
**ALBEMARLE-CHARLOTTESVILLE
REGIONAL JAIL AUTHORITY**

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2021

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

(A Regional Jail organized and existing pursuant to provisions of Chapter 7.1 of Title 53 of the Code of Virginia (1950), as amended)

BOARD MEMBERS

David Hill	Steven Carter	Cyndra Van Clief
Mike Murphy	John E. Harding	James Brwon
W. Lawton Tufts	Kathy Johnson-Harris	Doug Walker
Wes Bellamy	Diantha McKeel	

SUPERINTENDENT

Martin Kumer

BUSINESS MANAGER

Jeffrey A. Brill

CLERK OF THE BOARD

Marce B. Anderson

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2021

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Independent Auditors' Report

**To the Board Members of
Albemarle-Charlottesville Regional Jail Authority
Charlottesville, Virginia**

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Albemarle-Charlottesville Regional Jail Authority, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the aggregate remaining fund information of Albemarle-Charlottesville Regional Jail Authority, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 17 to the financial statements, in 2021, the Authority adopted new accounting guidance, GASB Statement No. 84, Fiduciary Activities. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 17 to the financial statements, in 2021, the Authority restated beginning balances to reflect the requirements of GASB Statement No. 84. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules related to pension and OPEB funding on pages 36-44 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Albemarle-Charlottesville Regional Jail Authority's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Other Matters: (Continued)

Supplementary and Other Information: (Continued)

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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.

Report on Summarized Comparative Information

We have previously audited Albemarle-Charlottesville Regional Jail Authority's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 28, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2022, on our consideration of Albemarle-Charlottesville 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 to solely 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 Albemarle-Charlottesville 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 Albemarle-Charlottesville Regional Jail Authority's internal control over financial reporting and compliance.

Robinson, Farnell, Cox Associates

Charlottesville, Virginia
March 8, 2022

- Basic Financial Statements -

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Statement of Net Position

As of June 30, 2021

(With Comparative Amounts for 2020)

	2021			2020
	Operating	Commissary	Total	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 3,404,666	\$ 376,227	\$ 3,780,893	\$ 6,361,057
Restricted cash and cash equivalents	-	-	-	494,201
Prepaid items	-	-	-	288
Accounts receivable	143,976	-	143,976	41,220
Due from other governments	953,436	-	953,436	682,527
Total current assets	\$ 4,502,078	\$ 376,227	\$ 4,878,305	\$ 7,579,293
Capital assets:				
Capital assets, not being depreciated:				
Land	\$ 74,947	\$ -	\$ 74,947	\$ 74,947
Total capital assets, not being depreciated	\$ 74,947	\$ -	\$ 74,947	\$ 74,947
Capital assets, being depreciated:				
Building and improvements	\$ 22,669,202	\$ -	\$ 22,669,202	\$ 22,714,752
Equipment	3,024,522	-	3,024,522	2,970,984
Vehicles	324,206	-	324,206	324,206
Accumulated depreciation	(19,276,516)	-	(19,276,516)	(18,618,356)
Total capital assets, being depreciated	\$ 6,741,414	\$ -	\$ 6,741,414	\$ 7,391,586
Total capital assets	\$ 6,816,361	\$ -	\$ 6,816,361	\$ 7,466,533
Total assets	\$ 11,318,439	\$ 376,227	\$ 11,694,666	\$ 15,045,826
Deferred Outflows of Resources				
OPEB related items	\$ 274,486	\$ -	\$ 274,486	\$ 132,679
Pension related items	2,729,549	-	2,729,549	1,569,186
Total deferred outflows of resources	\$ 3,004,035	\$ -	\$ 3,004,035	\$ 1,701,865
Total assets and deferred outflows of resources	\$ 14,322,474	\$ 376,227	\$ 14,698,701	\$ 16,747,691
Liabilities				
Current liabilities:				
Accounts payable	\$ 336,848	\$ -	\$ 336,848	\$ 817,378
Compensation payable	78,363	-	78,363	82,015
Compensated absences - current portion	75,925	-	75,925	78,436
Accrued interest payable	-	-	-	56,560
Unearned revenue	50,000	-	50,000	-
Amounts held for others	-	-	-	494,201
Long-term debt - current portion	-	-	-	465,712
Total current liabilities	\$ 541,136	\$ -	\$ 541,136	\$ 1,994,302
Noncurrent liabilities:				
Net OPEB liabilities	\$ 3,689,567	\$ -	\$ 3,689,567	\$ 3,427,310
Compensated absences - net of current portion	683,328	-	683,328	705,927
Net pension liability	3,103,360	-	3,103,360	998,902
Long-term debt - net of current portion	-	-	-	2,591,559
Total noncurrent liabilities	\$ 7,476,255	\$ -	\$ 7,476,255	\$ 7,723,698
Total liabilities	\$ 8,017,391	\$ -	\$ 8,017,391	\$ 9,718,000
Deferred Inflows of Resources				
OPEB related items	\$ 294,886	\$ -	\$ 294,886	\$ 463,259
Pension related items	196,414	-	196,414	833,449
Total deferred inflows of resources	\$ 491,300	\$ -	\$ 491,300	\$ 1,296,708
Net Position				
Net investment in capital assets	\$ 6,816,361	\$ -	\$ 6,816,361	\$ 4,409,262
Restricted - inmates	-	376,227	376,227	4,189,159
Unrestricted (deficit)	(1,002,578)	-	(1,002,578)	(2,865,438)
Total net position	\$ 5,813,783	\$ 376,227	\$ 6,190,010	\$ 5,732,983
Total liabilities, deferred inflows of resources and net position	\$ 14,322,474	\$ 376,227	\$ 14,698,701	\$ 16,747,691

See accompanying notes to financial statements.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Statement of Revenues, Expenses and Changes in Net Position
 Year Ended June 30, 2021
 (With Comparative Amounts for 2020)

