



Communication with Those Charged with Governance

To the Board Members

Albemarle-Charlottesville Regional Jail

We have audited the financial statements of the business-type activities and aggregate remaining fund information of Albemarle-Charlottesville Regional Jail for the year ended June 30, 2022. Professional standards require that we provide you with the following information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 9, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Albemarle-Charlottesville Regional Jail are described in Note 2 to the financial statements. As described in Note 14 to the financial statements, Albemarle-Charlottesville Regional Jail changed accounting policies by adopting Statement of Governmental Accounting Standards (GASB Statement) Nos. 87, *Leases* and 92, *Omnibus 2020*. We noted no transactions entered into by Albemarle-Charlottesville Regional Jail during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Authority's financial statements were related to capital assets, compensated absences, and pension and OPEB related items.

Management's estimates of the useful lives of capital assets, depreciation expense and related accumulated depreciation and compensated absences are based on accounting and industry guidelines for similar capital assets and compensated absences are based on established guidelines and experience. Pension and OPEB estimates were determined by a valuation performed by an actuary contracted by the State. We evaluated the key factors and assumptions used to develop the estimated useful lives of the capital assets, compensated absences, and pension- and OPEB-related items in determining that such information is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management: adjustment to Pension and OPEB related balances based on actuarial calculations and adjustments to reflect implementation of GASB 87, *Leases*.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 9, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis and the schedules of pension and OPEB funding, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the budgetary schedule and summary of changes in miscellaneous items, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restrictions on Use

This information is intended solely for the use of the Board members and management of Albemarle-Charlottesville Regional Jail and is not intended to be, and should not be, used by anyone other than these specified parties.

Robinson, Farnell, Cox Associates

Charlottesville, Virginia
May 9, 2023

**ALBEMARLE-CHARLOTTESVILLE
REGIONAL JAIL AUTHORITY**

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2022

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

Robert Barton

Jay James

Lisa Draine

Ashley Reynolds Marshall

Diantha McKeel

Candice McGarry

Briand Pinkston

Doug Walker

Sheriff James Brown

Sheriff Chan Bryant

Sheriff David Hill

SUPERINTENDENT

Martin Kumer

CLERK OF THE BOARD

Marce B. Anderson

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2022

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Albemarle-Charlottesville Regional Jail Authority, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Albemarle-Charlottesville Regional Jail Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the aggregate remaining fund information of Albemarle-Charlottesville Regional Jail Authority, as of June 30, 2022, and the changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principles

As described in Note 17 to the financial statements, in 2022, the Authority adopted new accounting guidance, GASB Statement Nos. 87, *Leases* and 92, *Omnibus*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Continued)

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Albemarle-Charlottesville Regional Jail Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Albemarle-Charlottesville Regional Jail Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Required Supplementary Information: (Continued)

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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

May 9, 2023

- Basic Financial Statements -

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Statement of Net Position
As of June 30, 2022

	2022		
	Operating	Commissary	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 4,152,332	\$ 125,871	\$ 4,278,203
Prepaid items	68,200	-	68,200
Accounts receivable	270,057	-	270,057
Leases receivable, current portion	50,177	-	50,177
Due from other governments	872,749	-	872,749
Total current assets	\$ 5,413,515	\$ 125,871	\$ 5,539,386
Noncurrent assets:			
Net pension asset	\$ 2,206,661	\$ -	\$ 2,206,661
Lease receivable, noncurrent portion	148,139	-	148,139
Capital assets:			
Capital assets, not being depreciated:			
Land	\$ 74,947	\$ -	\$ 74,947
Construction in progress	48,352	-	48,352
Total capital assets, not being depreciated	\$ 123,299	\$ -	\$ 123,299
Capital assets, being depreciated:			
Building and improvements	\$ 22,693,091	\$ -	\$ 22,693,091
Equipment	3,034,699	-	3,034,699
Vehicles	358,889	-	358,889
Accumulated depreciation	(20,001,603)	-	(20,001,603)
Total capital assets, being depreciated	\$ 6,085,076	\$ -	\$ 6,085,076
Right-to-use assets, being amortized:			
Building and improvements	\$ 39,071	\$ -	\$ 39,071
Accumulated amortization	(12,022)	-	(12,022)
Total right-to-use assets, being amortized	\$ 27,049	\$ -	\$ 27,049
Total capital assets	\$ 6,235,424	\$ -	\$ 6,235,424
Total Noncurrent assets	\$ 8,590,224	\$ -	\$ 8,590,224
Total assets	\$ 14,003,739	\$ 125,871	\$ 14,129,610
Deferred Outflows of Resources			
OPEB related items	\$ 303,054	\$ -	\$ 303,054
Pension related items	2,430,146	-	2,430,146
Total deferred outflows of resources	\$ 2,733,200	\$ -	\$ 2,733,200
Total assets and deferred outflows of resources	\$ 16,736,939	\$ 125,871	\$ 16,862,810
Liabilities			
Current liabilities:			
Accounts payable	\$ 339,527	\$ -	\$ 339,527
Compensation payable	278,655	-	278,655
Compensated absences - current portion	86,691	-	86,691
Lease liability - current portion	11,886	-	11,886
Total current liabilities	\$ 716,759	\$ -	\$ 716,759
Noncurrent liabilities:			
Compensated absences - net of current portion	\$ 780,223	\$ -	\$ 780,223
Net OPEB liabilities	3,179,083	-	3,179,083
Lease liability- net of current portion	15,716	-	15,716
Total noncurrent liabilities	\$ 3,975,022	\$ -	\$ 3,975,022
Total liabilities	\$ 4,691,781	\$ -	\$ 4,691,781
Deferred Inflows of Resources			
OPEB related items	\$ 778,570	\$ -	\$ 778,570
Leases	198,013	-	198,013
Pension related items	4,588,530	-	4,588,530
Total deferred inflows of resources	\$ 5,565,113	\$ -	\$ 5,565,113
Net Position			
Net investment in capital assets	\$ 6,207,822	\$ -	\$ 6,207,822
Restricted - inmates	-	125,871	125,871
Restricted - net pension asset	2,206,661	-	2,206,661
Unrestricted (deficit)	(1,934,438)	-	(1,934,438)
Total net position	\$ 6,480,045	\$ 125,871	\$ 6,605,916
Total liabilities, deferred inflows of resources and net position	\$ 16,736,939	\$ 125,871	\$ 16,862,810

