WESTERN TIDEWATER REGIONAL JAIL AUTHORITY
SUFFOLK, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2024

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Prepared by the Administrative Division

William C. Smith, Superintendent

Marissa Dickens, Director of Administration and Support
Karen Hatfield, Director of Finance

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Annual Comprehensive Financial Report
Year Ended June 30, 2024

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WESTERN TIDEWATER REGIONAL JAIL AUTHORITY
BOARD OF DIRECTORS

City of Suffolk:

- **Everett "E.C." Harris, Sheriff, Suffolk**
  WTRJ Authority Vice Chairman, Personnel Committee

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

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

- **Albert S. Moor, City Manager, 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 Chairman, Personnel and Finance Committees

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

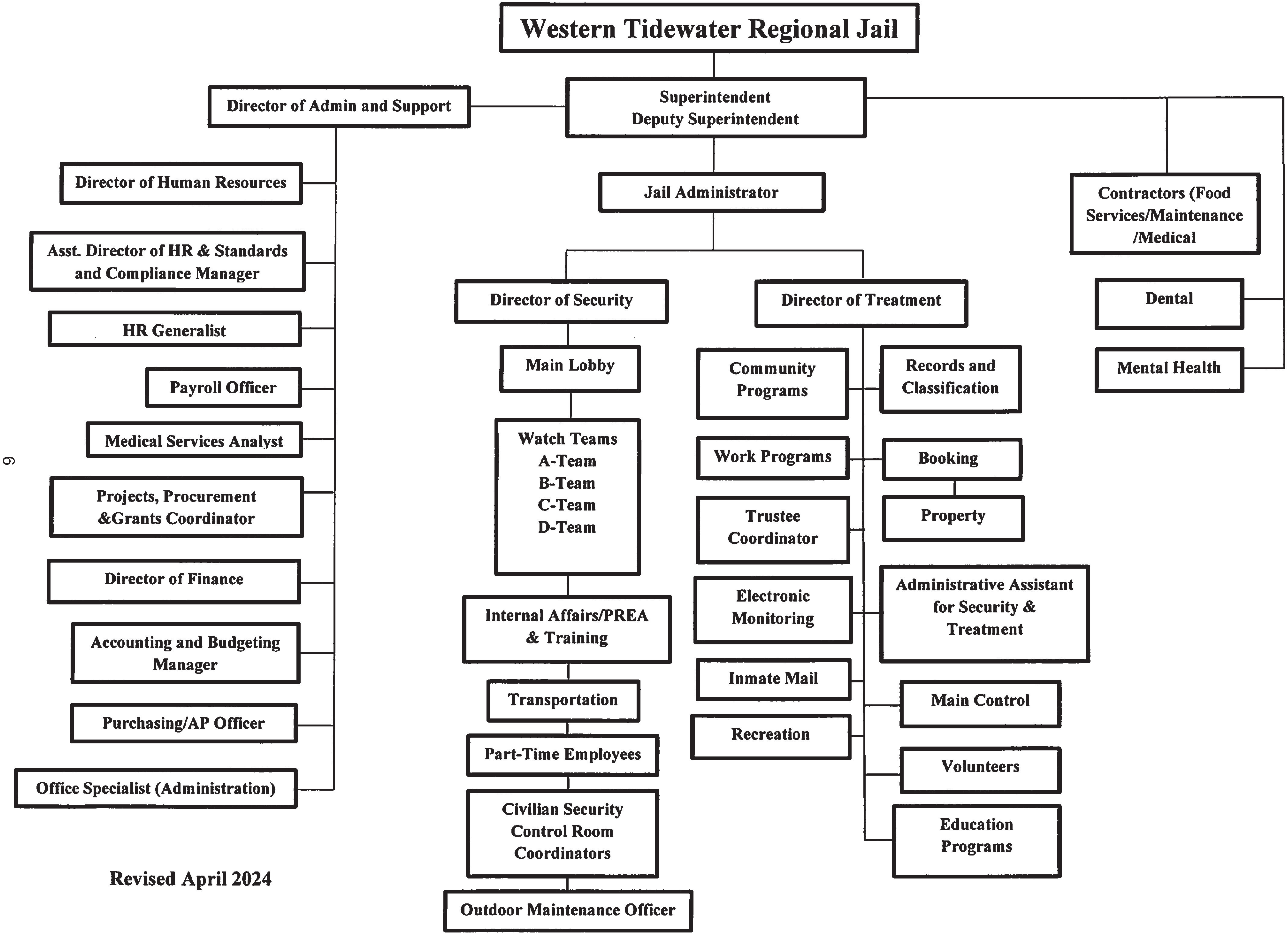
Franklin:

- **Wynndolyn Copeland, Vice-Mayor, City Council Member, Franklin**
  WTRJ Authority Personnel Committee

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

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

- **Darlene L. Burcham, Interim City Manager, Franklin (Alternate)**
  WTRJ Authority Finance Committee



Revised April 2024

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	Director of Administration and Support	Admin
Laura B.	Conway	Human Resources Manager	Admin
Karen	Hatfield	Director of Finance	Admin
Dorothy	Wilford	Payroll Officer	Admin
Christina	Strobel	Purchasing Officer	Admin
James	Buie	Lieutenant	Admin
Leon	Dupree	Major	Jail Administrator
Joshua	Bower	Captain	Security
Bobby	Brinkley	Lieutenant	A Team
Lisa	Everette	Lieutenant	B Team
Miranda	Brinkley	Lieutenant	C Team
Fernando	Rodriguez	Lieutenant	D Team
Zachary	Hamann	Lieutenant	Training
Heather	Grant	Lieutenant	Transportation
Ebony	Hamlin	Captain	Treatment
John	Marx	Lieutenant	Booking
Keanessa	Williams	Lieutenant	Classification
Anthony	Perry	Lieutenant	Work Release
Ronnie E.	Sharpe	Education Director	Education
Ngozika	Okpo	Mental Health Administrator	Treatment

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

January 28, 2025

Citizens of Member Localities and Members of the Board
Western Tidewater Regional Jail

The Annual Comprehensive Financial Report (ACFR) of the Western Tidewater Regional Jail Authority for the fiscal year ended June 30, 2024, 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 2024. 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 two custodial 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. None of the participating jurisdictions have their own jails.

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 an average of 220 USMS inmates. In April 2017, an amendment to the contract was signed which allowed the Authority to be reimbursed for any hospital watches exceeding a 24-hour period. In March 2022, an amendment was signed which provided an increase in the transportation hourly rate to $28 and allowed for reimbursement for mileage in the transport of USMS inmates.

Since the elimination of the $3.00 per day Inmate Room & Board Fee in FY2023, in-house commissary commissions have increased significantly, averaging $60,000 to $70,000 per month. In April 2023, WTRJ signed a Memorandum of Understanding (MOU) with the City of Hampton to house up to 200 of their inmates, space permitted. This MOU continued until Hampton became a member of the Authority on September 1, 2024.

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. In March 2022, the U.S. Marshals Service approved an increase in the Authority's per diem rate from $55 back to the original amount of $65. The Authority still has an electronic monitoring and a work release program that generate revenue; however, the work release program has diminished since the Virginia Department of Corrections (VADOC) gave an early release, due to the pandemic, to the majority of the inmates who were eligible for the work release program. With the continued increase in inmates sentenced to home electronic monitoring, the overall revenue from these sources was not negatively impacted. Legislation was put forward by the Authority and passed in July 2022 which capped the Authority's Federal Overhead Recovery taken by the State Compensation Board at 130 inmates.

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 is reduced by revenues from the Federal Government, the State of Virginia, and Inmate programs such as Work Release (W/R), 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 by $2,732,661 or 13.18% while Expenses exceeded budget slightly by $172,636 or .87%. 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 $2,560,025. Most categories or groupings of both revenues and expenses came in at under 10% variance except for:

REVENUES

1. Federal Revenues (for United States Marshals Service)	21.37% over budget
2. Inmate Revenues (decreased number of inmates on Electronic Monitoring (EM))	16.54% under budget

EXPENSES

3. Employee Medical Expenses (decreased staffing levels)	31.75% under budget
4. Inmate Medical Expenses (increased inmate population resulting in increase in medical and pharmacy expenses)	18.64% over budget
5. Contracted Services (food service increased due to increase in inmate population, audit/legal increased due to various documents reviewed by Authority Counsel, and computer services)	19.04% over budget
6. Equipment Maintenance/Repairs Expenses (parts for boiler ordered but repair not completed until FY25 and custodial supplies ordered under grant funding)	23.45% over budget
7. Utilities (increase in monthly fees and usage)	32.23% over budget
8. Officer Expenses (increased staffing levels)	30.59% over budget

The Authority continued the use of a line-item budget in the accounting system, which provides management with better control of expenditures and allows for better utilization of our capital through programs like bulk purchasing, alternate vendors, and better cash management. 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. The Authority continues to utilize a digital Inmate Mail System that has tremendously reduced the introduction of contraband into the facility. The facility has maintained not accepting any books and/or magazines from any outside source such as Amazon or Barnes and Noble to help reduce the introduction of contraband. In December 2023, the Authority purchased a MailSecur scanner to detect any threat coming through the postal system.