	2021			2020
	Operating	Commissary	Total	Total
Operating Revenues:				
From local sources:				
Charges for services	\$ 9,468,434	\$ -	\$ 9,468,434	\$ 10,161,375
Miscellaneous	552,057	-	552,057	794,247
Commissary sales	-	276,165	276,165	-
Intergovernmental:				
Revenue from the Commonwealth	738,122	-	738,122	850,480
Total operating revenues	\$ 10,758,613	\$ 276,165	\$ 11,034,778	\$ 11,806,102
Operating Expenses:				
Compensation and related items	\$ 11,665,696	\$ -	\$ 11,665,696	\$ 12,058,709
Contractual	1,101,198	-	1,101,198	1,481,790
Other charges	2,500,051	-	2,500,051	3,079,947
Commissary supplies	-	210,261	210,261	-
Depreciation	720,275	-	720,275	752,247
Total operating expenses	\$ 15,987,220	\$ 210,261	\$ 16,197,481	\$ 17,372,693
Net operating income (loss)	\$ (5,228,607)	\$ 65,904	\$ (5,162,703)	\$ (5,566,591)
Nonoperating Revenues (expenses):				
Operating grants:				
State	\$ 4,868,161	\$ -	\$ 4,868,161	\$ 4,933,914
Federal	63,200	-	63,200	95,266
Debt service assessments	431,850	-	431,850	578,831
Interest income	18,779	-	18,779	96,156
Loss on disposal of assets	(58,808)	-	(58,808)	-
Tower lease	52,685	-	52,685	53,945
Interest expense	(71,117)	-	(71,117)	(112,982)
Total nonoperating revenues (expenses)	\$ 5,304,750	\$ -	\$ 5,304,750	\$ 5,645,130
Change in net position	\$ 76,143	\$ 65,904	\$ 142,047	\$ 78,539
Net position, beginning of year, as restated	5,737,640	310,323	6,047,963	5,654,444
Net position, end of year	\$ 5,813,783	\$ 376,227	\$ 6,190,010	\$ 5,732,983

See accompanying notes to financial statements.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Statement of Cash Flows
Year Ended June 30, 2021
(With Comparative Amounts for 2020)

	2021			2020
	Operating	Commissary	Total	Total
Cash flows from operating activities:				
Receipts from customers	\$ 10,434,948	\$ 276,165	\$ 10,711,113	\$ 11,851,302
Payments to suppliers	(4,081,491)	(210,261)	(4,291,752)	(4,086,100)
Payments to and for employees	(11,435,321)	-	(11,435,321)	(12,097,092)
Net cash provided by (used for) operating activities	\$ (5,081,864)	\$ 65,904	\$ (5,015,960)	\$ (4,331,890)
Cash flows from non-capital financing activities:				
Intergovernmental grants	\$ 4,931,361	\$ -	\$ 4,931,361	\$ 5,029,180
Other	52,685	-	52,685	53,945
Net cash provided by (used for) non-capital financing activities	\$ 4,984,046	\$ -	\$ 4,984,046	\$ 5,083,125
Cash flows from investing activities:				
Interest income	\$ 18,779	\$ -	\$ 18,779	\$ 96,156
Cash flows from capital and related financing activities:				
Debt service assessments	\$ 431,850	\$ -	\$ 431,850	\$ 578,831
Purchase of capital assets	(128,911)	-	(128,911)	(273,911)
Disposal of capital assets	58,808	-	58,808	-
Principal payments on long-term debt	(3,057,271)	-	(3,057,271)	-
Interest expense	(127,677)	-	(127,677)	(112,982)
Net cash provided by (used for) capital and related financing activities	\$ (2,882,009)	\$ -	\$ (2,882,009)	\$ 191,938
Net change in cash and cash equivalents	\$ (2,961,048)	\$ 65,904	\$ (2,895,144)	\$ 1,039,329
Cash and cash equivalents, beginning of year, as restated	6,365,714	310,323	6,676,037	5,321,728
Cash and cash equivalents, end of year	\$ 3,404,666	\$ 376,227	\$ 3,780,893	\$ 6,361,057
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (5,228,607)	\$ 65,904	\$ (5,162,703)	\$ (5,566,591)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	720,275	-	720,275	752,247
Changes in operating assets and deferred outflows of resources:				
Prepaid items	288	-	288	(288)
Accounts receivable	(102,756)	-	(102,756)	20,867
Due from other governments	(270,909)	-	(270,909)	(32,227)
Deferred outflows of resources - pension	(1,160,363)	-	(1,160,363)	(639,572)
Deferred outflows of resources - OPEB	(141,807)	-	(141,807)	45,845
Changes in operating liabilities and deferred inflows of resources:				
Accounts payable	(480,530)	-	(480,530)	475,925
Accrued interest payable	-	-	-	56,560
Unearned revenue	50,000	-	50,000	-
Net pension liability	2,104,458	-	2,104,458	856,976
Net OPEB liabilities	262,257	-	262,257	(113,284)
Deferred inflows of resources - pension	(637,035)	-	(637,035)	(425,830)
Deferred inflows of resources - OPEB	(168,373)	-	(168,373)	254,958
Compensation payable	(3,652)	-	(3,652)	(365)
Compensated absences	(25,110)	-	(25,110)	(17,111)
Net cash provided by (used for) operating activities	\$ (5,081,864)	\$ 65,904	\$ (5,015,960)	\$ (4,331,890)

See accompanying notes to financial statements.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

FIDUCIARY FUNDS

Statement of Fiduciary Net Position
As of June 30, 2021

	<u>Custodial Funds Total</u>
Assets	
Cash and cash equivalents	\$ <u>189,348</u>
Total assets	\$ <u>189,348</u>
Net Position	
Restricted for inmates	\$ <u>189,348</u>
Total net position	\$ <u><u>189,348</u></u>

See accompanying notes to financial statements.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

FIDUCIARY FUNDS

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2021

	<u>Custodial Funds</u>
Additions	
Contributions:	
Inmate deposits	\$ 1,059,572
Interest	791
	<u> </u>
Total additions	\$ 1,060,363
	<u> </u>
Deductions	
Operating Expenses:	
Canteen payments	\$ 712,676
Contractual	328,200
Other charges	9,085
Toxicology	275
	<u> </u>
Total deductions	\$ 1,050,236
	<u> </u>
Net increase (decrease) in fiduciary net position	\$ 10,127
	<u> </u>
Net position, beginning of year, as restated	\$ 179,221
	<u> </u>
Net position, end of year	\$ 189,348
	<u> </u>

See accompanying notes to financial statements.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements As of June 30, 2021

NOTE 1 - FINANCIAL STATEMENT PRESENTATION:

A. Organization and Purpose:

The Albemarle-Charlottesville Regional Jail Board was created pursuant to a resolution duly adopted by the City Council of the City of Charlottesville on April 9, 1974, and by the Board of Supervisors of Albemarle County on April 18, 1974. The County and City agreed to establish a regional jail known as the Albemarle-Charlottesville Joint Security Complex, pursuant to the provisions of Chapter 7.1 of Title 53 of the Code of Virginia and including provisions to allocate costs of construction and operation. All property shall be held jointly by the City and the County.