See accompanying notes to financial statements.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2022

	2022		
	Operating	Commissary	Total
Operating Revenues:			
From local sources:			
Charges for services	\$ 9,889,361	\$ -	\$ 9,889,361
Miscellaneous	72,267	-	72,267
Commissary sales	-	250,202	250,202
Intergovernmental:			
Revenue from the Commonwealth	634,403	-	634,403
Total operating revenues	\$ 10,596,031	\$ 250,202	\$ 10,846,233
Operating Expenses:			
Compensation and related items	\$ 10,946,390	\$ -	\$ 10,946,390
Contractual	1,155,238	-	1,155,238
Other charges	2,702,265	-	2,702,265
Commissary supplies	-	500,558	500,558
Amortization	12,022	-	12,022
Depreciation	725,087	-	725,087
Total operating expenses	\$ 15,541,002	\$ 500,558	\$ 16,041,560
Net operating income (loss)	\$ (4,944,971)	\$ (250,356)	\$ (5,195,327)
Nonoperating Revenues (expenses):			
Operating grants:			
State	\$ 5,462,512	\$ -	\$ 5,462,512
Federal	88,968	-	88,968
Interest income	4,423	-	4,423
Tower lease	55,330	-	55,330
Total nonoperating revenues (expenses)	\$ 5,611,233	\$ -	\$ 5,611,233
Change in net position	\$ 666,262	\$ (250,356)	\$ 415,906
Net position, beginning of year	5,813,783	376,227	6,190,010
Net position, end of year	\$ 6,480,045	\$ 125,871	\$ 6,605,916

See accompanying notes to financial statements.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Statement of Cash Flows
Year Ended June 30, 2022

