

**WESTERN TIDEWATER REGIONAL JAIL AUTHORITY
SUFFOLK, VIRGINIA**



**ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2025**

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ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025

Prepared by the Administrative Division

William C. Smith, Superintendent

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

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Annual Comprehensive Financial Report
Year Ended June 30, 2025

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**WESTERN TIDEWATER REGIONAL JAIL AUTHORITY
BOARD OF DIRECTORS**

City of Suffolk:

- David D. Miles, Sheriff, Suffolk
WTRJ Authority, 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 Secretary, Personnel Committee
- Albert S. Moor, City Manager, Suffolk (Alternate)
WTRJ Authority Finance Committee

Isle of Wight:

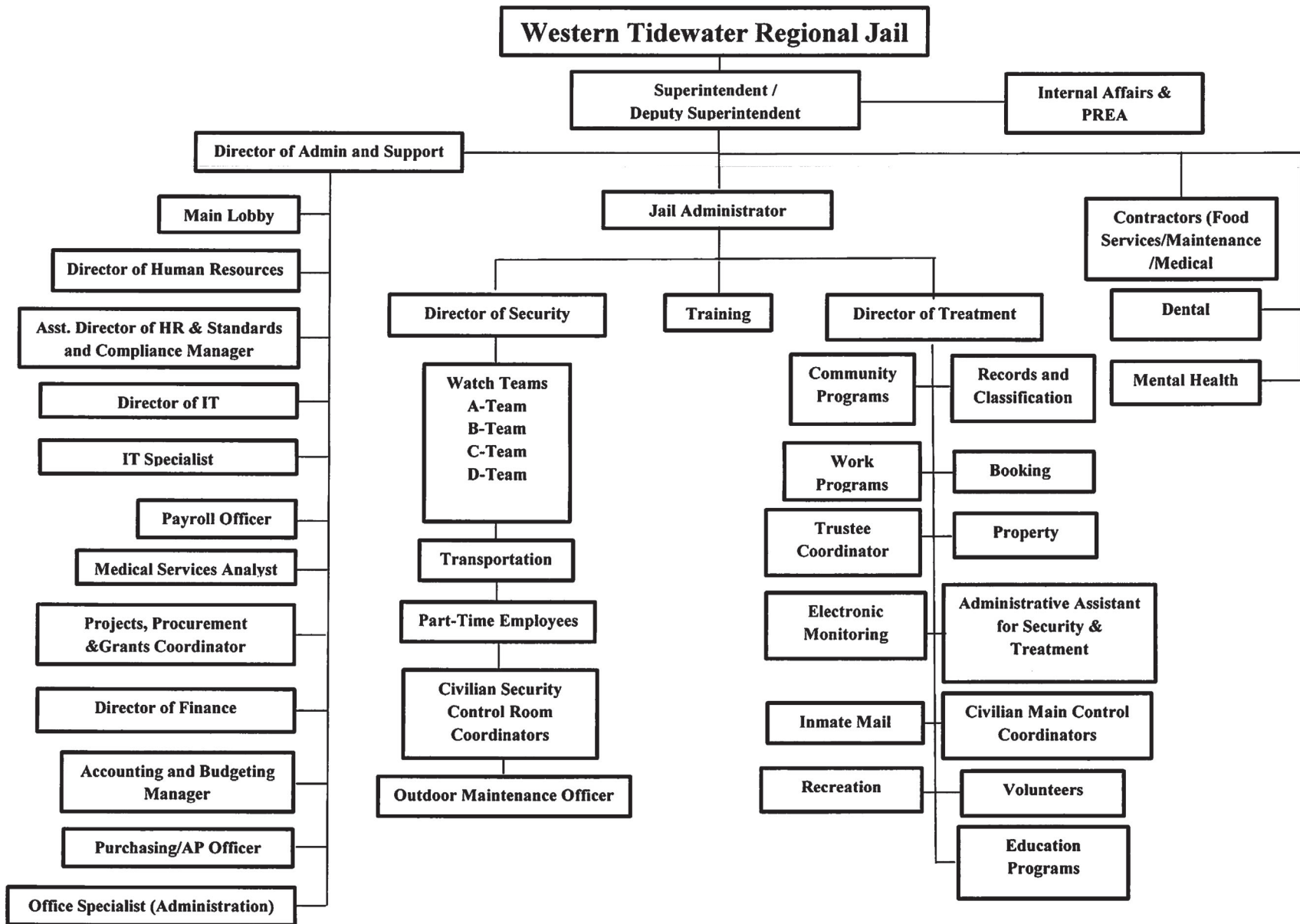
- James R. Clarke, Sheriff, Isle of Wight
WTRJ Authority Personnel Committee
- Thomas Distefano, Board of Supervisors, Isle of Wight
WTRJ Authority Personnel Committee
- Rudolph Jefferson, Board of Supervisors, Isle of Wight
WTRJ Authority, Personnel and Finance Committees
- Randy R. Keaton, County Administrator, Isle of Wight (Alternate)
WTRJ Authority Finance Committee

Franklin:

- Paul Kaplan, 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 Chairman, Personnel Committee
- Rosylen Oglesby, City Manager, Franklin (Alternate)
WTRJ Authority Finance Committee

Hampton:

- Martha Mugler, City Council Member, Hampton
WTRJ Authority Personnel Committee
- Kwasi Obeng, Assistant City Manager, Hampton
WTRJ Authority Personnel and Finance Committee
- Karen Bowden, Sheriff, Hampton
WTRJ Authority, Personnel Committee
- Mary Bunting, City Manager, Hampton (Alternate)
WTRJ Authority Finance Committee



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
Erika	Reuter	Accounting and Budgeting Manager	Admin
Dorothy	Wilford	Payroll Officer	Admin
Loeetti	Alexander	Projects, Procurement and Grants Coordinator	Admin
James	Buie	Lieutenant	Admin
Leon	Dupree	Major	Jail Administrator
Joshua	Bower	Captain	Security
Bobby	Brinkley	Lieutenant	A Team
Brittney	Hailes	Lieutenant	B Team
Miranda	Brinkley	Lieutenant	C Team
Letitia	Dupree	Lieutenant	D Team
Zachary	Hamann	Lieutenant	Training
Heather	Grant	Lieutenant	Transportation
Ebony	Hamlin	Captain	Treatment
Anaya	Ponds	Lieutenant	Booking
Keanessa	Williams	Lieutenant	Classification
Anthony	Perry	Lieutenant	Work Release
Marie	Evans	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

March 2, 2026

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, 2025, 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 2025. 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 City of Hampton joined the Western Tidewater Regional Jail Authority (WTRJA) on September 1, 2024. 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. Hampton is the only jurisdiction that has its own jail.

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 173 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.

Profile of the Government (Continued)

Since the elimination of the \$3.00 per day Inmate Room & Board Fee, the in-house commissary revenue has continued to remain steady, averaging \$25,000 to \$30,000 per month. The telephone commissions, which include both pay phones and tablet usage, averaged \$81,833 per month. In July 2024, the Federal Communications Commission (FCC) voted to reduce the phone call rates to inmates and prohibited inmate telephone vendors from paying any revenue to jails or prisons that were made from inmate telephone calls or video visitation. Therefore, the monthly commissions were cut in half, \$45,833 per month. On June 30, 2025, the FCC Chairman announced that the agency's Wireline Competition Bureau issued a temporary waiver until at least April 1, 2027. The waiver will give facilities and service providers time to implement challenges related to the 2024 Order. Therefore, in September 2025, the monthly commissions returned to \$81,833 per month. In April 2023, the Western Tidewater Regional Jail 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 in September 2024. The Authority received Hampton's buy-in amount in August 2025 and the funds were transferred to the Virginia Investment Pool.

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. In November 2025, the U.S. Marshals Service approved an increase in the Authority's per diem rate from \$65 to \$75. The Authority still has an electronic monitoring and a work release program that generate revenue; however, the work release program continues to remain low ever 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 and the fact that it is extremely difficult in finding inmates who meet the criteria. With the continued increase in inmates sentenced to home electronic monitoring, the overall revenue from these sources continues not to be 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 allow 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 the budget by \$681,400 or 2.95% and Expenses also exceeded the budget by \$1,428,102 or 6.45%. After negating non-cash items such as depreciation and gain or loss on disposals of assets, the Authority finished the year with a negative variance of \$746,702. Most categories or groupings of both revenues and expenses came in at under 10% variance except for:

Information Useful in Assessing Economic Condition (Continued)

REVENUES

1. State Revenues (increased Comp Board reimbursements and DOC per diems) 11.40% over budget
2. Inmate Revenues (decreased Work Release income, decreased telephone commissions due to FCC ruling, suspension of Fresh Favorites for a brief period) 25.38% under budget

EXPENSES

3. Employee Retirement (decreased number of employees retiring) 47.24% under budget
4. Employee Medical Expenses (increased number of physicals for new hires) 65.91% over budget
5. Contracted Services (increased due to third party recruitment and Moseley Architects review of the Security Systems upgrade) 27.13% over budget
6. Equipment Maintenance/Repairs Expenses (chiller service valves and freon, Kitchen RTU, boiler pumps, repair and welding of several cell door frames and an increase in kitchen equipment, the rental dishwasher) 69.22% over budget
7. Office Expenses (computer expenses and equipment paid for under a technology grant through the jail's inmate telephone vendor) 39.85% under budget
8. Utilities (increase in monthly fees and usage) 35.74% over budget
9. Inmate Expenses (cost savings from using various other vendors for the same items) 14.10% under budget
10. Officer Supplies increased buying of vests, handcuffs and leg irons) 63.36% over budget
11. Facility Insurance and Bonds (increased insurance rates) 56.18% 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 a policy of 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.
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.

