ending (a)	$ 32,620,634	$ 30,219,158
Plan fiduciary net position		
Contributions - employer	$ 986,245	$ 964,617
Contributions - employee	361,015	366,741
Net investment income	1,934,796	2,000,424
Benefit payments	(1,610,287)	(1,294,403)
Administrative expense	(18,877)	(16,874)
Other	(1,224)	(1,801)
Net change in plan fiduciary net position	$ 1,651,668	$ 2,018,704
Plan fiduciary net position - beginning	29,010,815	26,992,111
Plan fiduciary net position - ending (b)	$ 30,662,483	$ 29,010,815
Authority's net pension liability - ending (a) - (b)	$ 1,958,151	$ 1,208,343
Plan fiduciary net position as a percentage of the total pension liability	94.00%	96.00%
Covered payroll	$ 7,060,989	$ 7,333,287
Authority's net pension liability as a percentage of covered payroll	27.73%	16.48%

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

Exhibit 5

	2017		2016		2015		2014
$	1,150,645	$	1,133,475	$	1,030,439	$	1,030,092
	1,792,680		1,689,978		1,577,173		1,456,525
	(127,737)		(207,853)		(79,923)		-
	(278,670)		-		-		-
	(1,270,882)		(1,025,953)		(806,430)		(719,710)
$	1,266,036	$	1,589,647	$	1,721,259	$	1,766,907
	26,245,162		24,655,515		22,934,256		21,167,349
$	27,511,198	$	26,245,162	$	24,655,515	$	22,934,256
$	922,904	$	938,533	$	898,305	$	989,437
	386,861		347,325		326,368		320,817
	2,943,177		422,285		1,018,499		2,954,712
	(1,270,882)		(1,025,953)		(806,430)		(719,710)
	(16,605)		(14,194)		(13,325)		(15,253)
	(2,638)		(176)		(216)		156
$	2,962,817	$	667,820	$	1,423,201	$	3,530,159
	24,029,294		23,361,474		21,938,273		18,408,114
$	26,992,111	$	24,029,294	$	23,361,474	$	21,938,273
$	519,087	$	2,215,868	$	1,294,041	$	995,983
	98.11%		91.56%		94.75%		95.66%
$	7,000,758	$	6,766,817	$	6,456,217	$	6,290,626
	7.41%		32.75%		20.04%		15.83%

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Schedule of Employer Contributions - Pension Plan
Years Ended June 30, 2011 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2020	$ 981,960	$ 981,960	$ -	$ 7,061,446	13.91%
2019	987,285	987,285	-	7,060,989	13.98%
2018	965,346	965,346	-	7,333,287	13.16%
2017	923,023	923,023	-	7,000,758	13.18%
2016	942,618	942,618	-	6,766,817	13.93%
2015	899,351	899,351	-	6,456,217	13.93%
2014	989,515	989,515	-	6,290,626	15.73%
2013	965,219	965,219	-	6,136,168	15.73%
2012	749,144	749,144	-	6,026,901	12.43%
2011	738,208	738,208	-	5,938,922	12.43%

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Notes to Required Supplementary Information - Pension Plan
Year Ended June 30, 2020

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, 2018 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%

WESTERN TIDEWATER 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, 2019

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)
2019	0.03619%	$ 588,907	$ 7,095,192	8.30%	52.00%
2018	0.03868%	587,000	7,354,214	7.98%	51.22%
2017	0.03803%	572,000	7,000,758	8.17%	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.

Exhibit 9

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Schedule of Employer Contributions - Group Life Insurance (GLI) Plan
Years Ended June 30, 2014 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2020	$ 37,286	$ 37,286	$ -	$ 7,114,678	0.52%
2019	37,178	37,178	-	7,095,192	0.52%
2018	38,242	38,242	-	7,354,214	0.52%
2017	36,482	36,482	-	7,000,758	0.52%
2016	32,568	32,568	-	6,766,817	0.48%
2015	28,355	28,355	-	6,456,217	0.44%
2014	29,746	29,746	-	6,290,626	0.47%

Schedule is intended to show information for 10 years. Information prior to 2014 is unavailable.