	2022		
	Operating	Commissary	Total
Cash flows from operating activities:			
Receipts from customers	\$ 10,500,637	\$ 250,202	\$ 10,750,839
Payments to suppliers	(3,923,024)	(500,558)	(4,423,582)
Payments to and for employees	(11,312,307)	-	(11,312,307)
Net cash provided by (used for) operating activities	\$ (4,734,694)	\$ (250,356)	\$ (4,985,050)
Cash flows from non-capital financing activities:			
Intergovernmental grants	\$ 5,551,480	\$ -	\$ 5,551,480
Other	55,027	-	55,027
Net cash provided by (used for) non-capital financing activities	\$ 5,606,507	\$ -	\$ 5,606,507
Cash flows from investing activities:			
Interest income	\$ 4,423	\$ -	\$ 4,423
Cash flows from capital and related financing activities:			
Debt service assessments	\$ -	\$ -	\$ -
Purchase of capital assets	(117,101)	-	(117,101)
Principal payments on long-term debt	(11,469)	-	(11,469)
Net cash provided by (used for) capital and related financing activities	\$ (128,570)	\$ -	\$ (128,570)
Net change in cash and cash equivalents	\$ 747,666	\$ (250,356)	\$ 497,310
Cash and cash equivalents, beginning of year	3,404,666	376,227	3,780,893
Cash and cash equivalents, end of year	\$ 4,152,332	\$ 125,871	\$ 4,278,203
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (4,944,971)	\$ (250,356)	\$ (5,195,327)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	737,109	-	737,109
Changes in operating assets and deferred outflows of resources:			
Prepaid items	(68,200)	-	(68,200)
Accounts receivable	(126,081)	-	(126,081)
Due from other governments	80,687	-	80,687
Deferred outflows of resources - pension	299,403	-	299,403
Deferred outflows of resources - OPEB	(28,568)	-	(28,568)
Changes in operating liabilities and deferred inflows of resources:			
Accounts payable	2,679	-	2,679
Unearned revenue	(50,000)	-	(50,000)
Net pension liability	(5,310,021)	-	(5,310,021)
Net OPEB liabilities	(510,484)	-	(510,484)
Deferred inflows of resources - pension	4,392,116	-	4,392,116
Deferred inflows of resources - OPEB	483,684	-	483,684
Compensation payable	200,292	-	200,292
Compensated absences	107,661	-	107,661
Net cash provided by (used for) operating activities	\$ (4,734,694)	\$ (250,356)	\$ (4,985,050)

See accompanying notes to financial statements.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

FIDUCIARY FUNDS

Statement of Fiduciary Net Position
As of June 30, 2022

	<u>Custodial Funds Total</u>
Assets	
Cash and cash equivalents	\$ <u>124,363</u>
Total assets	\$ <u>124,363</u>
Net Position	
Restricted for inmates	\$ <u>124,363</u>
Total net position	\$ <u><u>124,363</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, 2022

	<u>Custodial Funds</u>
Additions	
Contributions:	
Inmate deposits	\$ 724,521
Interest	12
	<u> </u>
Total additions	<u>\$ 724,533</u>
 Deductions	
Operating Expenses:	
Canteen payments	\$ 250,202
Contractual	538,316
Other charges	1,000
	<u> </u>
Total deductions	<u>\$ 789,518</u>
 Net increase (decrease) in fiduciary net position	 <u>\$ (64,985)</u>
 Net position, beginning of year	 <u>\$ 189,348</u>
 Net position, end of year	 <u><u>\$ 124,363</u></u>

See accompanying notes to financial statements.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements As of June 30, 2022

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 Nelson County citizen or a currently serving member of the Nelson Board of Supervisors. 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, 2022 (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. The inmate fund and work release fund are the Authority's custodial funds. Fiduciary funds are maintained on the accrual basis of accounting, and are not included in the enterprise financial statements.

B. Capital Assets:

All capital assets are valued at historical cost (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below) 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 fair 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	3-20 years
Lease equipment	3-5 years
Vehicles	3-5 years

Depreciation and amortization totaled \$737,109 for 2022 and \$720,275 for 2021.

C. Compensated Absences:

Vacation pay and other related employee benefits are accrued when earned. At June 30, 2022 and 2021, unpaid vacation and related benefits amounted to approximately \$866,914 and \$759,253, 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2022 (Continued)

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

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.

F. Cash and Cash Equivalents:

The Authority's cash and cash equivalents consist of demand deposits.

G. 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.

H. Deferred Outflows and Inflows of Resources:

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

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources, represent an acquisition of net 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 item that qualifies for reporting in this category. Certain items related to pension, OPEB and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the pension and OPEB notes.

I. Pensions:

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

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

J. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liability, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI OPEB Plan and the additions to/deductions from the VRS OPEB 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.

K. 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.

L. 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.

M. Leases

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

Lessee

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

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

M. Leases: (Continued)

Lessor

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

Key Estimates and Judgments

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

- The Authority uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the Authority uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability (lessee) or lease receivable (lessor).

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

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2022 (Continued)

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 consist of deposits covered by FDIC insurance and the Virginia Security for Public Deposits Act. In fiscal year 2021, some of the Authority’s cash and cash equivalents were included in the County’s investments in the Virginia Local Government Investment Pool. In fiscal year 2022, all deposits were held in demand accounts administered by the Authority.