2. All scheduling, leave, and time-keeping programs remain integrated into one effective platform through the assistance of our contract with Paycor.

3. The Guardian RFID system continues to be utilized to track an inmate anywhere in the facility.

4. The Authority continues to have a strong working relationship with the United States Marshals Service (USMS) and the Bureau of Prisons (BOP) and expects this relationship to continue to improve into the future.

5. Effective July 1, 2021, the Authority contracted with CBH Medical to provide comprehensive inmate medical services, and they continue to provide great coverage and services.

6. In November 2021, the Authority entered into a Memorandum of Understanding (MOU) agreement with the Southampton Sheriff's Office to house their inmates at the $65 per diem rate, as needed. The Federal Overhead Recovery Act does not apply to this revenue. Southampton continues to utilize WTRJ under an MOU with an average of 3-5 inmates per month.

7. In May 2022, the Authority entered into a Memorandum of Understanding (MOU) agreement with the Hampton Sheriff's Office to house their inmates at the $65 per diem rate, as needed. The Federal Overhead Recovery Act also does not apply to this revenue. In May 2023 the MOU with Hampton was renewed to include the allotment of up to 200 beds, space permitting, along with Hampton being responsible for all transport to and from WTRJ and for all medical expenses not provided at the WTRJ facility (outside medical specialist services). On September 1, 2024, Hampton joined the Western Tidewater Regional Authority as the fourth (4) member.

8. In May 2023, the Authority agreed to allow the Superintendent to submit a Request for Proposals for a company to build a fence around the outside perimeter of the facility, after an incident involving two (2) individuals who attempted to drill into a window and pass contraband into the facility. The bids came in at approximately $500,000, so the Authority decided to hold off on a fence at the time. In June 2024, in place of the fence, the Authority purchased a drone which is mounted on the facility roof and conducts hourly surveillance of the property. It can be set to launch and check outside areas if motion is detected on certain cameras. It has video and picture capability, which allows images to be shared. Also, it has night vision capabilities and can be manually flown. This technology has greatly enhanced perimeter security at the facility.

9. In June 2023, the Authority joined the VML/VACo Investment Pool which yielded a higher interest account versus the bank where the reserve funds were held, so a significant amount of those funds were transferred to the Investment Pool account.

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 2023. The Authority was awarded recognition for 99% compliance (meeting all but one applicable standard, which was corrected onsite and a corrective plan of action was put into place to ensure compliance with that standard). This certification was originally granted in 1993. The next triennial inspection will take place in January 2026.

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 was conducted in January 2023 and there were two (2) areas that needed improvement, for which corrections were made while the auditor was onsite.

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 September 2023.

The last Federal Bureau of Prisons inspection was conducted in May 2022 and the Authority was in 100% compliance with applicable standards.

The last LIDS Compliance audit was conducted in September 2022 with 100% compliance.

The last PREA audit was completed in April 2023 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 through our Education Department with the number of participants who successfully completed those programs for the last Fiscal Year (FY24):

Special Education 12 (Teaching individuals with IEP's or Special Needs)

Transition 6 (Teaching inmates not fitting normal criteria; for example, those with a low reading ability - not Special Ed.)

General Education 15 (Earned GED's 0)

Career Education 41 (Focuses on Careers, Health, Interviewing process, History, etc.)

Alcoholics Anonymous 65 (Focuses on recovery and detoxification)

Substance abuse 30 (Provides treatment methods to help overcome addictive symptoms)

Anger Management 51 (Understanding life triggers and how to deal with them)

Parenting 16 (Teaches inmates the proper way to motivate and discipline youthful children)

Females Building Bridges 62 (Reconnecting mother and child through recorded readings)

Building Resilience in the Community "BRC" 30 (Building Self Esteem and Fortitude)

Personal Finance 22 (Teaches the need to understand budgeting, purchasing homes, credit)

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.

The Authority continues to maintain an agreement with Adventis Inc. to use their Pay-My-Jailor service. This service notifies the released inmate of money due to the jail by letter and 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. The Authority 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, 2024.

The auditor's report, which includes their opinion on the financial statements of the Authority, is presented in this report on pages 15-17.

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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. This was the ninth 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 annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

This report reflects the strong financial policies enacted by the Authority's Board and the active participation of the Board's Finance Committee. The result is an Authority in 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	**Director of Finance**

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Western Tidewater Regional Jail
Virginia

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO

INDEPENDENT AUDITORS' REPORT

BOARD OF DIRECTORS
WESTERN TIDEWATER REGIONAL JAIL AUTHORITY
SUFFOLK, VIRGINIA

Report on the Audit of the Financial Statements

Opinions

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, 2024, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the aggregate remaining fund information of Western Tidewater Regional Jail Authority, as of June 30, 2024, and the changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Western Tidewater Regional Jail Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Western Tidewater Regional Jail Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Required Supplementary Information (Continued)

be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Western Tidewater Regional Jail Authority's basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2025, 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
January 28, 2025

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, 2024. Please read it in conjunction with the Authority's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Net position increased by $3.1 million or 45.4% for the year ended June 30, 2024 as compared to an increase of approximately $1.9 million or 39.5% for the year ended June 30, 2023.
- Operating revenues showed an increase of 12.1% for the year compared to the increase of 13.3% in 2023, while operating expenses reflected an increase of 8.8% from the prior year, higher than the 1.3% decrease in fiscal year 2023.
- The Authority's long-term debt decreased by $620,350 due to the payment of principal due on bonds and leases.

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 enterprise fund 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.

Fiduciary funds are used to account for resources held for the benefit of inmates. Fiduciary funds are not reported in the enterprise fund financial statements because the resources of those funds are not available to support the Authority's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Authority maintains one type of fiduciary funds. The custodial funds report resources, not in a trust, that are held by the Authority for inmates and used to make purchases at the canteen, etc.

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 $3.1 million. The analysis below focuses on the change in net position and the resulting changes in assets and liabilities:

Condensed Statement of Net Position

	2024	2023	Amount Change	% Change
Current and other assets	$ 10,604,842	$ 8,272,011	$ 2,332,831	28.2%
Capital assets	5,001,133	5,374,311	(373,178)	-6.9%
Total assets	$ 15,605,975	$ 13,646,322	$ 1,959,653	14.4%
Deferred outflows of resources	$ 1,315,379	$ 1,623,103	$ (307,724)	-19.0%
Long-term liabilities	$ 3,994,658	$ 4,654,820	$ (660,162)	-14.2%
Current liabilities	1,992,566	1,817,627	174,939	9.6%
Total liabilities	$ 5,987,224	$ 6,472,447	$ (485,223)	-7.5%
Deferred inflows of resources	$ 996,485	$ 1,964,540	$ (968,055)	-49.3%
Net position:				
Net investment in capital assets	$ 977,321	$ 730,149	$ 247,172	33.9%
Restricted for pension benefits	829,146	177,528	651,618	100.0%
Restricted for inmate benefits	420,500	254,454	166,046	65.3%
Unrestricted	7,710,678	5,670,307	2,040,371	36.0%
Total net position	$ 9,937,645	$ 6,832,438	$ 3,105,207	45.4%

Restricted net position includes the net pension asset benefits and 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:

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

	2024	2023	Amount Change	% Change
Operating revenues:				
Commonwealth	$ 7,794,010	$ 6,989,692	$ 804,318	11.5%
Federal	4,344,000	4,236,578	107,422	2.5%
City of Suffolk	4,560,701	4,560,701	-	0.0%
City of Franklin	987,017	952,982	34,035	3.6%
Isle of Wight County	1,259,298	1,293,333	(34,035)	-2.6%
Telephone commissions	973,000	973,000	-	0.0%
Other	3,917,193	2,262,539	1,654,654	73.1%
Total operating revenues	$ 23,835,219	$ 21,268,825	$ 2,566,394	12.1%
Operating expenses:				
Personnel costs	$ 9,340,137	$ 8,627,998	$ 712,139	8.3%
Fringe benefits and payroll taxes	2,106,176	2,311,758	(205,582)	-8.9%
Medical supplies and services	4,516,032	3,816,761	699,271	18.3%
Utilities	1,189,433	1,010,971	178,462	17.7%
Contractual services	2,111,248	1,854,208	257,040	13.9%
Depreciation	1,007,927	1,039,887	(31,960)	-3.1%
Other	866,381	762,900	103,481	13.6%
Total operating expenses	$ 21,137,334	$ 19,424,483	$ 1,712,851	8.8%
Net operating income (loss)	$ 2,697,885	$ 1,844,342	$ 853,543	46.3%
Nonoperating revenues (expenses):				
Investment earnings	$ 208,297	$ 30,486	$ 177,811	583.3%
Rental income	-	9,000	(9,000)	-100.0%
Federal grant revenues	207,000	100,000	107,000	107.0%
Interest expense	(62,748)	(71,765)	9,017	-12.6%
Gain/(loss) on investments	2,238	-	2,238	N/A
Gain on disposal of capital assets	9,350	21,832	(12,482)	-57.2%
Nonoperating revenues (expenses), net	$ 364,137	$ 89,553	$ 274,584	306.6%
Capital contributions	$ 43,185	$ -	$ 43,185	N/A
Change in net position	$ 3,105,207	$ 1,933,895	$ 1,171,312	60.6%
Net position, beginning of year	6,832,438	4,898,543	1,933,895	39.5%
Net position, end of year	$ 9,937,645	$ 6,832,438	$ 3,105,207	45.4%

Operating revenues increased by 12.1% in 2024 compared to a 13.3% increase in 2023. Federal revenues increased by $107,422 or 2.5% and revenues from the Commonwealth increased by $804,368 or 11.5% 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 in 2024, 2023 and 2022 after increasing by $486,927 or 7.7% in 2021, while revenues from other localities increased by $1,639,674 or 113.2% from 2023.