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Notes to Required Supplementary Information - Group Life Insurance (GLI) Plan
Year Ended June 30, 2020

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, 2018 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%

- Other Supplementary Information -

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WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

AGENCY FUNDS

Combining Statement of Changes in Assets and Liabilities
Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Inmate Fund				
Assets:				
Cash	$ 141,814	$ 940,441	$ 933,963	$ 148,292
Liabilities:				
Amounts held for inmate benefits	$ 78,967	$ 860,894	$ 871,116	$ 68,745
Accounts payable	62,847	79,547	62,847	79,547
Total liabilities	$ 141,814	$ 940,441	$ 933,963	$ 148,292
Work Release Fund				
Assets:				
Cash	$ 83,161	$ 553,973	$ 587,978	$ 49,156
Accounts receivable	420	-	420	-
Total assets	$ 83,581	$ 553,973	$ 588,398	$ 49,156
Liabilities:				
Amounts held for inmate benefits	$ 77,248	$ 553,973	$ 582,065	$ 49,156
Accounts payable	6,333	-	6,333	-
Total liabilities	$ 83,581	$ 553,973	$ 588,398	$ 49,156
Employee Wellness Funds				
Assets:				
Cash	$ 33	$ 1,467	$ 1,500	$ -
Liabilities:				
Amounts held for employee benefits	$ 33	$ 1,467	$ 1,500	$ -
TOTALS:				
Assets:				
Cash	$ 225,008	$ 1,495,881	$ 1,523,441	$ 197,448
Accounts receivable	420	-	420	-
Total assets	$ 225,428	$ 1,495,881	$ 1,523,861	$ 197,448
Liabilities:				
Accounts payable	$ 69,180	$ 79,547	$ 69,180	$ 79,547
Amounts held for inmate benefits	156,215	1,414,867	1,453,181	117,901
Amounts held for employee benefits	33	1,467	1,500	-
Total liabilities	$ 225,428	$ 1,495,881	$ 1,523,861	$ 197,448

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- Statistical Tables -

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

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

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Net Position - By Component
Last Ten Years

	Fiscal Year			
	2020	**2019**	**2018**	**2017**
Net investment in capital assets	$ 1,331,109	$ 1,848,259	$ 2,705,685	$ 3,672,089
Restricted	49,366	20,398	51,101	59,716
Unrestricted	4,409,998	3,061,968	1,326,503	551,417
Total net position	$ 5,790,473	$ 4,930,625	$ 4,083,289	$ 4,283,222

Note: Information is not available prior to fiscal year 2012.

TABLE 1

2016	2015	2014	2013	2012
$ 4,435,600	$ 5,544,599	$ 6,546,947	$ 7,284,975	$ 9,947,050
202,947	331,336	297,126	442,151	403,319
(274,677)	(1,862,788)	(106,650)	590,597	1,574,576
$ 4,363,870	$ 4,013,147	$ 6,737,423	$ 8,317,723	$ 11,924,945

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Changes in Net Position
Last Ten Years

	Fiscal Year		
	2020	2019	2018
Operating revenues:			
Commonwealth	$ 5,969,843	$ 5,454,427	$ 6,159,258
Federal	4,708,375	3,938,770	3,534,780
City of Suffolk	4,297,658	4,424,060	4,364,052
City of Franklin	948,013	948,013	921,983
Isle of Wight County	1,074,415	948,013	860,517
Other localities	-	-	-
Telephone commissions	973,000	973,000	473,373
Room and board	58,338	64,242	64,248
Work release and weekenders	286,701	244,953	185,699
Canteen commissions	217,482	175,126	176,115
Miscellaneous	494,119	389,683	311,684
Total operating revenues	$ 19,027,944	$ 17,560,287	$ 17,051,709
Operating expenses:			
Personnel costs	$ 7,737,563	$ 7,418,474	$ 7,623,342
Fringe benefits	2,998,166	2,177,510	1,961,384
Payroll taxes	567,750	541,516	565,013
Medical supplies and services	1,880,766	1,416,246	1,574,740
Food purchases and kitchen supplies	-	-	-
Utilities	887,316	837,014	755,120
Repairs and maintenance	171,464	349,431	202,396
Insurance	27,275	25,594	22,347
Contractual services	1,620,334	1,585,744	1,463,799
Other supplies	-	-	-
Vehicle expenses	52,429	59,964	66,223
Administrative	223,454	246,048	188,633
Inmate supplies	148,528	133,176	102,445
Inmate support	34,544	47,754	39,672
Officer expenses	101,433	80,378	100,165
Miscellaneous	7,899	13,602	22,674
Depreciation	1,512,386	1,561,834	1,724,866
Total operating expenses	$ 17,971,307	$ 16,494,285	$ 16,412,819
Net operating income (loss)	$ 1,056,637	$ 1,066,002	$ 638,890
Nonoperating revenues (expenses):			
Interest income	$ 29,720	$ 19,300	$ 15,592
Rental income	9,000	9,000	9,000
Gain (loss) on disposal of capital assets	-	7,825	-
Costs of issuance	-	-	-
Interest and fiscal charges	(235,509)	(254,791)	(238,415)
Net nonoperating revenues (expenses)	$ (196,789)	$ (218,666)	$ (213,823)
Change in net position	$ 859,848	$ 847,336	$ 425,067