NOTE 4 - RECEIVABLES:

Receivables and amounts due from other governments are as follows:

	<u>2022</u>
Accounts receivable:	
Other	\$ 270,057
Total accounts receivable	<u>\$ 270,057</u>
Due from other governmental units:	
Commonwealth of Virginia:	
State Compensation Board	\$ 365,809
Department of Corrections	138,101
Other	1,769
Federal Government	
United States Marshall Service	18,418
SCAAP	21,663
County of Albemarle	301,226
City of Charlottesville	-
Other	<u>25,763</u>
Total due from other governmental units	<u>\$ 872,749</u>
Total receivables	<u><u>\$ 1,142,806</u></u>

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2022 (Continued)

NOTE 5 - CAPITAL ASSETS:

Changes in capital assets are summarized below:

	Beginning Balances*	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 74,947	\$ -	\$ -	\$ 74,947
Construction in progress	-	48,352	-	48,352
Total capital assets not being depreciated	<u>\$ 74,947</u>	<u>\$ 48,352</u>	<u>\$ -</u>	<u>\$ 123,299</u>
Capital assets being depreciated:				
Building and improvements	\$ 22,683,701	\$ 9,390	\$ -	\$ 22,693,091
Equipment	3,010,023	24,676	-	3,034,699
Vehicles	324,206	34,683	-	358,889
Total capital assets being depreciated	<u>\$ 26,017,930</u>	<u>\$ 68,749</u>	<u>\$ -</u>	<u>\$ 26,086,679</u>
Accumulated depreciation:				
Building and improvements	\$ 16,271,620	\$ 655,575	\$ -	\$ 16,927,195
Equipment	2,703,981	58,247	-	2,762,228
Vehicles	300,915	11,265	-	312,180
Total accumulated depreciation	<u>\$ 19,276,516</u>	<u>\$ 725,087</u>	<u>\$ -</u>	<u>\$ 20,001,603</u>
Total capital assets being depreciated, net	<u>\$ 6,741,414</u>	<u>\$ (656,338)</u>	<u>\$ -</u>	<u>\$ 6,085,076</u>
Right-to-use assets being amortized:				
Leased equipment	\$ 39,071	\$ -	\$ -	\$ 39,071
Accumulated amortization:				
Leased equipment	\$ -	\$ 12,022	\$ -	\$ 12,022
Total capital assets being amortized, net	<u>\$ 39,071</u>	<u>\$ (12,022)</u>	<u>\$ -</u>	<u>\$ 27,049</u>
Net capital assets	<u><u>\$ 6,855,432</u></u>	<u><u>\$ (620,008)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,235,424</u></u>

*Beginning balances have been adjusted for GASB 87 and reclassification between building and improvements and equipment

NOTE 6 - COMPENSATED ABSENCES:

The following is a summary of changes in compensated absences for the fiscal year ended June 30, 2022:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022	Amounts Due Within One Year
Compensated absences	\$ 759,253	\$ 183,586	\$ 75,925	\$ 866,914	\$ 86,691

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements As of June 30, 2022 (Continued)

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.
- 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.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2022 (Continued)

NOTE 7 - PENSION PLAN: (CONTINUED)

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.

Employees Covered by Benefit Terms

As of the June 30, 2020 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	84
Inactive members:	
Vested inactive members	29
Non-vested inactive members	70
Inactive members active elsewhere in VRS	<u>81</u>
Total inactive members	180
Active members	<u>149</u>
Total covered employees	<u><u>413</u></u>

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2022 (Continued)

NOTE 7 - PENSION PLAN: (CONTINUED)

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, 2022 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 \$829,877 and \$854,964 for the years ended June 30, 2022 and June 30, 2021, respectively.

Net Pension Asset

The Authority's net pension asset (NPA) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Authority's net pension asset was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021.

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, 2020, 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, 2021.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

**Notes to Financial Statements
As of June 30, 2022 (Continued)**

NOTE 7 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees: (Continued)

Mortality rates: (Continued)

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2022 (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:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

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

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2022 (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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partners	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.39%

* The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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, 2021, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2022 (Continued)

NOTE 7 - PENSION PLAN: (CONTINUED)

Discount Rate: (Continued)

from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2021 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2020	\$ 30,708,992	\$ 27,605,632	\$ 3,103,360
Changes for the year:			
Service cost	\$ 1,115,335	\$ -	\$ 1,115,335
Interest	2,031,252	-	2,031,252
Changes of assumptions	1,428,445	-	1,428,445
Differences between expected and actual experience	(1,081,008)	-	(1,081,008)
Contributions - employer	-	855,957	(855,957)
Contributions - employee	-	369,092	(369,092)
Net investment income	-	7,596,660	(7,596,660)
Benefit payments, including refunds of employee contributions	(1,232,741)	(1,232,741)	-
Administrative expense	-	(18,386)	18,386
Other changes	-	722	(722)
Net changes	<u>\$ 2,261,283</u>	<u>\$ 7,571,304</u>	<u>\$ (5,310,021)</u>
Balances at June 30, 2021	<u>\$ 32,970,275</u>	<u>\$ 35,176,936</u>	<u>\$ (2,206,661)</u>