FINANCIAL ANALYSIS – ENTERPRISE FUNDS: (CONTINUED)

Operating expenses increased by 8.8% in 2024 compared to the 1.3% decrease in 2023. Personnel costs increased by $712,139 and fringe benefits decreased by $255,073. Medical supplies and services increased by $699,271. Other changes were modest.

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

	2024	2023	Amount Change	% Change
Cash flows provided by (used for):				
Operating activities	$ (55,521)	$ 1,715,265	$ (1,770,786)	-103.2%
Noncapital and related financing activities	207,000	-	207,000	100.0%
Capital and related financing activities	(1,261,881)	(1,052,615)	(209,266)	19.9%
Investing activities	(2,819,661)	30,486	(2,850,147)	-9349.0%
Net increase (decrease) in cash and cash equivalents	$ (3,930,063)	$ 693,136	$ (4,623,199)	-667.0%
Cash and cash equivalents, beginning of year	6,428,177	5,735,041	693,136	12.1%
Cash and cash equivalents, end of year	$ 2,498,114	$ 6,428,177	$ (3,930,063)	-61.1%

Cash flows from operating activities are comprised of operating revenues combined with expenses for personnel, benefits and payments to operating suppliers. There was a significant decrease in cash flows from operating activities, after an increase in 2023. This is dependent on the budget in order to fund debt service and operating requirements.

The Department of Criminal Justice Services passed through ARPA grant funds of $207,000 during 2024. This nonoperating revenue is reported as noncapital and financing activities cash flows.

Cash flows from capital and related financing activities include the purchase of capital assets and principal and interest payments on debt. Activity in 2024 closely mirrored 2023 activity.

Cash flows from investing activities include investment in the Virginia Investment Pool through VML/VACO as well as interest earnings.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2024, the Authority had $5.0 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 $(373,178) represents the purchase of various upgrades and equipment during the year offset by depreciation expense of $1,007,927.

CAPITAL ASSETS AND DEBT ADMINISTRATION: (CONTINUED)

Capital Assets: (Continued)

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

		2024		2023
Land	$	37,455	$	37,455
Building and improvements		2,848,197		3,249,477
Land improvements		343,515		356,616
Machinery and equipment		1,507,226		1,658,013
Office furniture		40,140		50,237
Lease equipment		224,600		22,513
Net capital assets	$	5,001,133	$	5,374,311

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

Capital Financing Debt

At year-end, the Authority had $3.8 million in revenue refunding bonds and $226 thousand in leases outstanding. 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

Exhibit 1

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Statement of Net Position
As of June 30, 2024

	Operating Fund	Canteen Fund	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 2,210,799	$ 287,315	$ 2,498,114
Investments	3,030,003	-	3,030,003
Accounts receivable	69,630	236,805	306,435
Internal balances	12,277	(12,277)	-
Lease receivable	8,627	-	8,627
Interest receivable	193	-	193
Due from other governmental units	3,799,409	-	3,799,409
Prepaids	124,048	-	124,048
Total current assets	$ 9,254,986	$ 511,843	$ 9,766,829
Noncurrent Assets:			
Net pension asset	$ 829,146	$ -	$ 829,146
Lease receivable, net of current portion	8,867	-	8,867
Capital assets (net of accumulated depreciation):			
Land	$ 37,455	$ -	$ 37,455
Land improvements	343,515	-	343,515
Building and improvements	2,848,197	-	2,848,197
Machinery and equipment	1,507,226	-	1,507,226
Office furniture	40,140	-	40,140
Lease equipment	224,600	-	224,600
Total capital assets	$ 5,001,133	$ -	$ 5,001,133
Total noncurrent assets	$ 5,839,146	$ -	$ 5,839,146
Total assets	$ 15,094,132	$ 511,843	$ 15,605,975
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	$ 1,220,914	$ -	$ 1,220,914
OPEB related items	94,465	-	94,465
Total deferred outflows of resources	$ 1,315,379	$ -	$ 1,315,379
LIABILITIES			
Current Liabilities:			
Accounts payable	$ 621,856	$ 91,343	$ 713,199
Accrued liabilities	27,524	-	27,524
Accrued interest payable	23,403	-	23,403
Long-term liabilities, current portion	950,292	-	950,292
Unearned revenue	278,148	-	278,148
Total current liabilities	$ 1,901,223	$ 91,343	$ 1,992,566
Noncurrent Liabilities:			
Long-term liabilities, net of current portion	$ 3,994,658	$ -	$ 3,994,658
Total noncurrent liabilities	$ 3,994,658	$ -	$ 3,994,658
Total liabilities	$ 5,895,881	$ 91,343	$ 5,987,224
DEFERRED INFLOWS OF RESOURCES			
Pension related items	$ 853,387	$ -	$ 853,387
OPEB related items	125,802	-	125,802
Lease related items	17,296	-	17,296
Total deferred inflows of resources	$ 996,485	$ -	$ 996,485
NET POSITION			
Net investment in capital assets	$ 977,321	$ -	$ 977,321
Restricted for pension benefits	829,146	-	829,146
Restricted for inmate benefits	-	420,500	420,500
Unrestricted	7,710,678	-	7,710,678
Total net position	$ 9,517,145	$ 420,500	$ 9,937,645

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, 2024

	Operating Fund	Canteen Fund	Total
Operating Revenues:			
Commonwealth	$ 7,794,010	$ -	$ 7,794,010
Federal	4,344,000	-	4,344,000
City of Suffolk	4,560,701	-	4,560,701
City of Franklin	987,017	-	987,017
Isle of Wight County	1,259,298	-	1,259,298
Other governmental entities	3,087,842	-	3,087,842
Telephone commissions	973,000	-	973,000
Room and board	4,004	-	4,004
Work release and weekenders	131,583	-	131,583
Canteen commissions	-	333,928	333,928
Miscellaneous	359,836	-	359,836
Total operating revenues	$ 23,501,291	$ 333,928	$ 23,835,219
Operating Expenses:			
Personnel costs	$ 9,243,381	$ 96,756	$ 9,340,137
Fringe benefits	1,386,016	26,503	1,412,519
Payroll taxes	686,516	7,141	693,657
Medical supplies and services	4,516,032	-	4,516,032
Utilities	1,189,433	-	1,189,433
Repairs and maintenance	206,418	-	206,418
Insurance	39,046	-	39,046
Contractual services	2,109,013	2,235	2,111,248
Vehicle expenses	70,495	-	70,495
Administrative	150,162	-	150,162
Inmate supplies	113,149	15,014	128,163
Inmate support	-	20,233	20,233
Officer expenses	219,614	-	219,614
Miscellaneous	32,250	-	32,250
Depreciation	1,007,927	-	1,007,927
Total operating expenses	$ 20,969,452	$ 167,882	$ 21,137,334
Net operating income (loss)	$ 2,531,839	$ 166,046	$ 2,697,885
Nonoperating Revenues (Expenses):			
Investment earnings	$ 208,297	$ -	$ 208,297
Federal grant revenue	207,000	-	207,000
Interest expense	(62,748)	-	(62,748)
Gain/(loss) on investments	2,238	-	2,238
Gain on disposal of capital assets	9,350	-	9,350
Net nonoperating revenues (expenses)	$ 364,137	$ -	$ 364,137
Income (loss) before capital contributions	$ 2,895,976	$ 166,046	$ 3,062,022
Capital Contributions:			
Capital contributions	$ 43,185	$ -	$ 43,185
Change in net position	$ 2,939,161	$ 166,046	$ 3,105,207
Net position, beginning of year	6,577,984	254,454	6,832,438
Net position, end of year	$ 9,517,145	$ 420,500	$ 9,937,645