Note: Information is not available prior to fiscal year 2012.

Fiscal Year					
2017	2016	2015	2014	2013	2012
$ 6,140,870	$ 6,155,431	$ 6,179,880	$ 5,810,750	$ 4,756,098	$ 4,541,671
2,946,669	3,101,294	2,083,685	2,833,101	3,774,744	3,970,299
4,364,037	4,303,091	3,797,045	2,588,491	2,588,491	2,575,604
921,980	922,091	851,235	570,990	570,990	522,586
860,514	922,091	909,852	647,123	647,123	634,569
-	-	-	1,780	-	-
387,110	360,000	360,000	368,251	405,313	-
104,772	135,209	168,412	163,366	157,286	133,339
239,556	271,372	192,203	167,553	88,898	63,559
176,715	259,695	240,277	161,090	179,900	175,280
172,121	93,195	112,653	84,971	66,859	389,974
$ 16,314,344	$ 16,523,469	$ 14,895,242	$ 13,397,466	$ 13,235,702	13,006,881
$ 7,221,586	$ 6,981,093	$ 6,509,641	$ 5,677,615	$ 5,695,977	$ 5,637,268
2,344,965	1,794,957	1,547,630	2,697,823	2,651,609	2,309,546
546,178	518,321	508,084	469,540	460,254	455,352
1,190,674	1,540,395	2,030,054	1,423,268	1,309,019	979,139
-	-	-	-	896,146	793,890
711,616	1,257,469	1,284,077	1,246,525	1,140,506	1,025,980
150,004	212,612	211,612	483,716	494,220	511,229
21,623	20,400	83,835	91,471	100,997	145,304
1,585,837	1,605,288	1,453,141	1,086,299	216,712	155,724
-	-	-	-	110,054	87,277
78,670	51,331	56,235	61,787	-	-
246,150	191,112	155,560	102,796	138,284	105,161
100,901	101,472	105,414	48,553	41,611	34,751
45,566	117,951	49,365	232,381	75,633	209,511
116,615	98,705	65,535	38,648	24,057	38,998
10,259	3,089	500	4,292	42,283	66,034
1,801,747	1,479,751	1,426,686	1,470,947	1,419,522	1,218,949
$ 16,172,391	$ 15,973,946	$ 15,487,369	$ 15,135,661	$ 14,816,884	$ 13,774,113
$ 141,953	$ 549,523	$ (592,127)	$ (1,738,195)	$ (1,581,182)	$ (767,232)
$ 7,201	$ 9,234	$ 5,384	$ 2,663	$ 7,603	$ 991
9,000	9,000	-	-	-	-
-	(19,117)	(261,637)	4,107	4,151	60
-	(97,626)	-	(53,600)	-	-
(238,802)	(100,291)	(106,099)	(176,544)	(201,920)	(179,188)
$ (222,601)	$ (198,800)	$ (362,352)	$ (223,374)	$ (190,166)	$ (178,137)
$ (80,648)	$ 350,723	$ (954,479)	$ (1,961,569)	$ (1,771,348)	$ (945,369)

TABLE 3

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Member and Other Local Government Revenues
Last Ten Years