Information Useful in Assessing Economic Condition (Continued)

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 the Authority 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 the facility and for all medical expenses not provided at the WTRJA facility (outside medical specialist services). On September 1, 2024, Hampton joined the Western Tidewater Regional Authority as the fourth (4) member.
8. In May 2024, the Authority agreed to allow the Superintendent to submit a Request For Proposal for pharmaceutical services. There were five (5) vendors who submitted their responses to the proposal. The Authority voted in August 2024 to stay with Correct Rx as they provided additional cost savings along with several other benefits.
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. The Authority has continued to transfer funds into this reserve account, especially after receiving Hampton's large Buy-in amount in September 2025.
10. In June 2024, the Authority purchased a drone which is located on the facility roof to conduct 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 continued to greatly enhance perimeter security at the facility.
11. In July 2024, the Federal Communications Commission (FCC) voted to reduce the phone call rates in jails and prisons along with forbidding inmate telephone vendors from paying any revenue to jails or prisons that were made from inmate telephone calls or video visitation. This resulted in a reduction of \$500,000 in revenue for the Authority. In June 2025 the FCC Chairman announced that the agency's Wireline Competition Bureau issued a temporary waiver of the 2024 Incarcerated People's Communications Services (IPCS) Order; therefore, the original 2021 IPCS Order will remain in effect until April 1, 2027. This will allow the jail's inmate telephone vendor to pay revenue to jails and prisons through inmate telephone calls or video visitation. Therefore, the original \$500,000 reduction in revenue will remain in the Authority's FY2026 budget.
12. In October 2025, the United States Marshals Service (USMS) for both the Eastern district of Virginia and North Carolina sent a letter to the Authority stating they were unable to process payments for prisoner housing due to the lack of federal appropriation and furloughed staff because of the Federal Government shutdown. In the letter they stated they considered the jail's services essential to their operations and respectfully requested that we continue to provide services. The Authority continued to provide services without payment and once the Federal Government opened back up in November 2025 the Authority received all of the back pay from the USMS.

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 with all but one applicable standard which was corrected on site and a corrective plan of action was put in place to ensure compliance with that standard. This certification was originally granted in 1993. The next triennial inspection will take place on January 26-30, 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 June 2025 and there was only one (1) area that needed improvement which the correction was made while the auditor was on site.

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 November 2024.

The last Federal Bureau of Prisons inspection was conducted in May 2025, 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 August 2025 with 100% compliance.

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

Major Initiatives Inside Programs to Reduce Recidivism

In our continuing efforts to reduce recidivism and to help our inmates successfully transition to being a productive member of society, we offer the following programs with the number of participants through our Education Department who successfully completed those programs for the last Fiscal Year (FY25):

- Adult Basic Education 15 (Teaches reading, writing, and math to support academic growth personal development)
- Special Education 8 (Teaching individuals with IEP's or Special Needs)
- General Education 24 (Prepares students to participate in earning a high school equivalency diploma)
- Narcotics Anonymous 40 (Supports individuals who want to commit to recovery)
- Religious Mentoring 85 (Faith-centered program designed to guide individuals toward personal growth, responsibility and positive decision-making)
- Alcoholics Anonymous 115 (Focuses on recovery and detoxification)
- Anger Management 82 (Understanding life triggers and how to deal with them)
- Building Bridges with Books 63 (Reconnecting mother and child through recorded readings)

Major Initiatives Inside Programs to Reduce Recidivism (Continued)

- Being a Responsible Mother/Father 46 (Designed to strengthen individuals parenting skills and support healthy family relationships despite separation)
- Delving Deeper 55 (Focuses on current issues, historical issues personal responsibility and accountability)
- Personal Finance 22 (Teaches the need to understand budgeting, purchasing homes, credit)
- Substance abuse 80 (Provides treatment methods to help overcome addictive symptoms)
- Trauma 18 (Focuses on healing childhood wounds)
- Re-entry 33 (Focuses on practical strategies for reducing recidivism, making positive life choices and navigating challenges after release)
- The above factors have impacted several budgetary line items both positively and negatively.

Accounting System

In developing and evaluating the Authority's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the Authority's internal accounting control adequately safeguards 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 resource's 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 ending June 30, 2025.

The auditor's report, which includes their opinion on the financial statements of the Authority, is presented in this report on pages 16-18.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Western Tidewater Regional Jail Authority for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. This was the tenth 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
Superintendent



Karen Hatfield
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, 2024

Christopher P. Morill

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, 2025, 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, 2025, and the changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

Change in Accounting Principles

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

Restatement Beginning Balances

As described in Note 18 to the financial statements, in 2025, Western Tidewater Regional Jail Authority restated beginning balances to reflect the requirements of GASB Statement No. 101. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 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 March 2, 2026, 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 Faren Cox Associates
Charlottesville, Virginia
March 2, 2026

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Management's Discussion and Analysis Year Ended June 30, 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, 2025. Please read it in conjunction with the Authority's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Net position increased by \$5.5 million or 76.1% for the year ended June 30, 2025 as compared to an increase of approximately \$3.1 million or 45.4% for the year ended June 30, 2024.
- Operating revenues showed an increase of 2.2% for the year compared to the increase of 12.1% in 2024, while operating expenses reflected an increase of 17.4% from the prior year, higher than the 8.8% decrease in fiscal year 2024.
- The Authority's long-term debt decreased by \$669,284 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 \$5.5 million. The analysis below focuses on the change in net position and the resulting changes in assets and liabilities:

Condensed Statement of Net Position

	<u>2025</u>	<u>2024</u>	<u>Amount Change</u>	<u>% Change</u>
Current and other assets	\$ 13,480,775	\$ 10,604,842	\$ 2,875,933	27.1%
Capital assets	<u>5,745,974</u>	<u>5,001,133</u>	<u>744,841</u>	<u>14.9%</u>
Total assets	\$ <u>19,226,749</u>	\$ <u>15,605,975</u>	\$ <u>3,620,774</u>	<u>23.2%</u>
Deferred outflows of resources	\$ <u>2,358,351</u>	\$ <u>1,315,379</u>	\$ <u>1,042,972</u>	<u>79.3%</u>
Long-term liabilities	\$ 3,440,283	\$ 3,994,658	\$ (554,375)	-13.9%
Current liabilities	<u>1,684,064</u>	<u>1,992,566</u>	<u>(308,502)</u>	<u>-15.5%</u>
Total liabilities	\$ <u>5,124,347</u>	\$ <u>5,987,224</u>	\$ <u>(862,877)</u>	<u>-14.4%</u>
Deferred inflows of resources	\$ <u>1,229,167</u>	\$ <u>996,485</u>	\$ <u>232,682</u>	<u>23.4%</u>
Net position:				
Net investment in capital assets	\$ 2,391,446	\$ 977,321	\$ 1,414,125	144.7%
Restricted for pension benefits	607,142	829,146	(222,004)	100.0%
Restricted for inmate benefits	564,103	420,500	143,603	34.2%
Unrestricted	<u>11,668,895</u>	<u>7,710,678</u>	<u>3,958,217</u>	<u>51.3%</u>
Total net position	\$ <u><u>15,231,586</u></u>	\$ <u><u>9,937,645</u></u>	\$ <u><u>5,293,941</u></u>	<u><u>53.3%</u></u>