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

Exhibit 3

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Statement of Cash Flows
Year Ended June 30, 2024

	Operating Fund	Canteen Fund	Total
Cash flows from operating activities:			
Receipts from customers and users	$ 20,757,064	$ 222,032	$ 20,979,096
Other operating revenue	359,836	-	359,836
Payments to suppliers	(8,630,023)	(15,842)	(8,645,865)
Payments to and for employees	(11,931,672)	(123,259)	(12,054,931)
Payments to agencies	(686,516)	(7,141)	(693,657)
Total cash flows provided by (used for) operating activities	$ (131,311)	$ 75,790	$ (55,521)
Cash flows from noncapital and related financing activities:			
Federal grant revenue	$ 207,000	$ -	$ 207,000
Total cash flows provided by (used for) noncapital and related financing activities	$ 207,000	$ -	$ 207,000
Cash flows from capital and related financing activities:			
Purchase of capital assets	$ (392,118)	$ -	$ (392,118)
Sale of capital assets	17,150	-	17,150
Grants used for capital purchases	43,185	-	43,185
Principal paid on long-term liabilties	(862,981)	-	(862,981)
Interest paid on long-term liabilities	(67,117)	-	(67,117)
Total cash flows provided by (used for) capital and related financing activities	$ (1,261,881)	$ -	$ (1,261,881)
Cash flows from investing activities:			
Investment Earnings	$ 180,339	$ -	$ 180,339
Purchase of investments	(3,000,000)	-	(3,000,000)
Total cash flows provided by (used for) investing activities	$ (2,819,661)	$ -	$ (2,819,661)
Net increase (decrease) in cash and cash equivalents	$ (4,005,853)	$ 75,790	$ (3,930,063)
Cash and cash equivalents, beginning of year	6,216,652	211,525	6,428,177
Cash and cash equivalents, end of year	$ 2,210,799	$ 287,315	$ 2,498,114
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	$ 2,531,839	$ 166,046	$ 2,697,885
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	1,007,927	-	1,007,927
Changes in assets, liabilities, and deferred outflows and inflows of resources:			
Accounts receivable	(56,946)	(113,055)	(170,001)
Internal balances	(1,159)	1,159	-
Lease receivable	8,450	-	8,450
Due from other governmental units	(2,341,551)	-	(2,341,551)
Prepaids	(85,778)	-	(85,778)
Net pension asset	(651,618)	-	(651,618)
Deferred outflows of resources - pension related	323,240	-	323,240
Deferred outflows of resources - OPEB related	(15,516)	-	(15,516)
Accounts payable	101,367	21,640	123,007
Accrued liabilities	3,044	-	3,044
Compensated absences	(5,701)	-	(5,701)
Net OPEB liability	12,331	-	12,331
Deferred inflows of resources - pension related	(915,148)	-	(915,148)
Deferred inflows of resources - OPEB related	(44,259)	-	(44,259)
Deferred inflows of resources - lease related	(8,648)	-	(8,648)
Unearned revenue	6,815	-	6,815
Total cash flows provided by (used for) operating activities	$ (131,311)	$ 75,790	$ (55,521)

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, 2024

		Custodial Funds
ASSETS		
Cash and cash equivalents	$	288,290
Total assets	$	288,290
LIABILITIES		
Accounts payable	$	241,180
Total liabilities	$	241,180
NET POSITION		
Restricted for inmates	$	47,110
Total net position	$	47,110

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

Exhibit 5

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

FIDUCIARY FUNDS

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2024

		Custodial Funds
ADDITIONS		
Contributions:		
Inmate deposits	$	1,418,856
Electronic monitoring		128,369
Work release earnings		9,864
Other		585
Total additions	$	1,557,674
DEDUCTIONS		
Canteen payments (room and board debt, canteen)	$	848,790
Inmate phone payments		406,555
Paid to vendors on behalf of inmates		51,351
Fees to Western Tidewater Regional Jail (rent, van, drug and alcohol, etc.)		148,705
Paid to inmates (release/stipend/mail funds request)		114,909
Court payments for inmates		114
Other		2,363
Total deductions	$	1,572,787
Net increase (decrease) in fiduciary net position	$	(15,113)
Net position, beginning of year	$	62,223
Net position, end of year	$	47,110

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 promulgated by the Governmental Accounting Standards Board (GASB). 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. 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.

Fiduciary Funds

Fiduciary Funds (trust and custodial funds) account for assets held by the Authority in a trustee capacity or as custodian for individuals, private organizations, other governmental units, or other funds. The Inmate Fund and Work Release Fund comprise the Authority's Custodial Funds. These funds account for funds held on behalf of the inmates housed at the facility and those participating in the work release program. Fiduciary funds are reported on an economic resources measurement focus using the accrual basis of accounting. Fiduciary funds are not included in the enterprise financial statements.

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

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.

C. Cash, Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, amounts in demand deposits, and short-term investments with a maturity date within three months of the date acquired by the 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 FY24. With the reserve fund policy requirements being met, the member jurisdictions were not required to provide the 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.

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

E. Capital Assets

To the extent the Authority's capitalization threshold of $5,000 is met, assets are capitalized and reported at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an assets with equivalent service potential on the date of the donation. Depreciation/amortization 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
Lease equipment	5 years

F. Leases

The Authority has various lease assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessor

The Authority recognizes leases receivable and deferred inflows of resources in the financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

Lessee

The Authority recognizes lease liabilities and intangible right-to-use lease assets (leased assets) with an initial value of $5,000, individually or in the aggregate in the financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

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

F. Leases: (Continued)

Key Estimates and Judgments

Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Authority uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the Authority uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease terms include the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.

- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease receivable (lessor) or lease liability (lessee).

The Authority monitors changes in circumstances that would require a remeasurement or modification of its leases. The Authority will remeasure the lease receivable and deferred inflows of resources (lessor) and the lease asset and liability (lessee) if certain changes occur that are expected to significantly affect the amount of the lease receivable or lease liability.

G. 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.

H. Pensions

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

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

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

For purposes of measuring the net VRS GLI 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 fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

J. Deferred Outflows/Inflows of Resources

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

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

K. 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/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

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

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

K. Net Position: (Continued)

- 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.

L. Budgets and Budgetary Accounting

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

NOTE 3 – DEPOSITS AND INVESTMENTS:

Deposits:

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

Investments:

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard & Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

NOTE 3 – DEPOSITS AND INVESTMENTS: (continued)

Investments: (Continued)

Custodial Credit Risk (Investments):

The Authority's investments at June 30, 2024 were held by the Authority or in the Authority's name by the Authority's custodial banks.

Authority's Rated Debt Investments

Rated Debt Investments Value		Fair Quality Ratings
		AA+f
VML/VACo Virginia Investment Pool	$	3,030,003
Total	$	3,030,003

Interest Rate Risk:

The Authority reports investments and the maturities as follows:

				Investment Maturity*		
Investment Type		Value		Less than 1		1-5 Years
VML/VACo Virginia Investment Pool	$	3,030,003	$	-	$	3,030,003
Total Investments	$	3,030,003	$	-	$	3,030,003

*Weighted average maturity in years.

Redemption Restrictions:

VML/VACo Virginia Investment Pool (VIP) allows the Authority to withdraw funds twice a month, with a five day notice. Additionally, funds are available to meet unexpected needs such as fluctuations in revenue sources and one-time events such as disasters, immediate capital needs, state budget cuts, etc.

Fair Value Measurements:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority has measured fair value of its VIP investment at the net asset value (NAV).

NOTE 4 - DUE FROM OTHER GOVERNMENTAL UNITS:

Due from Commonwealth of Virginia:		
Compensation Board	$	1,598,920
DOC medical billings		17,393
DCJS ARPA funds		90,000
Due from Federal Government:		
US Marshals - Norfolk		345,410
US Marshals - Guard Hours		18,186
US Marshals - Mileage		2,863
Bureau of Prisons		23,920
Other local governments:		
Hampton Sheriff's Office		1,690,107
Other		12,610
Total due from other governmental units	$	3,799,409

NOTE 5 – CAPITAL ASSETS:

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

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Capital assets not being depreciated:				
Land	$ 37,455	$ -	$ -	$ 37,455
Total capital assets not being depreciated	$ 37,455	$ -	$ -	$ 37,455
Capital assets being depreciated:				
Building and improvements	$ 31,027,169	$ 193,891	$ -	$ 31,221,060
Land improvements	1,188,892	15,900	-	1,204,792
Machinery and equipment	3,980,868	182,327	40,319	4,122,876
Office furniture	318,368	-	-	318,368
Lease equipment	112,563	242,631	112,563	242,631
Total capital assets being depreciated	$ 36,627,860	$ 634,749	$ 152,882	$ 37,109,727
Accumulated depreciation:				
Building and improvements	$ 27,777,692	$ 595,171	$ -	$ 28,372,863
Land improvements	832,276	29,001	-	861,277
Machinery and equipment	2,322,855	333,114	40,319	2,615,650
Office furniture	268,131	10,097	-	278,228
Lease equipment	90,050	40,544	112,563	18,031
Total accumulated depreciation	$ 31,291,004	$ 1,007,927	$ 152,882	$ 32,146,049
Total capital assets being depreciated, net	$ 5,336,856	$ (373,178)	$ -	$ 4,963,678
Net capital assets	$ 5,374,311	$ (373,178)	$ -	$ 5,001,133

Depreciation amounted to $1,007,927 at June 30, 2024.