Fiscal Year	City of Suffolk	City of Franklin	Isle of Wight County	Other Localities	Total
2020	$ 4,297,658	$ 948,013	$ 1,074,415	$ -	$ 6,320,086
2019	4,424,060	948,013	948,013	-	6,320,086
2018	4,364,052	921,983	860,517	-	6,146,552
2017	4,364,037	921,980	860,514	-	6,146,531
2016	4,303,091	922,091	922,091	-	6,147,273
2015	3,797,045	851,235	909,852	-	5,558,132
2014	2,588,491	570,990	647,123	1,780	3,808,384
2013	2,588,491	570,990	647,123	-	3,806,604
2012	2,575,604	522,586	634,569	-	3,732,759
2011	1,965,834	421,250	421,250	650	2,808,984

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Percentage of Member Budget Based on Population
Last Ten Years

Fiscal Year	City of Suffolk	City of Franklin	Isle of Wight County
2020	68%	15%	17%
2019	70%	15%	15%
2018	71%	15%	14%
2017	71%	15%	14%
2016	70%	15%	15%
2015	69%	15%	16%
2014	69%	15%	16%
2013	68%	15%	17%
2012	68%	15%	17%
2011	70%	15%	15%

A direct rate is not applied to this revenue source.
The board votes on the budget as a whole and the approved amount is divided by a 3 year running average of inmate population to determine the allocation of funding between member localities.

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Total Revenue - By Source
Last Ten Years

Fiscal Year	Commonwealth Reimbursement	Commonwealth Per Diems	Commonwealth Medical Reimb	Total from Commonwealth	Member Per Diems
2020	$ 4,365,503	$ 1,342,762	$ 261,578	$ 5,969,843	$ 6,320,086
2019	4,787,053	796,940	(129,566)	5,454,427	6,320,086
2018	4,708,643	1,119,098	331,517	6,159,258	6,146,552
2017	4,701,683	1,284,068	155,119	6,140,870	6,146,531
2016	4,822,979	1,332,452	220,614	6,376,045	6,147,273
2015	4,681,044	1,085,249	413,587	6,179,880	5,558,132
2014	4,825,263	847,726	137,761	5,810,750	3,806,604
2013	4,510,466	245,632	-	4,756,098	3,806,604
2012	4,471,608	70,063	-	4,541,671	3,732,759

Note: Information is not available prior to fiscal year 2012.

Federal	Work Release & Weekenders	Telephone Commissions	Room & Board	Inmates Commissary	Miscellaneous Revenues	Total Revenues
$ 4,708,375	$ 286,701	$ 973,000	$ 58,338	$ 217,482	$ 494,119	$ 19,027,944
3,938,770	244,953	973,000	64,242	175,126	389,683	17,560,287
3,534,780	185,699	473,373	64,248	176,115	311,684	17,051,709
2,946,669	239,556	387,110	104,772	176,715	188,322	16,330,545
2,880,680	271,372	360,000	135,209	259,695	111,429	16,541,703
2,083,685	192,203	360,000	168,412	240,277	118,037	14,900,626
2,833,101	167,553	368,251	163,366	161,090	853,134	14,163,849
3,774,744	88,898	405,313	157,286	179,900	78,613	13,247,456
3,970,299	63,559	328,007	133,339	175,280	63,018	13,007,932

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

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

Fiscal Year	Revenue Bonds	Energy Performance Bond	Notes Payable	Vehicle Loans
2020	$ 2,716,000	$ 4,037,108	$ -	$ -
2019	3,129,000	4,261,765	-	-
2018	3,534,000	4,467,161	-	-
2017	3,933,000	4,675,657	-	-
2016	4,326,000	4,782,376	-	104,245
2015	4,713,000	-	53,473	39,022
2014	5,120,000	-	111,806	60,228
2013	5,546,000	-	170,139	-
2012	6,048,000	-	-	-

(1) Total for members - from table 8.

Note: Information is not available prior to fiscal year 2012.