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				
	<u>2025</u>	<u>2024</u>	<u>Amount Change</u>	<u>% Change</u>
Operating revenues:				
Commonwealth	\$ 9,100,118	\$ 7,794,010	\$ 1,306,108	16.8%
Federal	3,708,747	4,344,000	(635,253)	-14.6%
City of Suffolk	4,349,538	4,560,701	(211,163)	-4.6%
City of Franklin	951,128	987,017	(35,889)	-3.6%
City of Hampton	2,615,604	-	2,615,604	N/A
Isle of Wight County	1,149,666	1,259,298	(109,632)	-8.7%
Telephone commissions	976,416	973,000	3,416	0.4%
Other	1,498,698	3,917,193	(2,418,495)	-61.7%
Total operating revenues	<u>\$ 24,349,915</u>	<u>\$ 23,835,219</u>	<u>\$ 514,696</u>	<u>2.2%</u>
Operating expenses:				
Personnel costs	\$ 10,772,239	\$ 9,340,137	\$ 1,432,102	15.3%
Fringe benefits and payroll taxes	3,401,657	2,106,176	1,295,481	61.5%
Medical supplies and services	4,844,309	4,516,032	328,277	7.3%
Utilities	1,394,762	1,189,433	205,329	17.3%
Contractual services	2,414,216	2,111,248	302,968	14.4%
Depreciation	1,067,788	1,007,927	59,861	5.9%
Other	923,830	866,381	57,449	6.6%
Total operating expenses	<u>\$ 24,818,801</u>	<u>\$ 21,137,334</u>	<u>\$ 3,681,467</u>	<u>17.4%</u>
Net operating income (loss)	<u>\$ (468,886)</u>	<u>\$ 2,697,885</u>	<u>\$ (3,166,771)</u>	<u>-117.4%</u>
Nonoperating revenues (expenses):				
Investment earnings	\$ 249,830	\$ 208,297	\$ 41,533	19.9%
Hampton buy-in	5,736,162	-	5,736,162	N/A
Federal grant revenues	-	207,000	(207,000)	-100.0%
Interest expense	(58,953)	(62,748)	3,795	-6.0%
Gain/(loss) on investments	38,587	2,238	36,349	1624.2%
Gain on disposal of capital assets	24,070	9,350	14,720	157.4%
Nonoperating revenues (expenses), net	<u>\$ 5,989,696</u>	<u>\$ 364,137</u>	<u>\$ 5,625,559</u>	<u>1544.9%</u>
Income (loss) before capital contributions	<u>\$ 5,520,810</u>	<u>\$ 3,062,022</u>	<u>\$ 2,458,788</u>	<u>80.3%</u>
Capital contributions	\$ -	\$ 43,185	\$ (43,185)	-100.0%
Change in net position	<u>\$ 5,520,810</u>	<u>\$ 3,105,207</u>	<u>\$ 2,415,603</u>	<u>77.8%</u>
Net position, beginning of year, original	9,937,645	6,832,438	3,105,207	45.4%
Restatement	(226,869)	-	(226,869)	N/A
Net position, beginning of year, restated	<u>\$ 9,710,776</u>	<u>\$ 6,832,438</u>	<u>\$ 2,878,338</u>	<u>42.1%</u>
Net position, end of year	<u>\$ 15,231,586</u>	<u>\$ 9,937,645</u>	<u>\$ 5,293,941</u>	<u>53.3%</u>

FINANCIAL ANALYSIS - ENTERPRISE FUNDS: (CONTINUED)

Operating revenues increased by 2.2% in 2025 compared to a 12.1% increase in 2024. Federal revenues decreased by \$635,253 or 14.6% and revenues from the Commonwealth increased by \$1,306,108 or 16.8% 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, increased by \$2,258,920 due to the addition of the City of Hampton as a member in fiscal year 2025 after remaining constant in 2024, 2023 and 2022. Revenues from other localities decreased by \$2,388,168 or 77.3% from 2024 as Hampton inmates were housed prior to them joining the Authority.

Operating expenses increased by 17.4% in 2025 compared to the 8.8% decrease in 2024. Personnel costs increased by \$1,432,102 and fringe benefits increased by \$1,160,673. Medical supplies and services and contractual services increased by \$328,277 and \$302,968. Other changes were modest. These changes reflect the additional costs of housing more inmates and inflationary costs.

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

	<u>2025</u>	<u>2024</u>	<u>Amount Change</u>	<u>% Change</u>
Cash flows provided by (used for):				
Operating activities	\$ 2,589,904	\$ (55,521)	\$ 2,645,425	-4764.7%
Noncapital and related financing activities	-	207,000	(207,000)	-100.0%
Capital and related financing activities	(2,473,346)	(1,261,881)	(1,211,465)	96.0%
Investing activities	1,674,011	(2,819,661)	4,493,672	-159.4%
Net increase (decrease) in cash and cash equivalents	\$ 1,790,569	\$ (3,930,063)	\$ 5,720,632	-145.6%
Cash and cash equivalents, beginning of year	2,498,114	6,428,177	(3,930,063)	-61.1%
Cash and cash equivalents, end of year	<u>\$ 4,288,683</u>	<u>\$ 2,498,114</u>	<u>\$ 1,790,569</u>	<u>71.7%</u>

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 increase in cash flows from operating activities, after a decrease in 2024. This is dependent on the budget in order to fund debt service and operating requirements. At the end of fiscal year 2024, there were receivables of \$3,799,409 outstanding from other governmental units compared to \$825,702 receivable at the end of fiscal year 2025 resulting in cash collections of \$2,973,707.

The Department of Criminal Justice Services passed through ARPA grant funds of \$207,000 during 2024. This nonoperating revenue was reported as noncapital and financing activities cash flows. The Hampton buy-in of \$5,736,162 was still outstanding at year-end and collected subsequently.

Cash flows from capital and related financing activities include the purchase of capital assets and principal and interest payments on debt. Activity in 2025 reflects the first payment made on the security system upgrade project.

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 2025, the Authority had \$5.7 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 \$744,841 represents the purchase of various upgrades and equipment during the year as well as the beginning stages of the security system upgrade project offset by depreciation expense of \$1,067,788.

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

	<u>2025</u>	<u>2024</u>
Land	\$ 37,455	\$ 37,455
Construction in progress	1,046,822	-
Building and improvements	2,499,959	2,848,197
Land improvements	313,985	343,515
Machinery and equipment	1,388,621	1,507,226
Office furniture	30,043	40,140
Lease equipment	<u>429,089</u>	<u>224,600</u>
Net capital assets	<u>\$ 5,745,974</u>	<u>\$ 5,001,133</u>

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

Capital Financing Debt

At year-end, the Authority had \$2.95 million in revenue refunding bonds and \$404 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

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Statement of Net Position
As of June 30, 2025

	Operating Fund	Canteen Fund	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 3,800,518	\$ 488,165	\$ 4,288,683
Investments	1,596,362	-	1,596,362
Accounts receivable	132,399	137,312	269,711
Internal balances	173	(173)	-
Lease receivable	8,867	-	8,867
Interest receivable	240	-	240
Due from other governmental units	6,561,864	-	6,561,864
Prepays	147,906	-	147,906
Total current assets	<u>\$ 12,248,329</u>	<u>\$ 625,304</u>	<u>\$ 12,873,633</u>
Noncurrent Assets:			
Net pension asset	\$ 607,142	\$ -	\$ 607,142
Capital assets (net of accumulated depreciation):			
Land	\$ 37,455	\$ -	\$ 37,455
Construction in progress	1,046,822	-	1,046,822
Land improvements	313,985	-	313,985
Building and improvements	2,499,959	-	2,499,959
Machinery and equipment	1,388,621	-	1,388,621
Office furniture	30,043	-	30,043
Lease equipment	429,089	-	429,089
Total capital assets	<u>\$ 5,745,974</u>	<u>\$ -</u>	<u>\$ 5,745,974</u>
Total noncurrent assets	<u>\$ 6,353,116</u>	<u>\$ -</u>	<u>\$ 6,353,116</u>
Total assets	<u>\$ 18,601,445</u>	<u>\$ 625,304</u>	<u>\$ 19,226,749</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 2,258,060	\$ -	\$ 2,258,060
OPEB related items	100,291	-	100,291
Total deferred outflows of resources	<u>\$ 2,358,351</u>	<u>\$ -</u>	<u>\$ 2,358,351</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 541,271	\$ 61,201	\$ 602,472
Accrued liabilities	(1,655)	-	(1,655)
Accrued interest payable	18,853	-	18,853
Long-term liabilities, current portion	1,057,579	-	1,057,579
Unearned revenue	6,815	-	6,815
Total current liabilities	<u>\$ 1,622,863</u>	<u>\$ 61,201</u>	<u>\$ 1,684,064</u>
Noncurrent Liabilities:			
Long-term liabilities, net of current portion	\$ 3,440,283	\$ -	\$ 3,440,283
Total noncurrent liabilities	<u>\$ 3,440,283</u>	<u>\$ -</u>	<u>\$ 3,440,283</u>
Total liabilities	<u>\$ 5,063,146</u>	<u>\$ 61,201</u>	<u>\$ 5,124,347</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 1,108,977	\$ -	\$ 1,108,977
OPEB related items	111,542	-	111,542
Lease related items	8,648	-	8,648
Total deferred inflows of resources	<u>\$ 1,229,167</u>	<u>\$ -</u>	<u>\$ 1,229,167</u>
NET POSITION			
Net investment in capital assets	\$ 2,391,446	\$ -	\$ 2,391,446
Restricted for pension benefits	607,142	-	607,142
Restricted for inmate benefits	-	564,103	564,103
Unrestricted	11,668,895	-	11,668,895
Total net position	<u>\$ 14,667,483</u>	<u>\$ 564,103</u>	<u>\$ 15,231,586</u>