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, 2024.

Additionally, there was $6,815 of unearned revenue from Aramark funds restricted to the officer dining room capital improvements.

NOTE 8 – LEASE RECEIVABLE:

In July 2017, the Authority entered into a lease with the magistrate, which has been renewed through June 2026. Under the lease, the magistrate pays the Authority $750 per month in exchange for office space. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at an implied discount rate of 2.75%. In fiscal year 2024, the Authority recognized $8,648 of lease revenue and $588 of interest revenue under the lease.

NOTE 9 - COMPENSATED ABSENCES:

The Authority accrued the liability arising from outstanding compensated absences. The Authority has outstanding vacation and compensation time pay totaling $571,178 at June 30, 2024 and considers 10% of the balance to be a current liability.

NOTE 10 – LINE OF CREDIT:

The Authority had a line of credit with Farmers Bank. The line of credit was available up to $500,000 with a percentage rate of .500 percentage points under the index (currently 7.750%) with a floor of 3.00% or ceiling of 18.00% per annum or the maximum rate allowed by applicable law. The line was closed in July 2023 and there was no activity on the line of credit prior to its closure.

NOTE 11 - LONG-TERM LIABILITIES:

On November 13, 2020, the Authority issued $2,342,000 of Revenue and Refunding Bonds, Series 2020A and $4,012,000 of Revenue and Refunding Bonds, Series 2020B to refund the Authority's Revenue and Refunding Bonds, Series 2014B and 2015 Energy Performance Bonds. The refunding was undertaken 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 $502,253 over the life of the issue with present value savings of $475,159.

Series 2020A payments are due in semi-annual installments ranging from $14,000 on February 1, 2021 to $472,000 on August 1, 2025 at an interest rate of 1.00%. Series 2020B payments are due in annual installments ranging from $137,000 on February 1, 2021 to $257,000 on August 1, 2030 at an interest rate of 1.645%.

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. The lender may take whatever action at law or in equity that may appear necessary or desirable to collect the amounts then due and thereafter to become due or to enforce observance or performance of any covenant. Upon an event of default the 2020A and 2020B bonds shall bear interest at the default rate.

In 2022, the Authority recognized the lease agreement for numerous copiers entered into in 2018. In December 2023, the lease agreement term ended and two new lease agreements were entered into in fiscal year 2024. Payments for the leases are due in monthly installments of $3,888 through January 2029 and $472 through June 2029, respectively. Both lease agreements are at a discounted rate of 3.00%.

As of June 30, 2024, the Authority's outstanding bonds and leases consisted of the following:

Year of Inception	Description	Interest Rate	Amount Outstanding
2020	Revenue Refunding Bond - Series 2020A	1.000%	$ 940,000
2020	Revenue Refunding Bond - Series 2020B	1.645%	2,858,000
2024	Copier Leases	3.000%	225,812

NOTE 11 - LONG-TERM LIABILITIES: (continued)

Following is a summary of changes in long-term liabilities for the year ended June 30, 2024:

	Balance July 1, 2023	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2024	Amount Due Within One Year
Direct borrowings and placements:					
Revenue and refunding bonds	$ 4,621,000	$ -	$ 823,000	$ 3,798,000	$ 847,000
Copier lease	23,162	242,631	39,981	225,812	46,174
Compensated absences	576,879	287,762	293,463	571,178	57,118
Net OPEB liability	337,629	220,154	207,823	349,960	-
Total long-term liabilities	$ 5,558,670	$ 750,547	$ 1,364,267	$ 4,944,950	$ 950,292

The annual requirements to amortize bonds and leases are as follows:

	Direct Borrowings and Placements					
	Revenue and Refunding Bonds 2020A		Revenue and Refunding Bonds 2020B		Copier Leases	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 468,000	$ 8,230	$ 379,000	45,451	$ 46,174	$ 6,143
2026	472,000	2,360	399,000	39,143	47,579	4,739
2027	-	-	421,000	32,489	49,026	3,291
2028	-	-	444,000	25,465	50,517	1,800
2029	-	-	467,000	18,062	32,516	361
2030-2031	-	-	748,000	12,403	-	-
Totals	$ 940,000	$ 10,590	$ 2,858,000	$ 173,013	$ 225,812	$ 16,334

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.

NOTE 12 – PENSION PLAN: (continued)

Benefit Structures

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

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

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

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

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. 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.

NOTE 12 – PENSION PLAN: (continued)

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

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

Employees Covered by Benefit Terms

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	148
Inactive members:	
Vested inactive members	20
Non-vested inactive members	194
Inactive members active elsewhere in VRS	86
Total inactive members	300
Active members	127
Total covered employees	575

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, 2024 was 17.14% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 $1,220,914 and $1,156,881 for the years ended June 30, 2024 and June 30, 2023, respectively.

NOTE 12 – PENSION PLAN: (continued)

Net Pension Liability (Asset)

The net pension asset (NPA) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For Western Tidewater Regional Jail Authority, the net pension asset was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022, rolled forward to the measurement date of June 30, 2023.

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, 2022, 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, 2023.

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

Mortality rates:

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

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

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

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

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

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

NOTE 12 – PENSION PLAN: (continued)

Actuarial Assumptions – General Employees (continued)

Mortality rates: (Continued)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

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

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

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

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

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

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

NOTE 12 – PENSION PLAN: (continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return**	8.25%

* The above allocation provides a one-year expected return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

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

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, 2023, 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, 2022 actuarial valuations, whichever was greater. From July 1, 2023 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2022	$ 37,498,951	$ 37,676,479	$ (177,528)
Changes for the year:			
Service cost	$ 1,130,325	$ -	$ 1,130,325
Interest	2,530,643	-	2,530,643
Differences between expected and actual experience	(428,360)	-	(428,360)
Contributions - employer	-	1,156,765	(1,156,765)
Contributions - employee	-	335,456	(335,456)
Net investment income	-	2,415,186	(2,415,186)
Benefit payments, including refunds of employee contributions	(2,276,542)	(2,276,542)	-
Administrative expenses	-	(24,153)	24,153
Other changes	-	972	(972)
Net changes	$ 956,066	$ 1,607,684	$ (651,618)
Balances at June 30, 2023	$ 38,455,017	$ 39,284,163	$ (829,146)

NOTE 12 – PENSION PLAN: (continued)

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

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
Net Pension Liability (Asset)	$ 3,855,807	$ (829,146)	$ (4,729,852)

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

For the year ended June 30, 2024, the Authority recognized pension expense of $(22,728). At June 30, 2024, 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	$ -	$ 266,137
Net difference between projected and actual earnings on pension plan investments	-	587,250
Employer contributions subsequent to the measurement date	1,220,914	-
Total	$ 1,220,914	$ 853,387

$1,220,914 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, 2025. 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	
2025	$ (667,735)
2026	(747,635)
2027	541,840
2028	20,143
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 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2023-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.

Benefit Amounts:

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces

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 $9,254 as of June 30, 2024.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 $39,024 and $37,008 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately $10.1 million to the Group Life Insurance Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. The entity's proportionate share is recorded in other miscellaneous income.

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, 2024, the entity reported a liability of $349,960 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 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, 2022, and rolled forward to the measurement date of June 30, 2023. 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, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was .02918% as compared to .02800% at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of $(5,348). 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, 2024, 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	$ 34,952	$ 10,623
Net difference between projected and actual earnings on GLI OPEB plan investments	-	14,063
Change of assumptions	7,481	24,247
Changes in proportionate share	13,008	76,869
Employer contributions subsequent to the measurement date	39,024	-
Total	$ 94,465	$ 125,802

$39,024 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, 2025. 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	
2025	$ (24,927)
2026	(33,372)
2027	(8,000)
2028	(9,890)
2029	5,828
Thereafter	-

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, 2022, 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, 2023. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

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

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

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

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

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

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

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, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

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

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

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

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

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, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the 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, 2023, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	$ 3,907,052
Plan Fiduciary Net Position	2,707,739
GLI Net OPEB Liability (Asset)	$ 1,199,313
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	69.30%

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

Group Life Insurance (GLI) Plan: (continued)

NET GLI OPEB Liability: (continued)

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.

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return**	8.25%

*The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

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

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 employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2023, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2023 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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Authority's proportionate share of the GLI Plan Net OPEB Liability	$ 518,750	$ 349,960	$ 213,492

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Line of Duty Act (LODA)

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.