Total	Annual Personal Income (1)	Ratio of Debt to Personal Income	Population (1)	Debt Per Capita
$ 6,753,108	$ Unavailable	Unavailable	Unavailable	$ Unavailable
7,390,765	Unavailable	Unavailable	137,184	53.87
8,001,161	7,827,822	102%	135,288	59.14
8,608,657	7,426,137	116%	138,340	62.23
9,212,621	7,147,381	129%	137,393	67.05
4,805,495	6,960,274	69%	135,399	35.49
5,292,034	6,604,786	80%	132,563	39.92
5,716,139	6,147,971	93%	131,580	43.44
6,048,000	6,106,619	99%	130,711	46.27

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Revenue Bond Coverage
Last Ten Years

Fiscal Year	Operating Revenues (1)	Operating Expenses Less Depreciation (1)	Income Available for Debt Service	Annual Revenue Bond Debt Service (2)	Coverage
2020	$ 18,788,503	$ 16,248,448	$ 2,540,055	$ 881,198	2.88
2019	17,385,161	14,726,622	2,658,539	872,986	3.05
2018	16,875,594	14,503,223	2,372,371	832,756	2.85
2017	16,137,629	14,050,698	2,086,931	809,802	2.58
2016	16,263,774	14,105,908	2,157,866	488,181	4.42
2015	14,654,965	13,884,459	770,506	488,395	1.58
2014	13,236,376	13,358,212	(121,836)	741,967	(0.16)
2013	13,055,802	13,255,330	(199,528)	700,119	(0.28)
2012	12,831,601	12,375,400	456,201	542,188	0.84

(1) Information excludes activity of canteen fund, which is not available for debt service.
(2) Actual principal and interest due on revenue bond and energy performance contract financing.

Note: Information is not available prior to fiscal year 2012.

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Demographic Statistics for Member Jurisdictions
Last Ten Years

Total Annual Personal Income (1)

Fiscal Year	City of Suffolk	City of Franklin	Isle of Wight County	Totals
2019	$ Unavailable	$ Unavailable	$ Unavailable	$ Unavailable
2018	4,723,202	1,060,820	2,043,800	7,827,822
2017	4,525,842	956,894	1,943,401	7,426,137
2016	4,326,809	946,389	1,874,183	7,147,381
2015	4,190,597	930,617	1,839,060	6,960,274
2014	3,940,083	883,392	1,781,311	6,604,786
2013	3,579,047	937,344	1,631,580	6,147,971
2012	3,521,692	959,122	1,625,805	6,106,619
2011	3,335,935	877,457	1,559,051	5,772,443
2010	3,125,659	836,171	1,461,652	5,423,482

Per Capita Personal Income (1)

Fiscal Year	City of Suffolk	City of Franklin	Isle of Wight County	Totals
2019	$ Unavailable	$ Unavailable	$ Unavailable	$ Unavailable
2018	51,798	42,381	55,308	149,487
2017	49,779	38,707	53,168	141,654
2016	48,467	35,898	51,213	135,578
2015	47,533	34,987	50,643	133,163
2014	45,390	33,229	49,471	128,090
2013	41,749	35,020	45,759	122,528
2012	41,344	35,624	45,955	122,923
2011	39,279	32,506	44,198	115,983
2010	36,828	30,773	41,424	109,025

Population (2)

Fiscal Year	City of Suffolk	City of Franklin	Isle of Wight County	Totals
2019	92,108	7,967	37,109	137,184
2018	91,185	8,013	36,090	135,288
2017	92,533	8,474	37,333	138,340
2016	91,722	8,597	37,074	137,393
2015	90,426	8,535	36,438	135,399
2014	87,831	8,560	36,172	132,563
2013	86,463	8,655	36,462	131,580
2012	85,692	8,839	36,180	130,711
2011	84,585	8,680	35,457	128,722
2010	82,616	8,560	35,412	126,588

Unemployment Rate (3)

Fiscal Year	City of Suffolk	City of Franklin	Isle of Wight County
2019	2.7%	4.0%	2.5%
2018	3.2%	4.1%	3.0%
2017	4.1%	5.6%	3.7%
2016	4.7%	5.9%	4.3%
2015	5.0%	5.3%	4.6%
2014	6.4%	8.2%	5.3%
2013	6.5%	9.4%	5.7%
2012	6.8%	10.1%	6.3%
2011	7.3%	11.5%	6.9%
2010	7.8%	13.6%	7.1%

Sources: (1) U.S. Department of Commerce, Bureau of Economic Analysis
(2) Weldon Coooper Center for Public Service
(3) Virginia Employment Commission

Note: Personal Income statistics are not available for the current year.