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2022 (Continued)

NOTE 7 - PENSION PLAN: (CONTINUED)

Sensitivity of the Net Pension Asset 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 (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Net Pension Liability (Asset)	\$ 2,742,149	\$ (2,206,661)	\$ (6,234,844)

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

For the year ended June 30, 2022, the Authority recognized pension expense of \$212,368. At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 374,824	\$ 791,194
Change in assumptions	1,225,445	-
Net difference between projected and actual earnings on pension plan investments	-	3,797,336
Employer contributions subsequent to the measurement date	829,877	-
Total	<u>\$ 2,430,146</u>	<u>\$ 4,588,530</u>

\$829,877 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, 2023. 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>	
2023	\$ (380,163)
2024	(643,408)
2025	(817,862)
2026	(1,146,828)

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2022 (Continued)

NOTE 7 - PENSION PLAN: (CONTINUED)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2021-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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, 2021. The total OPEB liability was determined by an actuarial valuation as of January 1, 2020.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2022 (Continued)

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

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	The salary increase rate starts at 2.25% salary increase for 1 year of service and gradually declines to 1.0% salary increase for 20 or more years of service
Discount Rate	1.92%

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 1.92% 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, 2020	\$ 3,030,544
Changes for the year:	
Service cost	234,342
Interest	68,400
Difference between expected and actual experience	97,590
Changes in assumptions	(303,570)
Changes in proportionate share	(148,739)
Benefit payments	(229,799)
Net changes	\$ (281,776)
Balances at June 30, 2021	\$ <u>2,748,768</u>

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2022 (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 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 (0.92%) or one percentage point higher (2.92%) than the current discount rate:

		Rate		
		1% Decrease (0.92%)	Current Discount (1.92%)	1% Increase (2.92%)
ACRJ	\$	2,902,632	\$ 2,748,768	\$ 2,599,480

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 (2.94%) or one percentage point higher (4.94%) than the current healthcare cost trend rates:

		Rates		
		1% Decrease (2.94%)	Healthcare Cost Trend (3.94%)	1% Increase (4.94%)
ACRJ	\$	2,519,431	\$ 2,748,768	\$ 3,011,332

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

For the year ended June 30, 2022, the Albemarle-Charlottesville Regional Jail Authority recognized OPEB expense in the amount of \$205,091. At June 30, 2022, 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	\$ 98,647	\$ 111,871
Changes in assumptions	88,747	330,285
Change in proportion	-	129,136
Total	<u>\$ 187,394</u>	<u>\$ 571,292</u>

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2022 (Continued)

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: (Continued)

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

<u>Year Ended June 30</u>	<u>ACRJ</u>
2023	\$ (97,651)
2024	(97,651)
2025	(79,781)
2026	(69,870)
2027	(38,945)
Thereafter	-

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.

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.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2022 (Continued)

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces 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 \$8,722 as of June 30, 2022.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 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 \$40,252 and \$41,204 for the years ended June 30, 2022 and June 30, 2021, 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, 2022, the entity reported a liability of \$430,315 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 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, 2020 and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was .03700% as compared to .03950% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of \$9,707. 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.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2022 (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)

At June 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 49,079	\$ 3,279
Net difference between projected and actual earnings on GLI OPEB program investments	-	102,707
Change in assumptions	23,723	58,876
Changes in proportionate share	2,606	42,416
Employer contributions subsequent to the measurement date	40,252	-
Total	<u>\$ 115,660</u>	<u>\$ 207,278</u>

\$40,252 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, 2023. 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>	
2023	\$ (29,121)
2024	(25,335)
2025	(25,583)
2026	(39,451)
2027	(12,380)
Thereafter	-

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2022 (Continued)

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

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021. 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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2022 (Continued)

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2022 (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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
		<hr/>
Total GLI OPEB Liability	\$	3,577,346
Plan Fiduciary Net Position		2,413,074
Employers' Net GLI OPEB Liability (Asset)	\$	<hr/> <hr/> 1,164,272
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.45%

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, 2022 (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:

<u>Asset Class (Strategy)</u>	<u>Long-term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.39%</u>

* The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

* On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, the rate contributed by the entity for the

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2022 (Continued)

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

Discount Rate: (Continued)

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, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Authority's proportionate share of the GLI Plan Net OPEB Liability	\$ 628,705	\$ 430,315	\$ 270,105

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2021-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	\$ 115,660	\$ 207,278	\$ 430,315	\$ 9,707
Stand-Alone Plan	187,394	571,292	2,748,768	205,091
	<u>\$ 303,054</u>	<u>\$ 778,570</u>	<u>\$ 3,179,083</u>	<u>\$ 214,798</u>