Effective November 15, 1995 the Jail Board created the Albemarle-Charlottesville Regional Jail Authority, pursuant to the provisions of Chapter 3, Article 3.1 of Title 53.1 of the Code of Virginia, and transferred all assets, liabilities and operations of the Complex to the Authority. Effective July 1, 1998, Nelson County became a member of the Authority.

B. Financial Reporting Entity:

The Authority has determined that it is a related organization to Albemarle County, Nelson County, and the City of Charlottesville, in accordance with Governmental Accounting Standards Board. The Authority is a legally separate organization whose eleven Board members are appointed as follows: The Jail Board shall include the County Executive of Albemarle, County Administrator of Nelson, and City Manager of Charlottesville; Sheriffs of the City of Charlottesville, County of Albemarle, and County of Nelson; one member of City Council to be appointed by Council; one member of the Albemarle Board of Supervisors to be appointed by the Albemarle Board of Supervisors; one private citizen from the City and one from the County of Albemarle, to be appointed by the respective governing bodies, and one additional private citizen, to be appointed jointly by the governing bodies. Since the Boards of Supervisors of Albemarle and Nelson or City Council cannot impose their will on the Authority, and since there is no potential financial benefit or burden in the relationship, neither Boards of Supervisors nor City Council are financially accountable for the Authority. Accordingly, the Authority is not considered a component unit of the City or Counties.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Basis of Accounting:

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

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

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

A. Basis of Accounting: (Continued)

Commissary funds are restricted for the benefit of inmates. Expenses paid with these funds include recreational and educational supplies, taxi services, counseling, and other items benefiting the inmates.

Fiduciary Funds (Trust and Custodial Funds) account for assets held by the Jail Authority in a trustee capacity or as custodian for individuals, private organizations, other governmental units, or other funds. These funds include Custodial Funds, which

B. Capital Assets:

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. The Authority's policy is to capitalize assets whose cost equals or exceeds \$5,000 and has an estimated useful life greater than one year. Donated capital assets are valued at acquisition value as of the date received. Depreciation has been provided on capital assets using the straight-line method based on their estimated useful lives which are as follows:

Building and improvements	20-30 years
Equipment	3-10 years
Vehicles	3-4 years

Depreciation totaled \$718,479 for 2021 and \$752,247 for 2020.

C. Compensated Absences:

Vacation pay and other related employee benefits are accrued when earned. At June 30, 2021 and 2020, unpaid vacation and related benefits amounted to approximately \$759,253 and \$784,363, respectively.

D. Use of Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Operating and Nonoperating Revenues and Expenses:

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

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

F. Comparative Amounts:

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

G. Cash and Cash Equivalents:

The Authority's cash and cash equivalents consist of demand deposits, certificates of deposit, overnight repurchase agreements and short-term U.S. Governmental obligations, with an original maturity of three months or less, all of which are readily convertible to known amounts of cash.

H. Prepaid Items:

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

I. Deferred Outflows and Inflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority has one type of item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liability and net OPEB liability measurement date. For more detailed information on these items, reference the pension note and OPEB notes.

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

J. Pensions:

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

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

K. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI Plan and the additions to/deductions from the VRS OPEB Plans' fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. Net Position:

Net position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related 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 also included in this component of net position.

M. Net Position Flow Assumption:

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.

NOTE 3 - DEPOSITS AND INVESTMENTS:

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% excess deposits. Accordingly, all deposits are considered fully collateralized.

The Authority's cash and cash equivalents are a part of the pooled cash and investments of the County of Albemarle, Virginia, the Authority's fiscal agent. The components of the Authority's cash and cash equivalents as to bank and investment balances are not identifiable. The portion of the County's cash and investments which are applicable to the Authority consist of deposits covered by FDIC insurance, the Virginia Security for Public Deposits Act, or are a part of the County's investments in the Virginia Local Government Investment Pool. The Authority has other cash accounts that are not a part of the County's pooled cash and investments. The carrying value of these deposits was \$601,970, and the bank balances were covered by FDIC insurance and/or collateralized in accordance with the Virginia Security for Public Deposits Act, except for \$126,227 in the Inmate Canteen Account that exceeds FDIC insurance.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2021 (Continued)

NOTE 4 - RECEIVABLES:

Receivables and amounts due from other governments are as follows:

	<u>2021</u>	<u>2020</u>
Accounts receivable:		
Other	\$ 143,976	\$ 41,220
Total accounts receivable	<u>\$ 143,976</u>	<u>\$ 41,220</u>
Due from other governmental units:		
Commonwealth of Virginia:		
State Compensation Board	\$ 359,361	\$ 400,513
Department of Corrections	252,074	171,321
Other	202	110,693
City of Charlottesville	337,004	-
Other	4,795	-
Total due from other governmental units	<u>\$ 953,436</u>	<u>\$ 682,527</u>
Total receivables	<u><u>\$ 1,097,412</u></u>	<u><u>\$ 723,747</u></u>

NOTE 5 - CAPITAL ASSETS:

Changes in capital assets are summarized below:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 74,947	\$ -	\$ -	\$ 74,947
Total capital assets not being depreciated	<u>\$ 74,947</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,947</u>
Capital assets being depreciated:				
Building and improvements	\$ 22,714,752	\$ 9,765	\$ 55,315	\$ 22,669,202
Equipment	2,970,984	119,146	65,608	3,024,522
Vehicles	324,206	-	-	324,206
Total capital assets being depreciated	<u>\$ 26,009,942</u>	<u>\$ 128,911</u>	<u>\$ 120,923</u>	<u>\$ 26,017,930</u>
Accumulated depreciation:				
Building and improvements	\$ 15,621,945	\$ 651,746	\$ 2,071	\$ 16,271,620
Equipment	2,709,068	54,957	60,044	2,703,981
Vehicles	287,343	13,572	-	300,915
Total accumulated depreciation	<u>\$ 18,618,356</u>	<u>\$ 720,275</u>	<u>\$ 62,115</u>	<u>\$ 19,276,516</u>
Total capital assets being depreciated, net	<u>\$ 7,391,586</u>	<u>\$ (591,364)</u>	<u>\$ 58,808</u>	<u>\$ 6,741,414</u>
Net capital assets	<u><u>\$ 7,466,533</u></u>	<u><u>\$ (591,364)</u></u>	<u><u>\$ 58,808</u></u>	<u><u>\$ 6,816,361</u></u>