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

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

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

	Operating Fund	Canteen Fund	Total
Operating Revenues:			
Commonwealth	\$ 9,100,118	\$ -	\$ 9,100,118
Federal	3,708,747	-	3,708,747
City of Suffolk	4,349,538	-	4,349,538
City of Franklin	951,128	-	951,128
City of Hampton	2,615,604	-	2,615,604
Isle of Wight County	1,149,666	-	1,149,666
Other governmental entities	699,674	-	699,674
Telephone commissions	976,416	-	976,416
Room and board	5,918	-	5,918
Work release and weekenders	72,345	-	72,345
Canteen commissions	-	349,437	349,437
Miscellaneous	371,269	55	371,324
Total operating revenues	<u>\$ 24,000,423</u>	<u>\$ 349,492</u>	<u>\$ 24,349,915</u>
Operating Expenses:			
Personnel costs	\$ 10,646,020	\$ 126,219	\$ 10,772,239
Fringe benefits	2,539,445	33,747	2,573,192
Payroll taxes	819,622	8,843	828,465
Medical supplies and services	4,844,309	-	4,844,309
Utilities	1,394,762	-	1,394,762
Repairs and maintenance	303,943	-	303,943
Insurance	60,911	-	60,911
Contractual services	2,413,703	513	2,414,216
Vehicle expenses	69,488	-	69,488
Administrative	99,264	-	99,264
Inmate supplies	94,879	17,129	112,008
Inmate support	-	19,438	19,438
Officer expenses	221,819	-	221,819
Miscellaneous	36,959	-	36,959
Depreciation	1,067,788	-	1,067,788
Total operating expenses	<u>\$ 24,612,912</u>	<u>\$ 205,889</u>	<u>\$ 24,818,801</u>
Net operating income (loss)	<u>\$ (612,489)</u>	<u>\$ 143,603</u>	<u>\$ (468,886)</u>
Nonoperating Revenues (Expenses):			
Investment earnings	\$ 249,830	\$ -	\$ 249,830
Hampton buy-in	5,736,162	-	5,736,162
Interest expense	(58,953)	-	(58,953)
Gain/(loss) on investments	38,587	-	38,587
Gain on disposal of capital assets	24,070	-	24,070
Net nonoperating revenues (expenses)	<u>\$ 5,989,696</u>	<u>\$ -</u>	<u>\$ 5,989,696</u>
Change in net position	<u>\$ 5,377,207</u>	<u>\$ 143,603</u>	<u>\$ 5,520,810</u>
Net position, beginning of year, as reported	\$ 9,517,145	\$ 420,500	\$ 9,937,645
Restatement	<u>(226,869)</u>	<u>-</u>	<u>(226,869)</u>
Net position, beginning of year, as restated	<u>\$ 9,290,276</u>	<u>\$ 420,500</u>	<u>\$ 9,710,776</u>
Net position, end of year	<u>\$ 14,667,483</u>	<u>\$ 564,103</u>	<u>\$ 15,231,586</u>

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

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Statement of Cash Flows
Year Ended June 30, 2025

	Operating Fund	Canteen Fund	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 26,289,490	\$ 436,826	\$ 26,726,316
Other operating revenue	371,269	55	371,324
Payments to suppliers	(9,644,480)	(67,222)	(9,711,702)
Payments to and for employees	(13,807,603)	(159,966)	(13,967,569)
Payments to agencies	(819,622)	(8,843)	(828,465)
Total cash flows provided by (used for) operating activities	<u>\$ 2,389,054</u>	<u>\$ 200,850</u>	<u>\$ 2,589,904</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	\$ (1,516,416)	\$ -	\$ (1,516,416)
Sale of capital assets	24,070	-	24,070
Principal paid on long-term liabilities	(917,497)	-	(917,497)
Interest paid on long-term liabilities	(63,503)	-	(63,503)
Total cash flows provided by (used for) capital and related financing activities	<u>\$ (2,473,346)</u>	<u>\$ -</u>	<u>\$ (2,473,346)</u>
Cash flows from investing activities:			
Investment Earnings	\$ 118,599	\$ -	\$ 118,599
Sale of investments	1,555,412	-	1,555,412
Total cash flows provided by (used for) investing activities	<u>\$ 1,674,011</u>	<u>\$ -</u>	<u>\$ 1,674,011</u>
Net increase (decrease) in cash and cash equivalents	\$ 1,589,719	\$ 200,850	\$ 1,790,569
Cash and cash equivalents, beginning of year	2,210,799	287,315	2,498,114
Cash and cash equivalents, end of year	<u>\$ 3,800,518</u>	<u>\$ 488,165</u>	<u>\$ 4,288,683</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (612,489)	\$ 143,603	\$ (468,886)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	1,067,788	-	1,067,788
Changes in assets, liabilities, and deferred outflows and inflows of resources:			
Accounts receivable	(62,769)	99,493	36,724
Internal balances	12,104	(12,104)	-
Lease receivable	8,627	-	8,627
Due from other governmental units	2,973,707	-	2,973,707
Prepays	(23,858)	-	(23,858)
Net pension asset	222,004	-	222,004
Deferred outflows of resources - pension related	(1,037,146)	-	(1,037,146)
Deferred outflows of resources - OPEB related	(5,826)	-	(5,826)
Accounts payable	(80,585)	(30,142)	(110,727)
Accrued liabilities	(29,179)	-	(29,179)
Compensated absences	31,267	-	31,267
Net OPEB liability	(35,940)	-	(35,940)
Deferred inflows of resources - pension related	255,590	-	255,590
Deferred inflows of resources - OPEB related	(14,260)	-	(14,260)
Deferred inflows of resources - lease related	(8,648)	-	(8,648)
Unearned revenue	(271,333)	-	(271,333)
Total cash flows provided by (used for) operating activities	<u>\$ 2,389,054</u>	<u>\$ 200,850</u>	<u>\$ 2,589,904</u>
Schedule of noncash capital and related financing activities			
Acquisition of equipment on lease	\$ 296,213	\$ -	\$ 296,213

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

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

FIDUCIARY FUNDS

Statement of Fiduciary Net Position
As of June 30, 2025

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 205,039
Total assets	<u>\$ 205,039</u>
LIABILITIES	
Accounts payable	\$ 139,788
Total liabilities	<u>\$ 139,788</u>
NET POSITION	
Restricted for inmates	\$ 65,251
Total net position	<u><u>\$ 65,251</u></u>

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

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

FIDUCIARY FUNDS

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

	<u>Custodial Funds</u>
ADDITIONS	
Contributions:	
Inmate deposits	\$ 1,406,926
Electronic monitoring	66,735
Work release earnings	11,031
Other	<u>303</u>
Total additions	<u>\$ 1,484,995</u>
DEDUCTIONS	
Canteen payments (room and board debt, canteen)	\$ 872,535
Inmate phone payments	373,814
Paid to vendors on behalf of inmates	27,270
Fees to Western Tidewater Regional Jail (rent, van, drug and alcohol, etc.)	98,242
Paid to inmates (release/stipend/mail funds request)	94,426
Other	<u>567</u>
Total deductions	<u>\$ 1,466,854</u>
Net increase (decrease) in fiduciary net position	<u>\$ 18,141</u>
Net position, beginning of year	<u>\$ 47,110</u>
Net position, end of year	<u><u>\$ 65,251</u></u>

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

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Notes to Financial Statements As of June 30, 2025

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. In fiscal year 2025, the creation agreement was amended to include the City of Hampton as the Authority's fourth member. 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 City of Hampton contributed \$5,736,162 for its buy-in during fiscal year 2025. 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 four 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.

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

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

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.

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.

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

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

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

C. Cash, Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, amounts in demand deposits, 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 not met in FY25 due to the timing of deposits made to the reserve accounts. With the reserve fund policy requirements being met after year-end, 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.

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 (or life of the associated contract for lease 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

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

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). Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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). Subsequently, the lease liability is reduced by the principal portion of lease 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. Subsequently, the lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

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.

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

G. Compensated Absences

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

Vacation

The Authority's policy permits employees to accumulate earned but unused vacation benefits subject to certain limitations, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

The Authority's policy permits employees to accumulate earned but unused sick leave. 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. In addition, a liability for the estimated value of sick leave that will be used by employees as time off is also included in the liability for compensated absences.