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

Line of Duty Act (LODA): (Continued)

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 VRSA. VRSA assumes all liability for the Authority's LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The Authority's LODA coverage is fully covered or "insured" through VRSA. This is built into the LODA coverage cost presented in the annual renewals. The Authority's LODA premium for the year ended June 30, 2024 was $50,130.

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 $23,000 per year for employees under 50 years of age and $30,500 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 – CONTRACT OBLIGATIONS:

On June 21, 2023, 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 provided a financial commitment of up to $50,000 to enhance the officer's dining room (ODR). The pricing structure for the new agreement increased the per meal price from approximately $.925 a meal per inmate/staff for a seven hundred average daily population to $1.271 per meal. The agreement may be extended annually for four additional one-year periods upon mutual agreement by both parties. 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. Actual meal costs for fiscal year 2024 were $1,149,296.

NOTE 18 – UPCOMING PRONOUNCEMENTS:

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

Statement No. 102, *Certain Risk Disclosures*, provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

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

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

NOTE 19 – SUBSEQUENT EVENTS:

As a result of the closure of another regional Jail facility, the City of Hampton, Virginia joined the Authority as a member effective September 1, 2024.

- Required Supplementary Information -

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For the Measurement Dates of June 30, 2014 through June 30, 2023

	2023	2022	2021	2020	2019
Total pension liability					
Service cost	$ 1,130,325	1,016,323	$ 1,123,615	$ 1,179,632	$ 1,197,099
Interest	2,530,643	2,467,609	2,307,329	2,139,686	2,058,981
Differences between expected and actual experience	(428,360)	(496,367)	(1,408,425)	1,076,177	(170,543)
Changes of assumptions	-	-	1,355,457	-	926,226
Benefit payments	(2,276,542)	(2,058,922)	(1,980,636)	(1,843,161)	(1,610,287)
Net change in total pension liability	$ 956,066	928,643	$ 1,397,340	$ 2,552,334	$ 2,401,476
Total pension liability - beginning	37,498,951	36,570,308	35,172,968	32,620,634	30,219,158
Total pension liability - ending (a)	$ 38,455,017	37,498,951	$ 36,570,308	$ 35,172,968	$ 32,620,634
Plan fiduciary net position					
Contributions - employer	$ 1,156,765	955,446	$ 1,093,304	$ 981,271	$ 986,245
Contributions - employee	335,456	303,616	355,085	352,459	361,015
Net investment income	2,415,186	(35,164)	8,371,316	583,081	1,934,796
Benefit payments	(2,276,542)	(2,058,922)	(1,980,636)	(1,843,161)	(1,610,287)
Administrative expense	(24,153)	(24,007)	(20,770)	(19,905)	(18,877)
Other	972	885	791	(693)	(1,224)
Net change in plan fiduciary net position	$ 1,607,684	(858,146)	$ 7,819,090	$ 53,052	$ 1,651,668
Plan fiduciary net position - beginning	37,676,479	38,534,625	30,715,535	30,662,483	29,010,815
Plan fiduciary net position - ending (b)	$ 39,284,163	37,676,479	$ 38,534,625	$ 30,715,535	$ 30,662,483
Authority's net pension liability (asset) - **ending (a) - (b)**	$ (829,146)	(177,528)	$ (1,964,317)	$ 4,457,433	$ 1,958,151
Plan fiduciary net position as a percentage of the total pension liability	102.16%	100.47%	105.37%	87.33%	94.00%
Covered payroll	$ 6,784,433	6,019,827	$ 6,930,667	$ 7,061,446	$ 7,060,989
Authority's net pension liability (asset) as a percentage of covered payroll	-12.22%	-2.95%	-28.34%	63.12%	27.73%

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For the Measurement Dates of June 30, 2014 through June 30, 2023

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	$ 1,235,833	$ 1,150,645	$ 1,133,475	$ 1,030,439	$ 1,030,092
Interest	1,880,480	1,792,680	1,689,978	1,577,173	1,456,525
Differences between expected and actual experience	886,050	(127,737)	(207,853)	(79,923)	-
Changes of assumptions	-	(278,670)	-	-	-
Benefit payments	(1,294,403)	(1,270,882)	(1,025,953)	(806,430)	(719,710)
Net change in total pension liability	$ 2,707,960	$ 1,266,036	$ 1,589,647	$ 1,721,259	$ 1,766,907
Total pension liability - beginning	27,511,198	26,245,162	24,655,515	22,934,256	21,167,349
Total pension liability - ending (a)	$ 30,219,158	$ 27,511,198	$ 26,245,162	$ 24,655,515	$ 22,934,256
Plan fiduciary net position					
Contributions - employer	$ 964,617	$ 922,904	$ 938,533	$ 898,305	$ 989,437
Contributions - employee	366,741	386,861	347,325	326,368	320,817
Net investment income	2,000,424	2,943,177	422,285	1,018,499	2,954,712
Benefit payments	(1,294,403)	(1,270,882)	(1,025,953)	(806,430)	(719,710)
Administrative expense	(16,874)	(16,605)	(14,194)	(13,325)	(15,253)
Other	(1,801)	(2,638)	(176)	(216)	156
Net change in plan fiduciary net position	$ 2,018,704	$ 2,962,817	$ 667,820	$ 1,423,201	$ 3,530,159
Plan fiduciary net position - beginning	26,992,111	24,029,294	23,361,474	21,938,273	18,408,114
Plan fiduciary net position - ending (b)	$ 29,010,815	$ 26,992,111	$ 24,029,294	$ 23,361,474	$ 21,938,273
Authority's net pension liability (asset) - **ending (a) - (b)**	$ 1,208,343	$ 519,087	$ 2,215,868	$ 1,294,041	$ 995,983
Plan fiduciary net position as a percentage of the total pension liability	96.00%	98.11%	91.56%	94.75%	95.66%
Covered payroll	$ 7,333,287	$ 7,000,758	$ 6,766,817	$ 6,456,217	$ 6,290,626
Authority's net pension liability (asset) as a percentage of covered payroll	16.48%	7.41%	32.75%	20.04%	15.83%

Exhibit 7

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Schedule of Employer Contributions - Pension Plan
Years Ended June 30, 2015 through June 30, 2024

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)
2024	$ 1,220,914	$ 1,220,914	$ -	$ 7,170,160	17.03%
2023	1,156,881	1,156,881	-	6,784,433	17.05%
2022	955,451	955,451	-	6,019,827	15.87%
2021	1,093,917	1,093,917	-	6,930,667	15.78%
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%

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

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Notes to Required Supplementary Information - Pension Plan
Year Ended June 30, 2024

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, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

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

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, 2023

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)
2023	0.02918%	$ 349,960	$ 6,873,841	5.09%	69.30%
2022	0.02800%	337,629	6,100,213	5.53%	67.21%
2021	0.03370%	392,476	6,960,507	5.64%	67.45%
2020	0.03457%	576,916	7,114,678	8.11%	52.64%
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.

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Schedule of Employer Contributions - Group Life Insurance (GLI) Plan
Years Ended June 30, 2015 through June 30, 2024

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)
2024	$ 39,024	$ 39,024	$ -	$ 7,226,564	0.54%
2023	37,008	37,008	-	6,873,841	0.54%
2022	32,697	32,697	-	6,100,213	0.54%
2021	37,309	37,309	-	6,960,507	0.54%
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%

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Notes to Required Supplementary Information - Group Life Insurance (GLI) Plan
Year Ended June 30, 2024

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, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees:

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees:

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

- Other Supplementary Information -

Exhibit 12

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

FIDUCIARY FUNDS

Combining Statement of Fiduciary Net Position
As of June 30, 2024

	Custodial Funds		
	Inmate Fund	Work Release Fund	Total
ASSETS			
Cash and cash equivalents	$ 281,300	$ 6,990	$ 288,290
Total assets	$ 281,300	$ 6,990	$ 288,290
LIABILITIES			
Accounts payable	$ 239,530	$ 1,650	$ 241,180
Total liabilities	$ 239,530	$ 1,650	$ 241,180
NET POSITION			
Restricted for inmates	$ 41,770	$ 5,340	$ 47,110
Total net position	$ 41,770	$ 5,340	$ 47,110