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2021 (Continued)

NOTE 6 - LONG-TERM OBLIGATIONS:

The following details the changes in long-term debt:

Balance, July 1, 2020	\$	3,057,271
Principal payments		<u>(3,057,271)</u>
Balance, June 30, 2021	\$	<u><u>-</u></u>

The following is a summary of changes in compensated absences for the fiscal year ended June 30, 2021:

	<u>Balance</u>				<u>Balance</u>	<u>Amounts Due</u>
	<u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>		<u>June 30, 2021</u>	<u>Within One Year</u>
Compensated absences	\$ 784,363	\$ 53,326	\$ 78,436	\$	\$ 759,253	\$ 75,925

NOTE 7 - PENSION PLAN:

Plan Description

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

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.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements As of June 30, 2021 (Continued)

NOTE 7 - PENSION PLAN: (CONTINUED)

Benefit Structures: (Continued)

- 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.

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.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2021 (Continued)

NOTE 7 - PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	76
Inactive members:	
Vested inactive members	27
Non-vested inactive members	57
Inactive members active elsewhere in VRS	<u>85</u>
Total inactive members	169
Active members	<u>157</u>
Total covered employees	<u><u>402</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, 2021 was 11.51% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$854,964 and \$869,892 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability

The Authority's net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Authority's net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2021 (Continued)

NOTE 7 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees

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

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

**Notes to Financial Statements
As of June 30, 2021 (Continued)**

NOTE 7 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees: (Continued)

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

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

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

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

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

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2021 (Continued)

NOTE 7 - PENSION PLAN: (CONTINUED)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2021 (Continued)

NOTE 7 - PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2021 (Continued)

NOTE 7 - PENSION PLAN: (CONTINUED)

Discount Rate: (Continued)

all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 28,082,878	\$ 27,083,976	\$ 998,902
Changes for the year:			
Service cost	\$ 1,187,569	\$ -	\$ 1,187,569
Interest	1,853,495	-	1,853,495
Differences between expected and actual experience	832,428	-	832,428
Contributions - employer	-	868,355	(868,355)
Contributions - employee	-	395,264	(395,264)
Refund of contributions	(103,419)	(103,419)	-
Net investment income	-	523,272	(523,272)
Benefit payments, including refunds of employee contributions	(1,143,959)	(1,143,959)	-
Administrative expense	-	(17,235)	17,235
Other changes	-	(622)	622
Net changes	<u>\$ 2,626,114</u>	<u>\$ 521,656</u>	<u>\$ 2,104,458</u>
Balances at June 30, 2020	<u>\$ 30,708,992</u>	<u>\$ 27,605,632</u>	<u>\$ 3,103,360</u>

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

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
Net Pension Liability (Asset)	\$ 7,623,382	\$ 3,103,360	\$ (599,330)

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2021 (Continued)

NOTE 7 - PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2021, the Authority recognized pension expense of \$1,160,487. At June 30, 2021, 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	\$ 615,115	\$ 196,414
Change in assumptions	426,481	-
Net difference between projected and actual earnings on pension plan investments	832,989	-
Employer contributions subsequent to the measurement date	<u>854,964</u>	<u>-</u>
Total	<u>\$ 2,729,549</u>	<u>\$ 196,414</u>

\$854,964 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2022	\$ 333,413
2023	673,517
2024	410,272
2025	260,969

Pension Plan Data

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

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2021 (Continued)

NOTE 8 - MEDICAL, DENTAL, AND LIFE INSURANCE - PAY-AS-YOU-GO (OPEB PLAN):

Plan Description

The Albemarle County Voluntary Early Retirement Incentive Program (VERIP) is a single-employer defined benefit plan. VERIP benefits are paid monthly for a period of five years or until age 65, whichever comes first. In addition to the monthly stipend, the County will pay an amount equivalent to the Authority's annual contribution toward medical insurance. Participants may accept it as a cash payment or apply it toward the cost of the continuation of their County medical/dental benefits. To be eligible, employees must meet the age and service criteria for reduced VRS retirement and be a current employee at least 50 years of age and have been employed by the County, or a participant in the VERIP, in a benefits-eligible position for 10 of the last 13 years prior to retirement. The plan is administered by the County and does not have a separate financial report.

The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits provided to eligible retirees include Medical, Dental, and Life insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

Contributions

The Authority does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County Board.

Total OPEB Liability

The Albemarle-Charlottesville Regional Jail Authority's total OPEB liability was measured as of June 30, 2020. The total OPEB liability was determined by an actuarial valuation as of January 1, 2020.

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5% per year as of June 30, 2019; 2.5% per year as of June 30, 2020
Salary Increases	The salary increase rate starts at 3.15% salary increase for 1 year of service and gradually declines to 1.3% salary increase for 20 or more years of service
Discount Rate	3.13% per year as of June 30, 2019; 2.45% per year as of June 30, 2020

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2021 (Continued)

NOTE 8 - MEDICAL, DENTAL, AND LIFE INSURANCE - PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality rates for Active employees and healthy retirees were based on a RP-2000 Fully Generational Combined Healthy table while mortality rates for disabled retirees were based on a RP-2000 Disabled Mortality Table.

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

Discount Rate

The final equivalent single discount rate used for this year's valuation is 2.45% as of the end of the fiscal year and is based on an index rate for 20 year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in Total OPEB Liability

		<u>Total OPEB Liability</u>
Balances at June 30, 2019	\$	2,777,706
Changes for the year:		
Service cost		215,274
Interest		84,168
Difference between expected and actual experience		25,503
Changes in assumptions		130,658
Changes in proportionate share		<u>(202,765)</u>
Net changes	\$	<u>252,838</u>
Balances at June 30, 2020	\$	<u><u>3,030,544</u></u>

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

The following amounts present the total OPEB liability of the Authority, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.45%) or one percentage point higher (3.45%) than the current discount rate:

	<u>Rate</u>		
	<u>1% Decrease (1.45%)</u>	<u>Current Discount (2.45%)</u>	<u>1% Increase (3.45%)</u>
ACRJ	\$ 3,230,755	\$ 3,030,544	\$ 2,840,076

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2021 (Continued)

NOTE 8 - MEDICAL, DENTAL, AND LIFE INSURANCE - PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)