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Principal Employers
Current Year and Period Nine Years Ago

Calendar Year 2020

City of Suffolk

Rank	Employer	Employees
1	Suffolk Public Schools	1,780
2	Navy Information Dominance Forces (Cyber Forces)	1,500
3	Sentara Health System	1,478
4	J7 Joint Staff	1,200
5	City of Suffolk	1,139
6	Target	1,100
7	QVC	900
8	Sysco Food Services of Hampton Roads	500
9	Walmart	450
10	Plantars/Kraft Foods	340

City of Franklin

Rank	Employer	Employees
1	Southampton Memorial Hospital	250 - 499
2	Walmart	250 - 499
3	Franklin City Public Schools	100 - 249
4	On Time Staffing	100 - 249
5	City of Franklin	100 - 249
6	Paul D. Camp Community College	100 - 249
7	Lowe's Home Center	100 - 249
8	Village at Woods Edge	100 - 249
9	VDOT	100 - 249
10	Care Advantage	50 - 99

Isle of Wight County

Rank	Employer	Employees
1	Smithfield Fresh Meats Corporation	1000+
2	Isle of Wight County School Board	500 - 999
3	Keurig Dr. Pepper	250 - 499
4	County of Isle of Wight	250 - 499
5	International Paper Company	250 - 499
6	Food Lion	100 - 249
7	CR England	100 - 249
8	Cost Plus World Market	100 - 249
9	Smithfield Support Services Corp.	100 - 249
10	Packers Sanitation Service Inc.	100 - 249

Source: Economic development departments from the related locality

Note: Information is not available for period nine years prior. Calendar Year 2014 is the oldest information available.

Calendar Year 2014

City of Suffolk

Rank	Employer	Employees
1	Suffolk Public Schools	1,780
2	Navy Information Dominance Forces (Cyber Forces)	1,500
3	Sentara Health System	1,300
4	J7 Joint Staff	1,200
5	City of Suffolk	1,139
6	QVC	900
7	Sysco Food Services of Hampton Roads	500
8	Walmart	450
9	Kraft/Planters Peanuts	340
10	Unilever/Lipton, Inc.	300

City of Franklin

Rank	Employer	Employees
1	Southampton County Public Schools	500 - 999
2	Deerfield Correctional Center	500 - 999
3	Southampton Memorial Hospital	250 - 499
4	Franklin City Public Schools	250 - 499
5	Walmart	250 - 499
6	Narricot Industries	100 - 249
7	Southampton County	100 - 249
8	City of Franklin	100 - 249
9	Paul D. Camp Community College	100 - 249
10	Care Advantage	100 - 249

Isle of Wight County

Rank	Employer	Employees
1	Smithfield Packing Company	1000+
2	Isle of Wight County School Board	500 - 999
3	County of Isle of Wight	250 - 499
4	Keurig Green Mountain	250 - 499
5	International Paper Company	100 - 249
6	Riverside Regional Medical Center	100 - 249
7	C R England Inc.	100 - 249
8	Food Lion	100 - 249
9	Packers Sanitation Service, Inc.	100 - 249
10	Cost Plus, Inc.	100 - 249

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Full-time Equivalent Employees
Last Ten Years

As of	Jail Operations		
June 30	Sworn	Civilian	Total (1)
2020	145	33	178
2019	145	33	178
2018	142	33	175
2017	152	27	179
2016	148	22	170
2015	140	25	165
2014	141	25	166
2013	134	26	160

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

Note: Information is not available prior to fiscal year 2013.

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Capital Asset Statistics
Last Ten Years

Fiscal Year	Vehicles	Housing Units
2020	26	6
2019	22	6
2018	22	6
2017	22	6
2016	21	6
2015	19	6
2014	18	6
2013	19	6
2012	20	6
2011	20	6

Although there are currently 6 housing units, they are all contained within one building.