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2022 (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 121,473 for the year ended June 30, 2022 and 134,226 for 2021. Costs incurred in the operation of the Authority are as follows:

	<u>2022</u>
Total operating expenses per budgetary basis	\$ 15,532,310
Total operating expenses as adjusted	\$ 15,532,310
Less:	
Charges to others for inmate care and other sources	(1,078,147)
Reimbursed expenditures from the Commonwealth	<u>(6,096,915)</u>
Net cost to participant localities	<u>\$ 8,357,248</u>
Total inmate days for participant localities	<u>121,473</u>
Actual local cost per diem	<u>\$ 68.80</u>

The City of Charlottesville and Counties of Albemarle and Nelson contributions to the Authority include costs for services based on bed days.

NOTE 12 - LITIGATION:

At June 30, 2022, 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:

Until July 1, 2021, the County of Albemarle served as fiscal agent for the Authority. As a part of the fiscal agent agreement, the County provided treasury, accounting, purchasing and personnel services for the Authority.

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

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2022 (Continued)

NOTE 14 - LEASES RECEIVABLE:

The Authority leases tower space to companies under various lease contracts. In fiscal year 2022, the Authority recognized lease and interest revenue in the amount of \$56,121 and \$1,644, respectively. A description of the leases is as follows:

<u>Lease Description</u>	<u>Start Date</u>	<u>End Date</u>	<u>Length of Lease Term (in months)</u>	<u>Payment Frequency</u>	<u>Discount Rate</u>	<u>Receivable Balance</u>
T-Mobile	7/1/2021	12/1/2028	90	Monthly	3.00%	\$ 154,041
US Cellular	7/1/2021	10/1/2023	28	Monthly	3.00%	44,275
Total						<u>\$ 198,316</u>

Expected future payments at June 30, 2022 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 50,177	\$ 8,761
2024	30,274	7,063
2025	20,262	6,030
2026	21,825	4,994
2027	23,478	3,877
2028	25,226	2,676
2029	27,074	1,386
Total	<u>\$ 198,316</u>	<u>\$ 34,787</u>

NOTE 15 -LEASE LIABILITY:

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. The Authority recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The Authority has a noncancellable five year lease agreement for the use of copier equipment. The lease agreement requires 60 monthly payments of \$1,083 with a discount rate of 3.00%.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2022 (Continued)

NOTE 15 -LEASE LIABILITY: (CONTINUED)

The following is a summary of changes in long-term obligation transactions for the fiscal year ending June 30, 2022:

<u>Balance</u> <u>July 1, 2021*</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
\$ 39,071	\$ -	\$ 11,469	\$ 27,602	\$ 11,886

*Beginning balances have been adjusted to reflect implementation of GASB 87

The future principal and interest payments as of June 30, 2022 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 11,886	\$ 1,110
2024	12,494	502
2025	3,222	27
Total	<u>\$ 27,602</u>	<u>\$ 1,639</u>

NOTE 16 - 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 Risk Sharing Association (VRSA), 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.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2022 (Continued)

NOTE 17 - ADOPTION OF ACCOUNTING PRINCIPLES:

The Authority implemented provisions of Governmental Accounting Standards Board Statement Nos. 87, *Leases* and 92, *Omnibus 2020* during the fiscal year ended June 30, 2022. 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. Statement No. 92, *Omnibus 2020* addresses a variety of topics, including leases. No restatement of beginning net position was required as a result of this implementation as it was not practicable to restate the 2021 amounts due to staffing and time constraints. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the leases.

	<u>Amount</u>
Leasee activity:	
Lease asset	\$ 39,071
Lease liability	\$ 39,071
Lessor activity:	
Leases receivable	\$ 254,134
Deferred inflows of resources - Leases	\$ 254,134

NOTE 18 - UPCOMING PRONOUNCEMENTS:

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 (Asset) and Related Ratios - Pension Plan
For the Measurement Dates of June 30, 2014 through June 30, 2021