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

The following presents the total OPEB liability of the Albemarle-Charlottesville Regional Jail Authority as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (3.00%) or one percentage point higher (5.00%) than the current healthcare cost trend rates:

		Rates		
		1% Decrease (3.00%)	Healthcare Cost Trend (4.00%)	1% Increase (5.00%)
ACRJ	\$	2,700,222	\$ 3,030,544	\$ 3,419,001

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

For the year ended June 30, 2021, the Albemarle-Charlottesville Regional Jail Authority recognized OPEB expense in the amount of \$260,014. At June 30, 2021, the Albemarle-Charlottesville Regional Jail Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	ACRJ	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,860	\$ 149,147
Changes in assumptions	111,993	111,536
Total	<u>\$ 133,853</u>	<u>\$ 260,683</u>

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

Year Ended June 30	ACRJ
2022	\$ (39,430)
2023	(39,430)
2024	(39,431)
2025	(20,635)
2026	(10,217)
Thereafter	22,313

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

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements As of June 30, 2021 (Continued)

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

Plan Description

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

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional GLI 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 program, 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, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Contributions: (Continued)

ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance GLI Plan from the entity were \$41,204 and \$42,262 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the entity reported a liability of \$659,023 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was .03949% as compared to .03992% at June 30, 2020.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$24,358. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 42,270	\$ 5,919
Net difference between projected and actual earnings on GLI OPEB program investments	19,796	-
Change in assumptions	32,959	13,761
Changes in proportionate share	4,404	14,523
Employer contributions subsequent to the measurement date	41,204	-
Total	<u>\$ 140,633</u>	<u>\$ 34,203</u>

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

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

\$41,204 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2022	\$ 9,153
2023	14,744
2024	18,856
2025	18,623
2026	3,715
Thereafter	135

Actuarial Assumptions

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

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

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

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Actuarial Assumptions: (Continued)

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

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

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

NET GLI OPEB Liability

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

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$ 3,523,937
Plan Fiduciary Net Position	1,855,102
Employers' Net GLI OPEB Liability (Asset)	<u>\$ 1,668,835</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.64%

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

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

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	\$ 866,337	\$ 659,023	\$ 490,665

GLI Plan Fiduciary Net Position

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

NOTE 10 - SUMMARY OF NET OPEB LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES:

	OPEB Plans:			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
Group Life Insurance Program	\$ 140,633	\$ 34,203	\$ 659,023	\$ 24,358
Stand-Alone Plan	133,853	260,683	3,030,544	260,014
	<u>\$ 274,486</u>	<u>\$ 294,886</u>	<u>\$ 3,689,567</u>	<u>\$ 284,372</u>

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2021 (Continued)

NOTE 11 - INMATE COST PER DIEM:

The Authority has a designed capacity of 329 inmates yielding a total of 120,085 inmate days per year. Actual inmate days totaled 134,226 for the year ended June 30, 2021 and 158,084 for 2020. Costs incurred in the operation of the Authority are as follows:

	<u>2021</u>	<u>2020</u>
Total operating expenses per budgetary basis	\$ 15,116,846	\$ 16,915,264
Less:		
Charges to others for inmate care and other sources	(1,301,021)	(1,714,882)
Reimbursed expenditures from the Commonwealth	<u>(5,606,283)</u>	<u>(5,784,394)</u>
Net cost to participant localities	\$ <u>8,209,542</u>	\$ <u>9,415,988</u>
Total inmate days for participant localities	<u>134,226</u>	<u>158,094</u>
Actual local cost per diem	\$ <u>61.16</u>	\$ <u>59.56</u>

The City of Charlottesville and Counties of Albemarle and Nelson contributions to the Authority include costs for services based on bed days plus debt service requirements for the jail expansion bonds.

NOTE 12 - LITIGATION:

At June 30, 2021, there were no matters of litigation involving the Authority or which would materially affect the Authority's financial position should any court decisions on pending matters not be favorable.

NOTE 13 - FISCAL AGENT:

The County of Albemarle serves as fiscal agent for the Authority. As a part of the fiscal agent agreement, the County provides treasury, accounting, purchasing and personnel services for the Authority.

Effective July 1, 2021, the Authority undertook its own administration of these funds.

NOTE 14 - OPERATING RESERVE FUND:

As a requirement of the jail expansion bond issue, the Authority was required to fund an operating reserve equal to 25% of the Authority's operating budget. At June 30, 2020 this fund totaled \$4,189,159. Since the Authority was no longer required to fund an operating reserve after repaying the bond in full, this fund did not exist at June 30, 2021.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2021 (Continued)

NOTE 15 - RISK MANAGEMENT:

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority joined together with other local governments in Virginia to form the VACO Risk Management Programs, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The Authority pays an annual premium to the association for its workers' compensation insurance.

In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

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

NOTE 16 - COVID-19 PANDEMIC:

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic, which has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets. The full impact of the COVID-19 outbreak continues to evolve as of the release date of this report. Management is monitoring the situation and impact that it may have on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and global responses to curb its spread, the Authority is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

NOTE 17 - ADOPTION OF ACCOUNTING PRINCIPLES:

The Authority implemented provisions of Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities during the fiscal year ended June 30, 2021. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The implementation of this Statement resulted in the following restatement of net position:

	<u>Enterprise Funds</u>			<u>Custodial Funds</u>		
	<u>Operating Fund</u>	<u>Commissary Fund</u>	<u>Total</u>	<u>Inmate Fund</u>	<u>Work Release Fund</u>	<u>Total</u>
Net Position as originally reported June 30, 2020	\$ 5,732,983	\$ -	\$ 5,732,983	\$ -	\$ -	\$ -
Implementation of GASB 84	<u>4,657</u>	<u>310,323</u>	<u>314,980</u>	<u>172,456</u>	<u>6,765</u>	<u>179,221</u>
Net Position as restated June 30, 2020	<u>\$ 5,737,640</u>	<u>\$ 310,323</u>	<u>\$ 6,047,963</u>	<u>\$ 172,456</u>	<u>\$ 6,765</u>	<u>\$ 179,221</u>

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements As of June 30, 2021 (Continued)

NOTE 18 - UPCOMING PRONOUNCEMENTS:

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

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

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

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

- Required Supplementary Information -

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Schedule of Changes in Net Pension Liability and Related Ratios - Pension Plan
For the Measurement Dates of June 30 2014 through June 30, 2020