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.

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.

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

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.
- 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.

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

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

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).

Custodial Credit Risk (Investments):

The Authority’s investments at June 30, 2025 were held by the Authority or in the Authority’s name by the Authority’s custodial banks.

<u>Authority's Rated Debt Investments</u>	
<u>Rated Debt Investments Value</u>	<u>Fair Quality Ratings</u>
	<u>AA+f</u>
VML/VACo Virginia Investment Pool	\$ <u>1,596,362</u>
Total	\$ <u><u>1,596,362</u></u>

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

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

NOTE 3 - DEPOSITS AND INVESTMENTS: (continued)

Investments: (Continued)

Interest Rate Risk:

The Authority reports investments and the maturities as follows:

<u>Investment Type</u>	<u>Investment Maturity*</u>		
	<u>Value</u>	<u>Less than 1</u>	<u>1-5 Years</u>
VML/VACo Virginia Investment Pool	\$ 1,596,362	\$ -	\$ 1,596,362
Total Investments	\$ 1,596,362	\$ -	\$ 1,596,362

*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	\$ 484,966
DOC medical billings	17,393
Due from Federal Government:	
US Marshals - Norfolk	265,602
US Marshals - Other	1,215
Bureau of Prisons	42,597
Other local governments:	
Hampton Buy-in	5,736,162
Southampton Sheriff's Office	13,929
Total due from other governmental units	\$ 6,561,864

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

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

NOTE 5 - CAPITAL ASSETS:

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

	<u>Balance July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2025</u>
Capital assets not being depreciated:				
Land	\$ 37,455	\$ -	\$ -	\$ 37,455
Construction in progress	-	1,046,822	-	1,046,822
Total capital assets not being depreciated	<u>\$ 37,455</u>	<u>\$ 1,046,822</u>	<u>\$ -</u>	<u>\$ 1,084,277</u>
Capital assets being depreciated:				
Building and improvements	\$ 31,221,060	\$ 261,963	\$ -	\$ 31,483,023
Land improvements	1,204,792	-	-	1,204,792
Machinery and equipment	4,122,876	207,631	108,969	4,221,538
Office furniture	318,368	-	-	318,368
Lease equipment	242,631	296,213	-	538,844
Total capital assets being depreciated	<u>\$ 37,109,727</u>	<u>\$ 765,807</u>	<u>\$ 108,969</u>	<u>\$ 37,766,565</u>
Accumulated depreciation:				
Building and improvements	\$ 28,372,863	\$ 610,201	\$ -	\$ 28,983,064
Land improvements	861,277	29,530	-	890,807
Machinery and equipment	2,615,650	326,236	108,969	2,832,917
Office furniture	278,228	10,097	-	288,325
Lease equipment	18,031	91,724	-	109,755
Total accumulated depreciation	<u>\$ 32,146,049</u>	<u>\$ 1,067,788</u>	<u>\$ 108,969</u>	<u>\$ 33,104,868</u>
Total capital assets being depreciated, net	<u>\$ 4,963,678</u>	<u>\$ (301,981)</u>	<u>\$ -</u>	<u>\$ 4,661,697</u>
Net capital assets	<u>\$ 5,001,133</u>	<u>\$ 744,841</u>	<u>\$ -</u>	<u>\$ 5,745,974</u>

Depreciation amounted to \$1,067,788 at June 30, 2025.

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

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

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:

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 2025, the Authority recognized \$8,648 of lease revenue and \$354 of interest revenue under the lease.

NOTE 9 - COMPENSATED ABSENCES:

The Authority accrued the liability arising from outstanding compensated absences. The Authority has outstanding compensated absences totaling \$829,314 at June 30, 2025 and considers 10% of the balance to be a current liability.

NOTE 10 - 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 2025 were \$1,192,013.

The Authority also had contractual commitments of \$3,084,978 outstanding as of June 30, 2025 related to the security system upgrade project.

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

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

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%.

In 2025, the Authority entered into a lease agreement for a drone entered into in June 2024. Payments for the lease are due in monthly installments of \$4,000 from December 2024 through November 2025 and \$6,000 from December 2025 through November 2028 at a discounted rate of 3.00%.

As of June 30, 2025, the Authority's outstanding bonds and leases consisted of the following:

<u>Year of Inception</u>	<u>Description</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>
2020	Revenue Refunding Bond - Series 2020A	1.000%	\$ 472,000
2020	Revenue Refunding Bond - Series 2020B	1.645%	2,479,000
2024	Copier Leases	3.000%	179,637
2025	Drone Lease	3.000%	223,891

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

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

NOTE 11 - LONG-TERM LIABILITIES: (continued)

Following is a summary of changes in long-term liabilities for the year ended June 30, 2025:

	Balance July 1, 2024	GASB 101 Restate- ment	Adjusted Balance July 1, 2024	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2025	Amount Due Within One Year
Direct borrowings and placements:							
Revenue and refunding bonds	\$ 3,798,000	\$ -	\$ 3,798,000	\$ -	\$ 847,000	\$ 2,951,000	\$ 871,000
Equipment leases	225,812	-	225,812	248,213	70,497	403,528	103,648
Compensated absences*	571,178	226,869	798,047	31,267	-	829,314	82,931
Net OPEB liability	349,960	-	349,960	170,066	206,006	314,020	-
Total long-term liabilities	\$ 4,944,950	\$ 226,869	\$ 5,171,819	\$ 449,546	\$ 1,123,503	\$ 4,497,862	\$ 1,057,579

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

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

June 30,	Direct Borrowings and Placements					
	Revenue and Refunding Bonds 2020A		Revenue and Refunding Bonds 2020B		Equipment Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 472,000	\$ 2,360	\$ 399,000	\$ 39,143	\$ 103,648	\$ 10,670
2027	-	-	421,000	32,489	117,042	7,275
2028	-	-	444,000	25,465	120,540	3,777
2029	-	-	467,000	18,062	62,298	579
2030	-	-	491,000	10,289	-	-
2031	-	-	257,000	2,114	-	-
Totals	\$ 472,000	\$ 2,360	\$ 2,479,000	\$ 127,562	\$ 403,528	\$ 22,301

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.

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

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

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.

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

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

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	154
Inactive members:	
Vested inactive members	20
Non-vested inactive members	201
Inactive members active elsewhere in VRS	<u>94</u>
Total inactive members	315
Active members	<u>132</u>
Total covered employees	<u><u>601</u></u>

Contributions

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

The Authority's contractually required employer contribution rate for the year ended June 30, 2025 was 17.44% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

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 \$1,435,536 and \$1,220,914 for the years ended June 30, 2025 and June 30, 2024, respectively.

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

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

NOTE 12 - PENSION PLAN: (continued)

Contributions (continued)

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$11,927 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$1,273 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$1,111,327 for the year ended June 30, 2025.

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, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023, rolled forward to the measurement date of June 30, 2024.

Actuarial Assumptions - General Employees

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

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

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

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

NOTE 12 - PENSION PLAN: (continued)

Actuarial Assumptions - General Employees (continued)

Mortality rates: (Continued)

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

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

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

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

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

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

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

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

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

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

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

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

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

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

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

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

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 38,455,017	\$ 39,284,163	\$ (829,146)
Changes for the year:			
Service cost	\$ 1,408,393	\$ -	\$ 1,408,393
Interest	2,603,727	-	2,603,727
Differences between expected and actual experience	1,531,597	-	1,531,597
Contributions - employer	-	1,220,626	(1,220,626)
Contributions - employee	-	354,698	(354,698)
Net investment income	-	3,771,116	(3,771,116)
Benefit payments, including refunds of employee contributions	(2,579,367)	(2,579,367)	-
Administrative expenses	-	(25,488)	25,488
Other changes	-	761	(761)
Net changes	\$ 2,964,350	\$ 2,742,346	\$ 222,004
Balances at June 30, 2024	\$ 41,419,367	\$ 42,026,509	\$ (607,142)

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

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

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:

	<u>Rate</u>		
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
Net Pension Liability (Asset)	\$ 4,308,059	\$ (607,142)	\$ (4,688,739)

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

For the year ended June 30, 2025, the Authority recognized pension expense of \$875,696. At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 822,524	\$ 26,144
Net difference between projected and actual earnings on pension plan investments	-	1,082,833
Employer contributions subsequent to the measurement date	<u>1,435,536</u>	<u>-</u>
Total	<u>\$ 2,258,060</u>	<u>\$ 1,108,977</u>

\$1,435,536 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2026	\$ (269,393)
2027	424,460
2028	(210,688)
2029	(230,832)
Thereafter	-

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

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

NOTE 12 - PENSION PLAN: (continued)

Pension Plan Data

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

NOTE 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

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

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

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 \$9,532 as of June 30, 2025.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025 was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the entity were \$39,100 and \$39,024 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

At June 30, 2025, the entity reported a liability of \$314,020 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was .02814% as compared to .02918% at June 30, 2023.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$(16,927). 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.