	2021	2020	2019	2018
Total pension liability				
Service cost	\$ 1,115,335	\$ 1,187,569	\$ 1,086,021	\$ 1,102,095
Interest	2,031,252	1,853,495	1,734,303	1,673,203
Differences between actual and expected experience	(1,081,008)	832,428	31,395	(1,050,394)
Changes in assumptions	1,428,445	-	919,521	-
Refund of contributions	-	(103,419)	(73,542)	-
Benefit payments, including refunds of employee contributions	(1,232,741)	(1,143,959)	(854,706)	(775,842)
Net change in total pension liability	\$ 2,261,283	\$ 2,626,114	\$ 2,842,992	\$ 949,062
Total pension liability - beginning	30,708,992	28,082,878	25,239,886	24,290,824
Total pension liability - ending (a)	\$ 32,970,275	\$ 30,708,992	\$ 28,082,878	\$ 25,239,886
Plan fiduciary net position				
Contributions - employer	\$ 855,957	\$ 868,355	\$ 842,658	\$ 877,471
Contributions - employee	369,092	395,264	384,491	378,226
Refund of contributions	-	(103,419)	(73,542)	-
Net investment income	7,596,660	523,272	1,704,226	1,710,510
Benefit payments, including refunds of employee contributions	(1,232,741)	(1,143,959)	(854,706)	(775,842)
Administrative expense	(18,386)	(17,235)	(16,030)	(14,055)
Other	722	(622)	(1,081)	(1,558)
Net change in plan fiduciary net position	\$ 7,571,304	\$ 521,656	\$ 1,986,016	\$ 2,174,752
Plan fiduciary net position - beginning	27,605,632	27,083,976	25,097,960	22,923,208
Plan fiduciary net position - ending (b)	\$ 35,176,936	\$ 27,605,632	\$ 27,083,976	\$ 25,097,960
Authority's net pension liability (asset) - ending (a) - (b)	\$ (2,206,661)	\$ 3,103,360	\$ 998,902	\$ 141,926
Plan fiduciary net position as a percentage of the total pension liability	106.69%	89.89%	96.44%	99.44%
Covered payroll	\$ 7,630,414	\$ 8,127,399	\$ 7,825,932	\$ 7,717,037
Authority's net pension liability as a percentage of covered payroll	-28.92%	38.18%	12.76%	1.84%

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 (Asset) and Related Ratios - Pension Plan (Continued)
For the Measurement Dates of June 30, 2014 through June 30, 2021

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 1,177,453	\$ 1,086,229	\$ 1,055,855	\$ 1,079,154
Interest	1,573,241	1,428,605	1,355,475	1,231,631
Differences between actual and expected experience	(273,381)	334,847	(688,167)	-
Changes in assumptions	(290,385)	-	-	-
Refund of contributions	-	-	-	-
Benefit payments, including refunds of employee contributions	(741,960)	(824,946)	(531,932)	(551,240)
Net change in total pension liability	\$ 1,444,968	\$ 2,024,735	\$ 1,191,231	\$ 1,759,545
Total pension liability - beginning	22,845,856	20,821,121	19,629,890	17,870,345
Total pension liability - ending (a)	\$ 24,290,824	\$ 22,845,856	\$ 20,821,121	\$ 19,629,890
Plan fiduciary net position				
Contributions - employer	\$ 861,313	\$ 927,719	\$ 928,667	\$ 1,035,858
Contributions - employee	374,264	359,780	359,738	347,577
Refund of contributions	-	-	-	-
Net investment income	2,477,114	352,671	833,179	2,345,078
Benefit payments, including refunds of employee contributions	(741,960)	(824,946)	(531,932)	(551,240)
Administrative expense	(13,529)	(11,406)	(10,461)	(11,815)
Other	(2,240)	(145)	(178)	123
Net change in plan fiduciary net position	\$ 2,954,962	\$ 803,673	\$ 1,579,013	\$ 3,165,581
Plan fiduciary net position - beginning	19,968,246	19,164,573	17,585,560	14,419,979
Plan fiduciary net position - ending (b)	\$ 22,923,208	\$ 19,968,246	\$ 19,164,573	\$ 17,585,560
Authority's net pension liability - ending (a) - (b)	\$ 1,367,616	\$ 2,877,610	\$ 1,656,548	\$ 2,044,330
Plan fiduciary net position as a percentage of the total pension liability	94.37%	87.40%	92.04%	89.59%
Covered payroll	\$ 7,533,452	\$ 7,218,920	\$ 7,216,060	\$ 6,952,333
Authority's net pension liability as a percentage of covered payroll	18.15%	39.86%	22.96%	29.40%

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Schedule of Employer Contributions - Pension Plan
Years Ended June 30, 2013 through June 30, 2022

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2022	\$ 829,877	\$ 829,877	\$ -	\$ 7,449,730	11.14%
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%

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

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

**Notes to Required Supplementary Information - Pension Plan
Year Ended June 30, 2022**

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, 2020 valuation were based on results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