	2020	2019	2018	2017
Total pension liability				
Service cost	\$ 1,187,569	\$ 1,086,021	\$ 1,102,095	\$ 1,177,453
Interest	1,853,495	1,734,303	1,673,203	1,573,241
Differences between actual and expected experience	832,428	31,395	(1,050,394)	(273,381)
Changes in assumptions	-	919,521	-	(290,385)
Refund of contributions	(103,419)	(73,542)	-	-
Benefit payments, including refunds of employee contributions	(1,143,959)	(854,706)	(775,842)	(741,960)
Net change in total pension liability	\$ 2,626,114	\$ 2,842,992	\$ 949,062	\$ 1,444,968
Total pension liability - beginning	28,082,878	25,239,886	24,290,824	22,845,856
Total pension liability - ending (a)	\$ 30,708,992	\$ 28,082,878	\$ 25,239,886	\$ 24,290,824
Plan fiduciary net position				
Contributions - employer	\$ 868,355	\$ 842,658	\$ 877,471	\$ 861,313
Contributions - employee	395,264	384,491	378,226	374,264
Refund of contributions	(103,419)	(73,542)	-	-
Net investment income	523,272	1,704,226	1,710,510	2,477,114
Benefit payments, including refunds of employee contributions	(1,143,959)	(854,706)	(775,842)	(741,960)
Administrative expense	(17,235)	(16,030)	(14,055)	(13,529)
Other	(622)	(1,081)	(1,558)	(2,240)
Net change in plan fiduciary net position	\$ 521,656	\$ 1,986,016	\$ 2,174,752	\$ 2,954,962
Plan fiduciary net position - beginning	27,083,976	25,097,960	22,923,208	19,968,246
Plan fiduciary net position - ending (b)	\$ 27,605,632	\$ 27,083,976	\$ 25,097,960	\$ 22,923,208
Authority's net pension liability - ending (a) - (b)	\$ 3,103,360	\$ 998,902	\$ 141,926	\$ 1,367,616
Plan fiduciary net position as a percentage of the total pension liability	89.89%	96.44%	99.44%	94.37%
Covered payroll	\$ 8,127,399	\$ 7,825,932	\$ 7,717,037	\$ 7,533,452
Authority's net pension liability as a percentage of covered payroll	38.18%	12.76%	1.84%	18.15%

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

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Schedule of Changes in Net Pension Liability and Related Ratios - Pension Plan (Continued)
For the Measurement Dates of June 30 2014 through June 30, 2020

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability			
Service cost	\$ 1,086,229	\$ 1,055,855	\$ 1,079,154
Interest	1,428,605	1,355,475	1,231,631
Differences between actual and expected experience	334,847	(688,167)	-
Changes in assumptions	-	-	-
Refund of contributions	-	-	-
Benefit payments, including refunds of employee contributions	(824,946)	(531,932)	(551,240)
Net change in total pension liability	\$ 2,024,735	\$ 1,191,231	\$ 1,759,545
Total pension liability - beginning	20,821,121	19,629,890	17,870,345
Total pension liability - ending (a)	<u>\$ 22,845,856</u>	<u>\$ 20,821,121</u>	<u>\$ 19,629,890</u>
Plan fiduciary net position			
Contributions - employer	\$ 927,719	\$ 928,667	\$ 1,035,858
Contributions - employee	359,780	359,738	347,577
Refund of contributions	-	-	-
Net investment income	352,671	833,179	2,345,078
Benefit payments, including refunds of employee contributions	(824,946)	(531,932)	(551,240)
Administrative expense	(11,406)	(10,461)	(11,815)
Other	(145)	(178)	123
Net change in plan fiduciary net position	\$ 803,673	\$ 1,579,013	\$ 3,165,581
Plan fiduciary net position - beginning	19,164,573	17,585,560	14,419,979
Plan fiduciary net position - ending (b)	<u>\$ 19,968,246</u>	<u>\$ 19,164,573</u>	<u>\$ 17,585,560</u>
Authority's net pension liability - ending (a) - (b)	\$ 2,877,610	\$ 1,656,548	\$ 2,044,330
Plan fiduciary net position as a percentage of the total pension liability	87.40%	92.04%	89.59%
Covered payroll	\$ 7,218,920	\$ 7,216,060	\$ 6,952,333
Authority's net pension liability as a percentage of covered payroll	39.86%	22.96%	29.40%

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Schedule of Employer Contributions - Pension Plan
 Years Ended June 30, 2012 through June 30, 2021

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)		
2021	\$ 854,964	\$ 854,964	\$ -	\$ 7,630,414	11.20%
2020	869,892	869,892	-	8,127,399	10.70%
2019	843,416	843,416	-	7,825,932	10.78%
2018	890,546	890,546	-	7,717,037	11.54%
2017	869,360	869,360	-	7,533,452	11.54%
2016	929,797	929,797	-	7,218,920	12.88%
2015	929,429	929,429	-	7,216,060	12.88%
2014	1,035,898	1,035,898	-	6,952,333	14.90%
2013	1,033,509	1,033,509	-	6,936,299	14.90%
2012	867,090	867,090	-	6,644,369	13.05%

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

**Notes to Required Supplementary Information - Pension Plan
Year Ended June 30, 2021**

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

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios -
Stand-Alone OPEB
Years Ended June 30, 2018 through 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 215,274	\$ 230,446	\$ 217,327	\$ 234,699
Interest	84,168	98,851	94,776	73,223
Amortization Adjustments	-	5,931	-	-
Changes in proportionate share	-	(112,739)	-	-
Changes in assumptions	130,658	(65,711)	(12,383)	(192,763)
Differences between expected and actual experience	25,503	(161,957)	87,956	-
Benefit payments	(202,765)	(141,709)	(132,967)	(29,000)
Net change in total OPEB liability	<u>\$ 252,838</u>	<u>\$ (146,888)</u>	<u>\$ 254,709</u>	<u>\$ 86,159</u>
Total OPEB liability - beginning	<u>2,777,706</u>	<u>2,924,594</u>	<u>2,669,885</u>	<u>2,583,726</u>
Total OPEB liability - ending	<u><u>\$ 3,030,544</u></u>	<u><u>\$ 2,777,706</u></u>	<u><u>\$ 2,924,594</u></u>	<u><u>\$ 2,669,885</u></u>
 Covered-employee payroll	 N/A	 N/A	 N/A	 N/A
 Authority's total OPEB liability (asset) as a percentage of covered-employee payroll	 N/A	 N/A	 N/A	 N/A

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

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Required Supplementary Information - Stand-Alone OPEB
Year Ended June 30, 2021

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

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	2.45%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 4.7% in 2017 and gradually declines to 4.0% by the year 2075
Salary Increase Rates	The salary increase rate starts at 3.15% salary increase for 1 year of service and gradually declines to 1.3% salary increase for 20 or more years of service
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2000 Fully Generational Combined Healthy Table. The mortality rates for disabled retirees was calculated using the RP 2000 Disabled Mortality Table.