Exhibit 13

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

FIDUCIARY FUNDS

Combining Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2024

	Custodial Funds		
	Inmate Fund	Work Release Fund	Total
ADDITIONS			
Contributions:			
Inmate deposits	$ 1,418,856	$ -	$ 1,418,856
Electronic monitoring	-	128,369	128,369
Work release earnings	-	9,864	9,864
Other	-	585	585
Total additions	$ 1,418,856	$ 138,818	$ 1,557,674
DEDUCTIONS			
Canteen payments (room and board debt, canteen)	$ 846,825	$ 1,965	$ 848,790
Inmate phone payments	406,555	-	406,555
Paid to vendors on behalf of inmates	51,351	-	51,351
Fees to Western Tidewater Regional Jail (rent, van, drug and alcohol, electronic monitoring, etc.)	17,122	131,583	148,705
Paid to inmates (release/stipend/mail funds request)	112,228	2,681	114,909
Court payments for inmates	-	114	114
Other	1,896	467	2,363
Total deductions	$ 1,435,977	$ 136,810	$ 1,572,787
Net increase (decrease) in fiduciary net position	$ (17,121)	$ 2,008	$ (15,113)
Net position, beginning of year	$ 58,891	$ 3,332	$ 62,223
Net position, end of year	$ 41,770	$ 5,340	$ 47,110

- Statistical Tables –

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

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

Table 1

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Net Position - By Component
Last Ten Years

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Net investment in capital assets	$ 977,321	$ 730,149	$ 779,439	$ 1,453,206	$ 1,331,109	$ 1,848,259	$ 2,705,685	$ 3,672,089	$ 4,435,600	$ 5,544,599
Restricted for										
pension benefits	829,146	177,528	1,964,317	-	-	-	-	-	-	-
inmate benefits	420,500	254,454	52,228	90,020	49,366	20,398	51,101	59,716	202,947	331,336
Unrestricted (deficit)	7,710,678	5,670,307	2,102,559	3,984,416	4,409,998	3,061,968	1,326,503	551,417	(274,677)	(1,862,788)
Total net position	$ 9,937,645	$ 6,832,438	$ 4,898,543	$ 5,527,642	$ 5,790,473	$ 4,930,625	$ 4,083,289	$ 4,283,222	$ 4,363,870	$ 4,013,147

Table 2

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Changes in Net Position
Last Ten Years

	Fiscal Year									
	2024	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Operating revenues:										
Commonwealth	$ 7,794,010	$ 6,989,692	$ 6,010,851	$ 5,456,035	$ 5,969,843	$ 5,454,427	$ 6,159,258	$ 6,140,870	$ 6,155,431	$ 6,179,880
Federal	4,344,000	4,236,578	3,929,630	4,798,165	4,708,375	3,938,770	3,534,780	2,946,669	3,101,294	2,083,685
City of Suffolk	4,560,701	4,560,701	4,492,631	4,492,631	4,297,658	4,424,060	4,364,052	4,364,037	4,303,091	3,797,045
City of Franklin	987,017	952,982	1,021,052	1,021,052	948,013	948,013	921,983	921,980	922,091	851,235
Isle of Wight County	1,259,298	1,293,333	1,293,333	1,293,330	1,074,415	948,013	860,517	860,514	922,091	909,852
Other governmental entities	3,087,842	1,448,168	105,170	-	-	-	-	-	-	-
Telephone commissions	973,000	973,000	973,000	973,000	973,000	973,000	473,373	387,110	360,000	360,000
Room and board	4,004	36,009	62,303	65,269	58,338	64,242	64,248	104,772	135,209	168,412
Work release and weekenders	131,583	161,780	199,535	310,420	286,701	244,953	185,699	239,556	271,372	192,203
Canteen commissions	333,928	371,405	163,433	226,073	217,482	175,126	176,115	176,715	259,695	240,277
Miscellaneous	359,836	245,177	517,778	608,924	494,119	389,683	311,684	172,121	93,195	112,653
Total operating revenues	$ 23,835,219	$ 21,268,825	$ 18,768,716	$ 19,244,899	$ 19,027,944	$ 17,560,287	$ 17,051,709	$ 16,314,344	$ 16,523,469	$ 14,895,242
Operating expenses:										
Personnel costs	$ 9,340,137	$ 8,627,998	$ 8,202,178	$ 8,743,268	$ 7,737,563	$ 7,418,474	$ 7,623,342	$ 7,221,586	$ 6,981,093	$ 6,509,641
Fringe benefits	1,412,519	1,667,592	1,808,803	3,649,486	2,998,166	2,177,510	1,961,384	2,344,965	1,794,957	1,547,630
Payroll taxes	693,657	644,166	629,805	625,611	567,750	541,516	565,013	546,178	518,321	508,084
Medical supplies and services	4,516,032	3,816,761	1,378,385	1,354,133	1,880,766	1,416,246	1,574,740	1,190,674	1,540,395	2,030,054
Utilities	1,189,433	1,010,971	873,236	876,930	887,316	837,014	755,120	711,616	1,257,469	1,284,077
Repairs and maintenance	206,418	206,324	227,967	162,131	171,464	349,431	202,396	150,004	212,612	211,612
Insurance	39,046	37,706	33,819	29,956	27,275	25,594	22,347	21,623	20,400	83,835
Contractual services	2,111,248	1,854,208	4,454,781	1,789,572	1,620,334	1,585,744	1,463,799	1,585,837	1,605,288	1,453,141
Vehicle expenses	70,495	57,390	52,660	45,515	52,429	59,964	66,223	78,670	51,331	56,235
Administrative	150,162	109,794	107,334	235,313	223,454	246,048	188,633	246,150	191,112	155,560
Inmate supplies	128,163	135,214	114,578	126,539	148,528	133,176	102,445	100,901	101,472	105,414
Inmate support	20,233	27,291	28,901	23,625	34,544	47,754	39,672	45,566	117,951	49,365
Officer expenses	219,614	154,045	125,563	93,376	101,433	80,378	100,165	116,615	98,705	65,535
Miscellaneous	32,250	35,136	20,340	14,109	7,899	13,602	22,674	10,259	3,089	500
Depreciation	1,007,927	1,039,887	1,627,967	1,559,863	1,512,386	1,561,834	1,724,866	1,801,747	1,479,751	1,426,686
Total operating expenses	$ 21,137,334	$ 19,424,483	$ 19,686,317	$ 19,329,427	$ 17,971,307	$ 16,494,285	$ 16,412,819	$ 16,172,391	$ 15,973,946	$ 15,487,369
Net operating income (loss)	$ 2,697,885	$ 1,844,342	$ (917,601)	$ (84,528)	$ 1,056,637	$ 1,066,002	$ 638,890	$ 141,953	$ 549,523	$ (592,127)
Nonoperating revenues (expenses):										
Investment earnings	$ 208,297	$ 30,486	$ 20,355	$ 23,989	$ 29,720	$ 19,300	$ 15,592	$ 7,201	$ 9,234	$ 5,384
Rental income	-	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	-
Grant income	207,000	100,000	342,327	-	-	-	-	-	-	-
Gain (loss) on disposal of capital assets	11,588	21,832	-	6,467	-	7,825	-	-	(19,117)	(261,637)
Costs of issuance	-	-	-	(79,467)	-	-	-	-	(97,626)	-
Interest and fiscal charges	(62,748)	(71,765)	(83,180)	(138,292)	(235,509)	(254,791)	(238,415)	(238,802)	(100,291)	(106,099)
Net nonoperating revenues (expenses)	$ 364,137	$ 89,553	$ 288,502	$ (178,303)	$ (196,789)	$ (218,666)	$ (213,823)	$ (222,601)	$ (198,800)	$ (362,352)
Capital contributions	$ 43,185	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Change in net position	$ 3,105,207	$ 1,933,895	$ (629,099)	$ (262,831)	$ 859,848	$ 847,336	$ 425,067	$ (80,648)	$ 350,723	$ (954,479)

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
2024	$ 4,560,701	$ 987,017	$ 1,259,298	$ 3,087,842	$ 9,894,858
2023	4,560,701	952,982	1,293,333	1,448,168	8,255,184
2022	4,492,631	1,021,052	1,293,333	105,170	6,912,186
2021	4,492,631	1,021,052	1,293,330	-	6,807,013
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

Table 4

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
2024	68%	14%	18%
2023	67%	14%	19%
2022	66%	15%	19%
2021	66%	15%	19%
2020	68%	15%	17%
2019	70%	15%	15%
2018	71%	15%	14%
2017	71%	15%	14%
2016	70%	15%	15%
2015	69%	15%	16%

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.