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 49,528	\$ 7,670
Net difference between projected and actual earnings on GLI OPEB plan investments	-	26,469
Change of assumptions	1,790	15,562
Changes in proportionate share	9,873	61,841
Employer contributions subsequent to the measurement date	<u>39,100</u>	<u>-</u>
Total	<u>\$ 100,291</u>	<u>\$ 111,542</u>

\$39,100 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2026	\$ (34,877)
2027	(10,227)
2028	(11,932)
2029	3,690
2030	2,995
Thereafter	-

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

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

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

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the 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, 2024, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

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

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

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

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

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

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

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

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

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, 2024, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Authority's proportionate share of the GLI Plan Net OPEB Liability	\$ 488,343	\$ 314,020	\$ 173,191

GLI Plan Fiduciary Net Position

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

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.

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

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

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 Virginia Association of Counties (VAcorp) Group Self Insurance Risk Pool. VAcorp 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 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 VAcorp. This is built into the LODA coverage cost presented in the annual renewals. The Authority's LODA premium for the year ended June 30, 2025 was \$36,300.

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.

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

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

NOTE 17 - UPCOMING PRONOUNCEMENTS:

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

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

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

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

NOTE 18 - ADOPTION OF ACCOUNTING PRINCIPLE:

During the current year, the Authority implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the Authority now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The change in accounting principle resulted in the following restatement of net position:

	<u>Operating Fund</u>
Net position, beginning of year, as reported	\$ 9,517,145
Restatement for GASB 101 implementation	<u>(226,869)</u>
Net position, beginning of year, as restated	<u>\$ 9,290,276</u>

- 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, 2015 through June 30, 2024

	2024	2023	2022	2021	2020
Total pension liability					
Service cost	\$ 1,408,393	1,130,325	1,016,323	\$ 1,123,615	\$ 1,179,632
Interest	2,603,727	2,530,643	2,467,609	2,307,329	2,139,686
Differences between expected and actual experience	1,531,597	(428,360)	(496,367)	(1,408,425)	1,076,177
Changes of assumptions	-	-	-	1,355,457	-
Benefit payments	(2,579,367)	(2,276,542)	(2,058,922)	(1,980,636)	(1,843,161)
Net change in total pension liability	\$ 2,964,350	956,066	928,643	\$ 1,397,340	\$ 2,552,334
Total pension liability - beginning	38,455,017	37,498,951	36,570,308	35,172,968	32,620,634
Total pension liability - ending (a)	\$ 41,419,367	38,455,017	37,498,951	\$ 36,570,308	\$ 35,172,968
Plan fiduciary net position					
Contributions - employer	\$ 1,220,626	1,156,765	955,446	\$ 1,093,304	\$ 981,271
Contributions - employee	354,698	335,456	303,616	355,085	352,459
Net investment income	3,771,116	2,415,186	(35,164)	8,371,316	583,081
Benefit payments	(2,579,367)	(2,276,542)	(2,058,922)	(1,980,636)	(1,843,161)
Administrative expense	(25,488)	(24,153)	(24,007)	(20,770)	(19,905)
Other	761	972	885	791	(693)
Net change in plan fiduciary net position	\$ 2,742,346	1,607,684	(858,146)	\$ 7,819,090	\$ 53,052
Plan fiduciary net position - beginning	39,284,163	37,676,479	38,534,625	30,715,535	30,662,483
Plan fiduciary net position - ending (b)	\$ 42,026,509	39,284,163	37,676,479	\$ 38,534,625	\$ 30,715,535
Authority's net pension liability (asset) - ending (a) - (b)	\$ (607,142)	(829,146)	(177,528)	\$ (1,964,317)	\$ 4,457,433
Plan fiduciary net position as a percentage of the total pension liability	101.47%	102.16%	100.47%	105.37%	87.33%
Covered payroll	\$ 7,170,160	6,784,433	6,019,827	\$ 6,930,667	\$ 7,061,446
Authority's net pension liability (asset) as a percentage of covered payroll	-8.47%	-12.22%	-2.95%	-28.34%	63.12%

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

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

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 1,197,099	\$ 1,235,833	\$ 1,150,645	\$ 1,133,475	\$ 1,030,439
Interest	2,058,981	1,880,480	1,792,680	1,689,978	1,577,173
Differences between expected and actual experience	(170,543)	886,050	(127,737)	(207,853)	(79,923)
Changes of assumptions	926,226	-	(278,670)	-	-
Benefit payments	(1,610,287)	(1,294,403)	(1,270,882)	(1,025,953)	(806,430)
Net change in total pension liability	<u>\$ 2,401,476</u>	<u>\$ 2,707,960</u>	<u>\$ 1,266,036</u>	<u>\$ 1,589,647</u>	<u>\$ 1,721,259</u>
Total pension liability - beginning	<u>30,219,158</u>	<u>27,511,198</u>	<u>26,245,162</u>	<u>24,655,515</u>	<u>22,934,256</u>
Total pension liability - ending (a)	<u><u>\$ 32,620,634</u></u>	<u><u>\$ 30,219,158</u></u>	<u><u>\$ 27,511,198</u></u>	<u><u>\$ 26,245,162</u></u>	<u><u>\$ 24,655,515</u></u>
Plan fiduciary net position					
Contributions - employer	\$ 986,245	\$ 964,617	\$ 922,904	\$ 938,533	\$ 898,305
Contributions - employee	361,015	366,741	386,861	347,325	326,368
Net investment income	1,934,796	2,000,424	2,943,177	422,285	1,018,499
Benefit payments	(1,610,287)	(1,294,403)	(1,270,882)	(1,025,953)	(806,430)
Administrative expense	(18,877)	(16,874)	(16,605)	(14,194)	(13,325)
Other	(1,224)	(1,801)	(2,638)	(176)	(216)
Net change in plan fiduciary net position	<u>\$ 1,651,668</u>	<u>\$ 2,018,704</u>	<u>\$ 2,962,817</u>	<u>\$ 667,820</u>	<u>\$ 1,423,201</u>
Plan fiduciary net position - beginning	<u>29,010,815</u>	<u>26,992,111</u>	<u>24,029,294</u>	<u>23,361,474</u>	<u>21,938,273</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 30,662,483</u></u>	<u><u>\$ 29,010,815</u></u>	<u><u>\$ 26,992,111</u></u>	<u><u>\$ 24,029,294</u></u>	<u><u>\$ 23,361,474</u></u>
Authority's net pension liability (asset) - ending (a) - (b)	\$ 1,958,151	\$ 1,208,343	\$ 519,087	\$ 2,215,868	\$ 1,294,041
Plan fiduciary net position as a percentage of the total pension liability	94.00%	96.00%	98.11%	91.56%	94.75%
Covered payroll	\$ 7,060,989	\$ 7,333,287	\$ 7,000,758	\$ 6,766,817	\$ 6,456,217
Authority's net pension liability (asset) as a percentage of covered payroll	27.73%	16.48%	7.41%	32.75%	20.04%

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

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

Date	Contributions in Relation to			Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1) *	Contractually Required Contribution (2) *	Contribution Deficiency (Excess) (3)		
2025	\$ 1,435,536	\$ 1,435,536	\$ -	\$ 8,169,336	17.57%
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%

* 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, 2025

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

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

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

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

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

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

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, 2024

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)
2024	0.02814%	\$ 314,020	\$ 7,226,564	4.35%	73.41%
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, 2016 through June 30, 2025

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)
2025	\$ 39,100	\$ 39,100	-	\$ 8,263,795	0.47%
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%

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

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

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

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

Non-Largest Ten Locality Employers - General Employees:

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees:

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

- Other Supplementary Information -

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

FIDUCIARY FUNDS

Combining Statement of Fiduciary Net Position

As of June 30, 2025

	Custodial Funds		
	Inmate Fund	Work Release Fund	Total
ASSETS			
Cash and cash equivalents	\$ 196,730	\$ 8,309	\$ 205,039
Total assets	\$ 196,730	\$ 8,309	\$ 205,039
LIABILITIES			
Accounts payable	\$ 139,793	\$ (5)	\$ 139,788
Total liabilities	\$ 139,793	\$ (5)	\$ 139,788
NET POSITION			
Restricted for inmates	\$ 56,937	\$ 8,314	\$ 65,251
Total net position	\$ 56,937	\$ 8,314	\$ 65,251

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

FIDUCIARY FUNDS

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

	Custodial Funds		
	Inmate Fund	Work Release Fund	Total
ADDITIONS			
Contributions:			
Inmate deposits	\$ 1,406,926	\$ -	\$ 1,406,926
Electronic monitoring	-	66,735	66,735
Work release earnings	-	11,031	11,031
Other	-	303	303
Total additions	\$ 1,406,926	\$ 78,069	\$ 1,484,995
DEDUCTIONS			
Canteen payments (room and board debt, canteen)	\$ 867,140	\$ 5,395	\$ 872,535
Inmate phone payments	373,814	-	373,814
Paid to vendors on behalf of inmates	27,270	-	27,270
Fees to Western Tidewater Regional Jail (rent, van, drug and alcohol, electronic monitoring, etc.)	28,657	69,585	98,242
Paid to inmates (release/stipend/mail funds request)	94,426	-	94,426
Other	452	115	567
Total deductions	\$ 1,391,759	\$ 75,095	\$ 1,466,854
Net increase (decrease) in fiduciary net position	\$ 15,167	\$ 2,974	\$ 18,141
Net position, beginning of year	\$ 41,770	\$ 5,340	\$ 47,110
Net position, end of year	\$ 56,937	\$ 8,314	\$ 65,251

- 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.