ALBEMARLE-CHARLOTTESVILLE 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 2020

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2020	0.03950% \$	659,023 \$	8,127,399	8.11%	52.64%
2019	0.03992%	649,604	7,825,932	8.30%	52.00%
2018	0.04058%	616,000	7,717,037	7.98%	51.22%
2017	0.04084%	615,000	7,533,452	8.16%	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.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Schedule of Employer Contributions
 Group Life Insurance (GLI) Plan
 Years Ended June 30, 2012 through June 30, 2021

<u>Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2021	\$ 41,204	\$ 41,204	\$ -	\$ 7,630,414	0.54%
2020	42,262	42,262	-	8,127,399	0.52%
2019	40,695	40,695	-	7,825,932	0.52%
2018	40,437	40,437	-	7,717,037	0.52%
2017	39,174	39,174	-	7,533,452	0.52%
2016	34,651	34,651	-	7,218,920	0.48%
2015	34,637	34,637	-	7,216,060	0.48%
2014	33,371	33,371	-	6,952,333	0.48%
2013	33,294	33,294	-	6,936,399	0.48%
2012	18,815	18,815	-	6,719,608	0.28%

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

**Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
Year Ended June 30, 2021**

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

- Other Supplementary Information -

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

FIDUCIARY FUNDS

Combining Statement of Fiduciary Net Position
As of June 30, 2021

	Custodial Funds		Total
	Inmate Fund	Work Release Fund	
Assets			
Cash and cash equivalents	\$ 188,348	\$ 1,000	\$ 189,348
Total assets	\$ 188,348	\$ 1,000	\$ 189,348
Net Position			
Restricted for inmates	\$ 188,348	\$ 1,000	\$ 189,348
Total net position	\$ 188,348	\$ 1,000	\$ 189,348

See accompanying notes to financial statements.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

FIDUCIARY FUNDS

Combining Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2021

	Custodial Funds		Total
	Inmate Fund	Work Release Fund	
Additions			
Contributions:			
Inmate deposits	\$ 1,059,524	\$ 48	\$ 1,059,572
Interest	791	-	791
Total additions	<u>\$ 1,060,315</u>	<u>\$ 48</u>	<u>\$ 1,060,363</u>
Deductions			
Operating Expenses:			
Canteen payments	\$ 712,676	\$ -	\$ 712,676
Contractual	328,200	-	328,200
Other charges	3,272	5,813	9,085
Toxicology	275	-	275
Total deductions	<u>\$ 1,044,423</u>	<u>\$ 5,813</u>	<u>\$ 1,050,236</u>
Net increase (decrease) in fiduciary net position	<u>\$ 15,892</u>	<u>\$ (5,765)</u>	<u>\$ 10,127</u>
Net position, beginning of year, as restated	<u>\$ 172,456</u>	<u>\$ 6,765</u>	<u>\$ 179,221</u>
Net position, end of year	<u><u>\$ 188,348</u></u>	<u><u>\$ 1,000</u></u>	<u><u>\$ 189,348</u></u>

See accompanying notes to financial statements.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Schedule of Revenues and Expenditures
Budgetary Basis
Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Operating Revenues:				
Charges for services:				
Care of inmates:				
City of Charlottesville	\$ 4,044,048	\$ 4,044,048	\$ 4,044,048	\$ -
County of Albemarle	3,896,201	3,896,201	3,896,201	-
County of Nelson	756,628	756,628	756,628	-
Other localities	-	-	71,785	71,785
Federal	140,000	140,000	197,730	57,730
Inmate telephone	420,000	420,000	500,965	80,965
Other	200,000	200,000	1,077	(198,923)
Total charges for services	<u>\$ 9,456,877</u>	<u>\$ 9,456,877</u>	<u>\$ 9,468,434</u>	<u>\$ 11,557</u>
Miscellaneous:				
Other	\$ 137,000	\$ 137,000	\$ 529,464	\$ 392,464
Intergovernmental:				
Revenue from the Commonwealth:				
Department of Corrections	\$ 930,000	\$ 930,000	\$ 738,122	\$ (191,878)
Total operating revenues	<u>\$ 10,523,877</u>	<u>\$ 10,523,877</u>	<u>\$ 10,736,020</u>	<u>\$ 212,143</u>
Operating Expenditures:				
Compensation and related items:				
Salaries and wages	\$ 8,933,148	\$ 8,933,148	\$ 8,310,942	\$ 622,206
Fringes:				
Social security and medicare taxes	684,151	684,151	626,314	57,837
Retirement	987,928	987,928	880,302	107,626
Health insurance	1,245,000	1,245,000	1,277,591	(32,591)
Dental insurance	38,640	38,640	31,980	6,660
Life insurance	113,036	113,036	102,492	10,544
Unemployment	5,000	5,000	2,165	2,835
Workers compensation	110,000	110,000	104,063	5,937
Employee physical assessments	-	-	3,860	(3,860)
Other employee benefits	44,600	44,600	46,977	(2,377)
Total compensation and related items	<u>\$ 12,161,503</u>	<u>\$ 12,161,503</u>	<u>\$ 11,386,686</u>	<u>\$ 774,817</u>
Contractual:				
Legal	\$ 35,000	\$ 35,000	\$ 40,775	\$ (5,775)
Professional services	7,450	7,450	31,638	(24,188)
Health services	486,500	486,500	542,065	(55,565)
Audit	15,000	15,000	13,802	1,198
Repairs and maintenance	69,407	69,407	74,885	(5,478)
Maintenance contracts	102,080	102,080	85,684	16,396

Schedule of Revenues and Expenditures
 Budgetary Basis
 Year Ended June 30, 2021 (Continued)