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Inmate Population Statistics
Last Ten Years

	From					
Fiscal Year	City of Suffolk	City of Franklin	Isle of Wight County	Total	Feds	Total ADP
2020	347	78	99	524	234	758
2019	344	71	100	515	207	722
2018	317	73	93	483	178	661
2017	340	75	97	512	147	659
2016	376	80	89	545	143	688
2015	413	83	74	570	104	674
2014	393	90	81	564	127	691
2013	395	83	84	562	154	716
2012	359	88	65	512	163	675
2011	334	77	92	503	197	700

TABLE 12

Admissions	Releases	Males	Females	Average Length of Stay (Days)
4,911	4,451	7,968	960	202
6,138	5,993	6,265	1,284	39
5,591	5,660	5,099	1,186	215
6,436	5,713	5,246	1,274	38
4,239	4,149	Unavailable	Unavailable	112
5,602	5,501	Unavailable	Unavailable	95
6,183	6,186	Unavailable	Unavailable	97
7,002	7,013	Unavailable	Unavailable	84
6,655	6,622	Unavailable	Unavailable	81
6,641	6,811	Unavailable	Unavailable	96

TABLE 13

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Miscellaneous Statistical Data
June 30, 2020

Date of creation agreement	November 1, 1990
Date of ground breaking	March 3, 1991
Date operations began	July 15, 1992
General population:	
Actual capacity	1,070
DOC rated capacity	552

TABLE 14

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Schedule of Insurance in Force
As of June 30, 2020

Insurance Coverage	Insurance Company	Expiration Date	Coverage Limit	Deductible
Automobile Coverages:				
Automobile Liability	VML Insurance Programs	6/30/2020	$ 1,000,000 Per occurrence	none
Medical Payments Coverage	VML Insurance Programs	6/30/2020	$ 10,000 Per person	none
Property Coverages:				
Blanket Buildings, Contents PIO	VML Insurance Programs	6/30/2020	$ 46,928,173	$ 5,000
Electronic Data Processing	VML Insurance Programs	6/30/2020	$ 75,000	$ 5,000
Boiler & Machinery Coverage:				
Property Damange Limit	VML Insurance Programs	6/30/2020	$ 50,000,000 Per accident	$ 1,000
Workers' Compensation	VML Insurance Programs	6/30/2020	Required Statutory Limits	none
Line of Duty	VML Insurance Programs	6/30/2020	Required Statutory Limits	none
Constitutional Officer General Liability - VaRisk (1)	Commonwealth of Virginia - Division of Risk Management	Continuous	$ 1,000,000	none
Faithful Performance of Duty Bond (1)	Travelers Casualty and Surety Company of America	Continuous	$ 30,000	none

(1) Provided by the Commonwealth of Virginia

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- Compliance -

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ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants
CPAs | CONSULTANTS

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*

BOARD OF DIRECTORS
WESTERN TIDEWATER REGIONAL JAIL AUTHORITY
SUFFOLK, VIRGINIA

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities and aggregate remaining fund information of Western Tidewater Regional Jail Authority as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Western Tidewater Regional Jail Authority's basic financial statements and have issued our report thereon dated December 7, 2020.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2020-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Western Tidewater 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*.

Authority's Response to Finding

Western Tidewater Regional Jail Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Western Tidewater Regional Jail Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Robinson Farmer Cox Associates

Charlottesville, Virginia
December 7, 2020

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Schedule of Findings and Responses
For the Year Ended June 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies)?	No
Noncompliance material to financial statements noted?	No

Section II - Financial Statement Findings

2020-001

Criteria:	Identification of a material adjustment to the financial statements that was not detected by entity's internal controls indicates that a material weakness may exist.
Condition:	The Authority's financial statements required material adjustments to ensure such statements complied with Generally Accepted Accounting Principles (GAAP).
Effect:	In addition to other accrual adjustments, compensated absences were overstated by $689,710, which also overstated the related payroll expenses.
Cause:	Management failed to properly adjust all year end accrual balances to correctly state assets and liabilities. After retirement of the financial consultant in December 2019, the replacement financial consultant did not assist with the year-end accrual adjustments necessary for financial statement preparation.
Recommendation:	Management should review the audit adjustments made during the audit and incorporate adjustments prior to the next audit.
Management's Response:	Management has already initiated additional training for the Fiscal Officer and contracted a financial consultant with expertise in governmental accounting to assist with technical matters.