Table 5

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Total Revenue - By Source
Last Ten Years

Fiscal Year	Commonwealth Reimburse-ment	Commonwealth Per Diems	Commonwealth Medical Reimb	Commonwealth Total from Commonwealth	Member Per Diems	Other Governmental Entities	Federal	Work Release & Weekenders	Telephone Commissions	Room & Board	Inmates Commissary	Miscellaneous and Other Revenues	Total Revenues
2024	$ 6,809,415	$ 984,595	$ -	$ 7,794,010	$ 6,807,016	$ 3,087,842	$ 4,551,000	$ 131,583	$ 973,000	$ 4,004	$ 333,928	$ 622,906	$ 24,305,289
2023	6,122,249	867,443	-	6,989,692	6,807,016	1,448,168	4,236,578	161,780	973,000	36,009	371,405	406,495	21,430,143
2022	4,877,621	1,130,324	2,906	6,010,851	6,807,016	105,170	3,929,630	199,535	973,000	62,303	163,433	889,460	19,140,398
2021	4,134,210	1,187,049	134,776	5,456,035	6,807,013	-	4,798,165	310,420	973,000	65,269	226,073	648,380	19,284,355
2020	4,365,503	1,342,762	261,578	5,969,843	6,320,086	-	4,708,375	286,701	973,000	58,338	217,482	532,839	19,066,664
2019	4,787,053	796,940	(129,566)	5,454,427	6,320,086	-	3,938,770	244,953	973,000	64,242	175,126	425,808	17,596,412
2018	4,708,643	1,119,098	331,517	6,159,258	6,146,552	-	3,534,780	185,699	473,373	64,248	176,115	336,276	17,076,301
2017	4,701,683	1,284,068	155,119	6,140,870	6,146,531	-	2,946,669	239,556	387,110	104,772	176,715	188,322	16,330,545
2016	4,822,979	1,332,452	220,614	6,376,045	6,147,273	-	2,880,680	271,372	360,000	135,209	259,695	111,429	16,541,703
2015	4,681,044	1,085,249	413,587	6,179,880	5,558,132	-	2,083,685	192,203	360,000	168,412	240,277	118,037	14,900,626

Table 6

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	Equipment Leases	Vehicle Loans	Total	Annual Personal Income (1)	Ratio of Debt to Personal Income	Population (1)	Debt Per Capita
2024	$ 3,798,000	$ -	$ -	$ 225,812	$ -	$ 4,023,812	Unavailable	Unavailable	Unavailable	Unavailable
2023	4,621,000	-	-	23,162	-	4,644,162	$ 10,864,641	43%	149,709	$ 31.02
2022	5,423,000	-	-	68,457	-	5,491,457	9,943,237	55%	146,935	37.37
2021	6,203,000	-	-	-	-	6,203,000	9,382,322	66%	143,689	43.17
2020	2,716,000	4,037,108	-	-	-	6,753,108	8,649,163	78%	141,110	47.86
2019	3,129,000	4,261,765	-	-	-	7,390,765	7,877,626	94%	137,184	53.87
2018	3,534,000	4,467,161	-	-	-	8,001,161	7,827,822	102%	135,288	59.14
2017	3,933,000	4,675,657	-	-	-	8,608,657	7,426,137	116%	138,340	62.23
2016	4,326,000	4,782,376	-	-	104,245	9,212,621	7,147,381	129%	137,393	67.05
2015	4,713,000	-	53,473	-	39,022	4,805,495	6,960,274	69%	135,399	35.49

(1) Total for members - from table 8.

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
2024	$ 23,501,291	$ 19,961,525	$ 3,539,766	$ 887,321	3.99
2023	20,897,420	18,215,417	2,682,003	876,615	3.06
2022	18,605,230	17,857,072	748,158	864,558	0.87
2021	19,018,476	17,583,795	1,434,681	884,483	1.62
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

(1) Information excludes activity of canteen fund, which is not available for debt service.

(2) Actual principal and interest due on revenue refunding bonds and energy performance contract financing.

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Demographic Statistics for Member Jurisdictions
Last Ten Years

Total Annual Personal Income (1)

Calendar Year	City of Suffolk	City of Franklin	Isle of Wight County	Totals
2023	$ 6,656,572	$ 1,394,922	$ 2,813,147	$ 10,864,641
2022	6,063,801	1,315,920	2,563,516	9,943,237
2021	5,705,145	1,202,465	2,474,712	9,382,322
2020	5,217,894	1,194,732	2,236,537	8,649,163
2019	4,949,924	788,544	2,139,158	7,877,626
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

Per Capita Personal Income (1)

Calendar Year	City of Suffolk	City of Franklin	Isle of Wight County	Totals
2023	$ 66,130	$ 31,838	$ 69,100	$ 167,068
2022	61,608	29,683	63,847	155,138
2021	59,309	26,519	63,005	148,833
2020	55,561	25,900	59,285	140,746
2019	53,740	34,103	57,645	145,488
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

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

Demographic Statistics for Member Jurisdictions
Last Ten Years

Population (2)

Calendar Year	City of Suffolk	City of Franklin	Isle of Wight County	Totals
2023	100,659	8,339	40,711	149,709
2022	98,537	8,247	40,151	146,935
2021	96,194	8,217	39,278	143,689
2020	94,324	8,180	38,606	141,110
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

Unemployment Rate (3)

Calendar Year	City of Suffolk	City of Franklin	Isle of Wight County
2023	2.8%	3.6%	2.6%
2022	2.9%	3.9%	2.7%
2021	5.9%	4.2%	4.5%
2020	5.0%	7.4%	4.0%
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%

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.

Table 9

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Principal Employers
Current Year and Period Nine Years Ago

Calendar Year 2023

City of Suffolk

Rank	Employer	Employees
1	Amazon Warehouse Distribution	5,000
2	Suffolk Public Schools	2,300
3	Navy Information Dominance Forces (Cyber Forces)	2,250
4	Sentara Health System	1,503
5	City of Suffolk	1,479
6	Target	1,300
7	QVC	700
8	Towne Bank	600
9	J7 Joint Staff	550
10	Bon Secours Health System	450

City of Franklin

Rank	Employer	Employees
1	Southampton Memorial Hospital	300 - 599
2	Paul D. Camp Community College	300 - 599
3	Walmart	100 - 499
4	Deerfield Correctional Center	100 - 249
5	Food Lion	100 - 249
6	Walmart	100 - 249
7	Enviva	100 - 249
8	Solenis	50 - 99
9	Birdsong Peanuts	50 - 99
10	Hubbard Peanut Co., Inc.	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	Smithfield Support Services Corp.	250 - 499
6	International Paper Company	250 - 499
7	Food Lion	250 - 499
8	World Market	100 - 249
9	CR England	100 - 249
10	ST Tissue (Tak Investments Holding LLC)	100 - 249

Calendar Year 2015

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

Source: Economic development departments from the related locality

Table 10

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Full-time Equivalent Employees
Last Ten Years

As of	Jail Operations		
June 30	Sworn	Civilian	Total (1)
2024	145	15	160
2023	145	15	160
2022	145	15	160
2021	145	15	160
2020	145	33	178
2019	145	33	178
2018	142	33	175
2017	152	27	179
2016	148	22	170
2015	140	25	165

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

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Capital Asset Statistics
Last Ten Years

Fiscal Year	Vehicles	Housing Units
2024	24	6
2023	22	6
2022	27	6
2021	26	6
2020	26	6
2019	22	6
2018	22	6
2017	22	6
2016	21	6
2015	19	6

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

Table 12

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Inmate Population Statistics
Last Ten Years

	From											
Fiscal Year	City of Suffolk	City of Franklin	Isle of Wight County	City of Hampton	Total	Feds	Total ADP	Admissions	Releases	Males	Females	Average Length of Stay (Days)
2024	300	58	84	132	574	216	790	3,846	3,912	8,008	870	150
2023	262	51	66	0	379	215	594	3,981	3,878	6,658	808	144
2022	270	61	76	0	407	227	634	3,312	3,420	6,809	868	192
2021	296	60	82	0	438	278	716	3,039	3,060	8,160	804	238
2020	347	78	99	0	524	234	758	4,911	4,451	7,968	960	202
2019	344	71	100	0	515	207	722	6,138	5,993	6,265	1,284	39
2018	317	73	93	0	483	178	661	5,591	5,660	5,099	1,186	215
2017	340	75	97	0	512	147	659	6,436	5,713	5,246	1,274	38
2016	376	80	89	0	545	143	688	4,239	4,149	Unavailable	Unavailable	112
2015	413	83	74	0	570	104	674	5,602	5,501	Unavailable	Unavailable	95

Table 13

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Miscellaneous Statistical Data
June 30, 2024

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, 2024

Insurance Coverage	Insurance Company	Expiration Date	Coverage Limit	Deductible
Automobile Coverages:				
Automobile Liability	VML Insurance Programs	6/30/2024	$ 1,000,000 Per occurrence	none
Medical Payments Coverage	VML Insurance Programs	6/30/2024	$ 10,000 Per person	none
Property Coverages:				
Blanket Buildings, Contents PIO	VML Insurance Programs	6/30/2024	$ 52,707,795	$ 5,000
Electronic Data Processing	VML Insurance Programs	6/30/2024	$ 75,000	$ 5,000
Boiler & Machinery Coverage:				
Property Damage Limit	VML Insurance Programs	6/30/2024	$ 50,000,000 Per accident	$ 1,000
Workers' Compensation	VML Insurance Programs	6/30/2024	Required Statutory Limits	none
Line of Duty	VML Insurance Programs	6/30/2024	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

- Compliance -

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, 2024, 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 January 28, 2025.

Report on 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.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

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
January 28, 2025