Financial Trends

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

Revenue Capacity

These tables contain information to help the reader assess the factors affecting the Authority’s ability to generate its revenues..... Tables 3-5

Debt Capacity

These tables presents information to help the reader assess the affordability of the Authority’s current level of outstanding debt and the Authority’s ability to issue additional debt in the future. Table 6-7

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the Authority’s financial activities take place and to help make comparisons over time and with other governments. Tables 8-11

Operating Information

These tables contain information about the Authority’s operations and resources to help the reader understand how the Authority’s financial information relates to the services the Authority provides and activities it performs..... Tables 12-14

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

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Net Position - By Component
Last Ten Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Net investment in capital assets	\$ 2,391,446	\$ 977,321	\$ 730,149	\$ 779,439	\$ 1,453,206	\$ 1,331,109	\$ 1,848,259	\$ 2,705,685	\$ 3,672,089	\$ 4,435,600
Restricted for										
pension benefits	607,142	829,146	177,528	1,964,317	-	-	-	-	-	-
inmate benefits	564,103	420,500	254,454	52,228	90,020	49,366	20,398	51,101	59,716	202,947
Unrestricted (deficit)	<u>11,668,895</u>	<u>7,710,678</u>	<u>5,670,307</u>	<u>2,102,559</u>	<u>3,984,416</u>	<u>4,409,998</u>	<u>3,061,968</u>	<u>1,326,503</u>	<u>551,417</u>	<u>(274,677)</u>
Total net position	<u>\$ 15,231,586</u>	<u>\$ 9,937,645</u>	<u>\$ 6,832,438</u>	<u>\$ 4,898,543</u>	<u>\$ 5,527,642</u>	<u>\$ 5,790,473</u>	<u>\$ 4,930,625</u>	<u>\$ 4,083,289</u>	<u>\$ 4,283,222</u>	<u>\$ 4,363,870</u>

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Changes in Net Position
Last Ten Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Operating revenues:										
Commonwealth	\$ 9,100,118	\$ 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
Federal	3,708,747	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
City of Suffolk	4,349,538	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
City of Franklin	951,128	987,017	952,982	1,021,052	1,021,052	948,013	948,013	921,983	921,980	922,091
City of Hampton	2,615,604	-	-	-	-	-	-	-	-	-
Isle of Wight County	1,149,666	1,259,298	1,293,333	1,293,333	1,293,330	1,074,415	948,013	860,517	860,514	922,091
Other governmental entities	699,674	3,087,842	1,448,168	105,170	-	-	-	-	-	-
Telephone commissions	976,416	973,000	973,000	973,000	973,000	973,000	973,000	473,373	387,110	360,000
Room and board	5,918	4,004	36,009	62,303	65,269	58,338	64,242	64,248	104,772	135,209
Work release and weekenders	72,345	131,583	161,780	199,535	310,420	286,701	244,953	185,699	239,556	271,372
Canteen commissions	349,437	333,928	371,405	163,433	226,073	217,482	175,126	176,115	176,715	259,695
Miscellaneous	371,324	359,836	245,177	517,778	608,924	494,119	389,683	311,684	172,121	93,195
Total operating revenues	\$ 24,349,915	\$ 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
Operating expenses:										
Personnel costs	\$ 10,772,239	\$ 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
Fringe benefits	2,573,192	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
Payroll taxes	828,465	693,657	644,166	629,805	625,611	567,750	541,516	565,013	546,178	518,321
Medical supplies and services	4,844,309	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
Utilities	1,394,762	1,189,433	1,010,971	873,236	876,930	887,316	837,014	755,120	711,616	1,257,469
Repairs and maintenance	303,943	206,418	206,324	227,967	162,131	171,464	349,431	202,396	150,004	212,612
Insurance	60,911	39,046	37,706	33,819	29,956	27,275	25,594	22,347	21,623	20,400
Contractual services	2,414,216	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
Vehicle expenses	69,488	70,495	57,390	52,660	45,515	52,429	59,964	66,223	78,670	51,331
Administrative	99,264	150,162	109,794	107,334	235,313	223,454	246,048	188,633	246,150	191,112
Inmate supplies	112,008	128,163	135,214	114,578	126,539	148,528	133,176	102,445	100,901	101,472
Inmate support	19,438	20,233	27,291	28,901	23,625	34,544	47,754	39,672	45,566	117,951
Officer expenses	221,819	219,614	154,045	125,563	93,376	101,433	80,378	100,165	116,615	98,705
Miscellaneous	36,959	32,250	35,136	20,340	14,109	7,899	13,602	22,674	10,259	3,089
Depreciation	1,067,788	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
Total operating expenses	\$ 24,818,801	\$ 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
Net operating income (loss)	\$ (468,886)	\$ 2,697,885	\$ 1,844,342	\$ (917,601)	\$ (84,528)	\$ 1,056,637	\$ 1,066,002	\$ 638,890	\$ 141,953	\$ 549,523
Nonoperating revenues (expenses):										
Investment earnings	\$ 249,830	\$ 208,297	\$ 30,486	\$ 20,355	\$ 23,989	\$ 29,720	\$ 19,300	\$ 15,592	\$ 7,201	\$ 9,234
Rental income	-	-	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Hampton buy-in	5,736,162	-	-	-	-	-	-	-	-	-
Grant income	-	207,000	100,000	342,327	-	-	-	-	-	-
Gain (loss) on investments	38,587	-	-	-	-	-	-	-	-	-
Gain (loss) on disposal of capital assets	24,070	11,588	21,832	-	6,467	-	7,825	-	-	(19,117)
Costs of issuance	-	-	-	-	(79,467)	-	-	-	-	(97,626)
Interest and fiscal charges	(58,953)	(62,748)	(71,765)	(83,180)	(138,292)	(235,509)	(254,791)	(238,415)	(238,802)	(100,291)
Net nonoperating revenues (expenses)	\$ 5,989,696	\$ 364,137	\$ 89,553	\$ 288,502	\$ (178,303)	\$ (196,789)	\$ (218,666)	\$ (213,823)	\$ (222,601)	\$ (198,800)
Capital contributions	\$ -	\$ 43,185	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in net position	\$ 5,520,810	\$ 3,105,207	\$ 1,933,895	\$ (629,099)	\$ (262,831)	\$ 859,848	\$ 847,336	\$ 425,067	\$ (80,648)	\$ 350,723

City of Hampton became a member in fiscal year 2025

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Member and Other Local Government Revenues
Last Ten Years

Fiscal Year	City of Suffolk	City of Franklin	City of Hampton	Isle of Wight County	Other Localities	Total
2025	\$ 4,349,538	\$ 951,128	\$ 2,615,604	\$ 1,149,666	\$ 699,674	\$ 9,765,610
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

City of Hampton became a member in fiscal year 2025

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Percentage of Member Budget Based on Population
Last Ten Years

Fiscal Year	City of Suffolk	City of Franklin	City of Hampton	Isle of Wight County
2025	45%	10%	33%	12%
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%

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.

City of Hampton became a member in fiscal year 2025

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Total Revenue - By Source
Last Ten Years

Fiscal Year	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
	Reimbursement	Per Diems	Medical Reimb										
2025	\$ 7,667,750	\$ 1,432,368	\$ -	\$ 9,100,118	\$ 9,065,936	\$ 699,674	\$ 3,708,747	\$ 72,345	\$ 976,416	\$ 5,918	\$ 349,437	\$ 6,419,973	\$ 30,398,564
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

City of Hampton became a member in fiscal year 2025 - miscellaneous revenue includes \$5,736,162 buy-in.