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Operating Expenditures: (continued)				
Contractual: (continued)				
Printing and binding	\$ 1,000	\$ 1,000	\$ 32	\$ 968
Advertising	5,000	5,000	14,173	(9,173)
Other purchased services	50,000	50,000	45,029	4,971
Refuse collection	28,000	28,000	11,527	16,473
Administration fees	159,640	159,640	159,640	-
Data processing	89,622	89,622	81,948	7,674
Total contractual	<u>\$ 1,048,699</u>	<u>\$ 1,048,699</u>	<u>\$ 1,101,198</u>	<u>\$ (52,499)</u>
Other charges:				
Electrical	\$ 225,000	\$ 225,000	\$ 209,283	\$ 15,717
Heating	92,000	92,000	96,680	(4,680)
Water and sewer	350,000	350,000	332,202	17,798
Postal services	4,830	4,830	9,361	(4,531)
Telecommunications	47,160	47,160	34,777	12,383
Fire insurance	49,000	49,000	57,394	(8,394)
Automotive insurance	6,500	6,500	19,592	(13,092)
Leases, rentals	2,400	2,400	16,508	(14,108)
Training - Academy	81,000	81,000	71,256	9,744
Travel - education	63,100	63,100	8,593	54,507
Travel - subsistence	7,000	7,000	4,009	2,991
Miscellaneous	10,500	10,500	27,730	(17,230)
Inclement weather	2,000	2,000	5,679	(3,679)
Dues and memberships	11,553	11,553	7,370	4,183
Office supplies	43,511	43,511	23,969	19,542
Food supplies	887,981	887,981	667,877	220,104
Medical and lab supplies	475,000	475,000	521,594	(46,594)
COVID-19 supplies	-	-	40,238	(40,238)
Laundry and janitorial supplies	63,400	63,400	84,845	(21,445)
Kitchen supplies	49,000	49,000	31,244	17,756
Linen supplies	21,000	21,000	4,273	16,727
Uniforms - inmates	26,000	26,000	24,777	1,223
Repair and maintenance supplies	58,803	58,803	56,822	1,981
Vehicle and equipment fuel, supplies, repairs	35,300	35,300	12,692	22,608
Police supplies	27,700	27,700	14,355	13,345
Uniforms and apparel	51,800	51,800	37,757	14,043
Books and subscriptions	400	400	867	(467)
Education and recreation supplies	16,525	16,525	282	16,243
Copy expense	1,500	1,500	128	1,372
Total other charges	<u>\$ 2,709,963</u>	<u>\$ 2,709,963</u>	<u>\$ 2,422,154</u>	<u>\$ 287,809</u>

Schedule of Revenues and Expenditures
 Budgetary Basis
 Year Ended June 30, 2021 (Continued)

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Operating Expenditures: (continued)				
Capital Outlay:				
Machinery and equipment	\$ 26,400	\$ 26,400	\$ 98,847	\$ (72,447)
Buildings and improvements	-	-	9,765	(9,765)
Other	10,000	10,000	98,196	(88,196)
Total capital outlay	<u>\$ 36,400</u>	<u>\$ 36,400</u>	<u>\$ 206,808</u>	<u>\$ (170,408)</u>
Total operating Expenditures	<u>\$ 15,956,565</u>	<u>\$ 15,956,565</u>	<u>\$ 15,116,846</u>	<u>\$ 839,719</u>
Net operating income (loss)	<u>\$ (5,432,688)</u>	<u>\$ (5,432,688)</u>	<u>\$ (4,380,826)</u>	<u>\$ 1,051,862</u>
Nonoperating revenue (Expenditures):				
Debt service assessments:				
City of Charlottesville	\$ 272,497	\$ 272,497	\$ 204,373	\$ (68,124)
County of Albemarle	270,667	270,667	203,000	(67,667)
County of Nelson	32,636	32,636	24,477	(8,159)
Total debt service assessments	<u>\$ 575,800</u>	<u>\$ 575,800</u>	<u>\$ 431,850</u>	<u>\$ (143,950)</u>
Interest income	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 18,779</u>	<u>\$ (81,221)</u>
Intergovernmental:				
Commonwealth of Virginia:				
Operating grants	<u>\$ 5,105,738</u>	<u>\$ 5,105,738</u>	<u>\$ 4,868,161</u>	<u>\$ (237,577)</u>
Federal government:				
Other federal	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 63,200</u>	<u>\$ 53,200</u>
Total federal government	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 63,200</u>	<u>\$ 53,200</u>
Tower lease	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ 52,685</u>	<u>\$ (22,315)</u>
Debt service (Expenditures):				
Principal	\$ (479,913)	\$ (479,913)	\$ (3,057,271)	\$ (2,577,358)
Interest	<u>(95,887)</u>	<u>(95,887)</u>	<u>(127,677)</u>	<u>(31,790)</u>
Total debt service (Expenditures)	<u>\$ (575,800)</u>	<u>\$ (575,800)</u>	<u>\$ (3,184,948)</u>	<u>\$ (2,609,148)</u>
Net nonoperating revenues (Expenditures)	<u>\$ 5,290,738</u>	<u>\$ 5,290,738</u>	<u>\$ 2,249,727</u>	<u>\$ (3,041,011)</u>
Excess (deficiency) of revenues over (under) Expenditures	<u><u>\$ (141,950)</u></u>	<u><u>\$ (141,950)</u></u>	<u><u>\$ (2,131,099)</u></u>	<u><u>\$ (1,989,149)</u></u>

The budgetary data presented above is on the modified accrual basis of accounting which is in accordance with generally accepted accounting principles.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Reconciliation of the Schedule of Revenues and Expenses - Budgetary Basis
to the Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2021

Reconciliation of excess (deficiency) of revenues over (under) expenditures to changes in net position per the Statement of Revenues, Expenses and Changes in Net Position:

Excess (deficiency) of revenues over (under) expenditures per budgetary basis schedule	\$ (2,131,099)
Acquisition of capital assets	128,911
Loss on disposal of capital assets	(58,808)
Depreciation	(720,275)
Employee canteen account activity	144
HEM account activity	2,576
Net VRS pension activity	(307,060)
Net OPEB liabilities	47,923
Accrued interest payable	56,560
Principal payments on debt	<u>3,057,271</u>
Changes in net position, per statement of revenues, expenses and changes in net position	\$ <u><u>76,143</u></u>

- Compliance -



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

To the Board Members of
Albemarle-Charlottesville Regional Jail Authority
Charlottesville, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities and the aggregate remaining fund information of Albemarle-Charlottesville Regional Jail Authority as of and for the year ended June 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated March 8, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Albemarle-Charlottesville 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, Farnell, Cox Associates

Charlottesville, Virginia

March 8, 2022