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
2025	\$ 2,951,000	\$ -	\$ -	\$ 403,528	\$ -	\$ 3,354,528	Unavailable	Unavailable	Unavailable	Unavailable
2024	3,798,000	-	-	225,812	-	4,023,812	\$ 10,864,641	37%	290,721	\$ 13.84
2023	4,621,000	-	-	23,162	-	4,644,162	9,943,237	47%	149,709	31.02
2022	5,423,000	-	-	68,457	-	5,491,457	9,382,322	59%	146,935	37.37
2021	6,203,000	-	-	-	-	6,203,000	8,649,163	72%	143,689	43.17
2020	2,716,000	4,037,108	-	-	-	6,753,108	7,877,626	86%	141,110	47.86
2019	3,129,000	4,261,765	-	-	-	7,390,765	7,827,822	94%	137,184	53.87
2018	3,534,000	4,467,161	-	-	-	8,001,161	7,426,137	108%	135,288	59.14
2017	3,933,000	4,675,657	-	-	-	8,608,657	7,147,381	120%	138,340	62.23
2016	4,326,000	4,782,376	-	-	104,245	9,212,621	6,960,274	132%	137,393	67.05

(1) Total for members - from table 8.

City of Hampton became a member in fiscal year 2025

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
2025	\$ 24,000,423	\$ 23,545,124	\$ 455,299	\$ 901,404	0.51
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

(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	City of Hampton	Isle of Wight County	Totals
2024	\$ 6,933,844	\$ 1,411,824	\$ 7,546,820	\$ 2,895,166	\$ 18,787,654
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

Per Capita Personal Income (1)					
Calendar Year	City of Suffolk	City of Franklin	City of Hampton	Isle of Wight County	Totals
2024	\$ 67,250	\$ 53,653	\$ 58,848	\$ 70,714	\$ 250,465
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

Sources: (1) U.S. Department of Commerce, Bureau of Economic Analysis
(2) Weldon Cooper 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	City of Hampton	Isle of Wight County	Totals
2024	103,105	8,373	137,956	41,287	290,721
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

Unemployment Rate (3)				
Calendar Year	City of Suffolk	City of Franklin	City of Hampton	Isle of Wight County
2024	3.0%	3.0%	3.3%	2.9%
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%

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

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

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WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Principal Employers
Current Year and Period Nine Years Ago

Calendar Year 2024			Calendar Year 2016		
City of Suffolk			City of Suffolk		
Rank	Employer	Employees	Rank	Employer	Employees
1	Amazon Warehouse Distribution	5,000	1	Suffolk Public Schools	1,780
2	Suffolk Public Schools	2,300	2	Navy Information Dominance Forces (Cyber Forces)	1,500
3	Navy Information Dominance Forces (Cyber Forces)	2,250	3	Sentara Health System	1,300
4	Sentara Health System	1,503	4	J7 Joint Staff	1,200
5	City of Suffolk	1,479	5	City of Suffolk	1,139
6	Target	1,300	6	QVC	900
7	QVC	700	7	Sysco Food Services of Hampton Roads	500
8	Towne Bank	600	8	Walmart	450
9	J7 Joint Staff	550	9	Kraft/Planters Peanuts	340
10	Bon Secours Health System	450	10	Unilever/Lipton, Inc.	300
City of Franklin			City of Franklin		
Rank	Employer	Employees	Rank	Employer	Employees
1	Southampton Memorial Hospital	300 - 599	1	Southampton County Public Schools	500 - 999
2	Paul D. Camp Community College	300 - 599	2	Deerfield Correctional Center	500 - 999
3	Walmart	100 - 499	3	Southampton Memorial Hospital	250 - 499
4	Deerfield Correctional Center	100 - 249	4	Franklin City Public Schools	250 - 499
5	Food Lion	100 - 249	5	Walmart	250 - 499
6	Walmart	100 - 249	6	Narricot Industries	100 - 249
7	Enviva	100 - 249	7	Southampton County	100 - 249
8	Solenis	50 - 99	8	City of Franklin	100 - 249
9	Birdsong Peanuts	50 - 99	9	Paul D. Camp Community College	100 - 249
10	Hubbard Peanut Co., Inc.	50 - 99	10	Care Advantage	100 - 249

Source: Economic development departments from the related locality

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Principal Employers
Current Year and Period Nine Years Ago

Calendar Year 2024			Calendar Year 2016		
City of Hampton			City of Hampton		
Rank	Employer	Employees	Rank	Employer	Employees
1	Hampton City School Board Local Government	500+	1	City of Hampton	600+
2	City of Hampton Local Government	500+	2	Commonwealth of Virginia	600+
3	U.S. Dept. of Veterans Affairs Federal Government	500+	3	Dept. of Defense	600+
4	U.S. Dept. of Defense Federal Government	500+	4	Hampton City School Board	600+
5	National Aeronautics & Space Admin. Federal Govt.	500+	5	Hampton Newport News Community Board	600+
6	Sentara Healthcare	500+	6	Hampton University	600+
7	Howmet Castings & Service, Inc.	500+	7	Howmet Castings & Service, Inc.	600+
8	Hampton University	500+	8	National Aeronautics/Space Admin.	600+
9	Hampton Newport News Community Services Board	500+	9	Riverside Regional Medical Center	600+
10	Riverside Regional Medical Center	500+	10	Sentara Health Plans	600+
Isle of Wight County			Isle of Wight County		
Rank	Employer	Employees	Rank	Employer	Employees
1	Smithfield Fresh Meats Corporation	1000+	1	Smithfield Packing Company	1000+
2	Isle of Wight County School Board	500 - 999	2	Isle of Wight County School Board	500 - 999
3	Keurig Dr. Pepper	250 - 499	3	County of Isle of Wight	250 - 499
4	County of Isle of Wight	250 - 499	4	Keurig Green Mountain	250 - 499
5	Smithfield Support Services Corp.	250 - 499	5	International Paper Company	100 - 249
6	International Paper Company	250 - 499	6	Riverside Regional Medical Center	100 - 249
7	Food Lion	250 - 499	7	C R England Inc.	100 - 249
8	World Market	100 - 249	8	Food Lion	100 - 249
9	CR England	100 - 249	9	Packers Sanitation Service, Inc.	100 - 249
10	ST Tissue (Tak Investments Holding LLC)	100 - 249	10	Cost Plus, Inc.	100 - 249

Source: Economic development departments from the related locality

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Full-time Equivalent Employees
Last Ten Years

As of June 30	Jail Operations		Total (1)
	Sworn	Civilian	
2025	145	15	160
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

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

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Capital Asset Statistics
Last Ten Years

<u>Fiscal Year</u>	<u>Vehicles</u>	<u>Housing Units</u>
2025	24	6
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

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

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Inmate Population Statistics
Last Ten Years

Fiscal Year	From					Total	Feds	Total ADP	Admissions	Releases	Males	Females	Average Length of Stay (Days)
	City of Suffolk	City of Franklin	Isle of Wight County	City of Hampton									
2025	325	61	84	136	606	173	795	4,250	4,128	7,914	848	127	
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	

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Miscellaneous Statistical Data
June 30, 2025

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

WESTERN TIDEWATER REGIONAL JAIL AUTHORITY

Schedule of Insurance in Force
As of June 30, 2025

Insurance Coverage	Insurance Company	Expiration Date	Coverage Limit	Deductible
Automobile Coverages:				
Automobile Liability	VAcop Insurance Programs	6/30/2025	\$ 2,000,000	none
Medical Payments Coverage	VAcop Insurance Programs	6/30/2025	\$ 10,000 Per person	none
Property Coverages:				
Buildings/Contents	VAcop Insurance Programs	6/30/2025	\$10,000,000-\$25,000,000	Varies
Business Interruption	VAcop Insurance Programs	6/30/2025	\$ 100,000	none
Equipment Coverage:				
Property Damage Limit	VAcop Insurance Programs	6/30/2025	\$ 100,000,000 Per breakdown	\$ 1,000
Workers' Compensation	VAcop Insurance Programs	6/30/2025	Required Statutory Limits	none
Line of Duty	VAcop Insurance Programs	6/30/2025	Required Statutory Limits	none
Excess Crime	VAcop Insurance Programs	6/30/2025	\$ 250,000	250
Public Officials	VAcop Insurance Programs	6/30/2025	\$ 3,000,000	none
Cyber Risk	VAcop Insurance Programs	6/30/2025	\$ 1,000,000	none
Constitutional Officer General Liability - VaRisk (1)	Commonwealth of Virginia - Division of Risk Management	Continuous	\$ 1,000,000	none
Faithful Performance of Duty Bond (1)	Travelers Casualty and Surety Company of America	Continuous	\$ 30,000	none

(1) Provided by the Commonwealth of Virginia

- Compliance -



**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, 2025, 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 March 2, 2026.

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 Faxon Cox Associates

Charlottesville, Virginia

March 2, 2026