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

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios -
Stand-Alone OPEB
Measurement Dates of June 30, 2017 through June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability					
Service cost	\$ 234,342	\$ 215,274	\$ 230,446	\$ 217,327	\$ 234,699
Interest	68,400	84,168	98,851	94,776	73,223
Amortization Adjustments	-	-	5,931	-	-
Changes in proportionate share	(148,739)	-	(112,739)	-	-
Changes in assumptions	(303,570)	130,658	(65,711)	(12,383)	(192,763)
Differences between expected and actual experience	97,590	25,503	(161,957)	87,956	-
Benefit payments	(229,799)	(202,765)	(141,709)	(132,967)	(29,000)
Net change in total OPEB liability	<u>\$ (281,776)</u>	<u>\$ 252,838</u>	<u>\$ (146,888)</u>	<u>\$ 254,709</u>	<u>\$ 86,159</u>
Total OPEB liability - beginning	<u>3,030,544</u>	<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>\$ 2,748,768</u></u>	<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	N/A
Authority's total OPEB liability (asset) as a percentage of covered-employee payroll	N/A	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, 2022

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

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	1.92%
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 2.25% salary increase for 1 year of service and gradually declines to 1.0% 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 June 30, 2021

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)
2021	0.03700%	\$ 430,315	\$ 7,630,414	5.64%	67.45%
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, 2013 through June 30, 2022

Date	Contractually	Contributions in	Contribution	Employer's	Contributions
	Required	Relation to			
	Contribution	Contractually	(Excess)	Payroll	Covered
	(1)	Required	(3)	(4)	Payroll
		Contribution			(5)
2022	\$ 40,252	\$ 40,252	\$ -	\$ 7,454,055	0.54%
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%

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

**Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
Year Ended June 30, 2022**

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

- Other Supplementary Information -

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

FIDUCIARY FUNDS

Combining Statement of Fiduciary Net Position
As of June 30, 2022

	Custodial Funds		Total
	Inmate Fund	Work Release Fund	
Assets			
Cash and cash equivalents	\$ 124,363	\$ -	\$ 124,363
Total assets	\$ 124,363	\$ -	\$ 124,363
Net Position			
Restricted for inmates	\$ 124,363	\$ -	\$ 124,363
Total net position	\$ 124,363	\$ -	\$ 124,363

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, 2022

	Custodial Funds		Total
	Inmate Fund	Work Release Fund	
Additions			
Contributions:			
Inmate deposits	\$ 724,521	\$ -	\$ 724,521
Interest	12	-	12
Total additions	<u>\$ 724,533</u>	<u>\$ -</u>	<u>\$ 724,533</u>
Deductions			
Operating Expenses:			
Canteen payments	\$ 250,202	\$ -	\$ 250,202
Contractual	538,316	-	538,316
Other charges	-	1,000	1,000
Total deductions	<u>\$ 788,518</u>	<u>\$ 1,000</u>	<u>\$ 789,518</u>
Net increase (decrease) in fiduciary net position	<u>\$ (63,985)</u>	<u>\$ (1,000)</u>	<u>\$ (64,985)</u>
Net position, beginning of year	<u>\$ 188,348</u>	<u>\$ 1,000</u>	<u>\$ 189,348</u>
Net position, end of year	<u><u>\$ 124,363</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 124,363</u></u>

See accompanying notes to financial statements.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Schedule of Revenues and Expenditures
Budgetary Basis
Year Ended June 30, 2022

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Operating Revenues:				
Charges for services:				
Care of inmates:				
City of Charlottesville	\$ 3,841,689	\$ 3,841,689	\$ 3,841,689	\$ -
County of Albemarle	4,000,291	4,000,291	4,000,291	-
County of Nelson	969,234	969,234	969,234	-
Other localities	100,000	100,000	61,740	(38,260)
Federal	140,000	140,000	286,700	146,700
Work release	4,000	4,000	9,176	5,176
Inmate telephone	350,000	350,000	396,380	46,380
Other	487,000	487,000	324,151	(162,849)
Total charges for services	<u>\$ 9,892,214</u>	<u>\$ 9,892,214</u>	<u>\$ 9,889,361</u>	<u>\$ (2,853)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Department of Corrections	\$ 748,451	\$ 748,451	\$ 634,403	\$ (114,048)
Total operating revenues	<u>\$ 10,640,665</u>	<u>\$ 10,640,665</u>	<u>\$ 10,523,764</u>	<u>\$ (116,901)</u>
Operating Expenditures:				
Compensation and related items:				
Salaries and wages	\$ 9,200,452	\$ 9,170,445	\$ 8,883,313	\$ 287,132
Fringes:				
Social security and medicare taxes	703,834	703,834	646,316	57,518
Retirement	1,035,007	1,035,007	857,275	177,732
Health insurance	1,268,599	1,268,599	956,856	311,743
Dental insurance	40,000	40,000	26,000	14,000
Life insurance	157,469	157,469	98,150	59,319
Unemployment	5,000	5,000	13,420	(8,420)
Workers compensation	110,000	110,000	98,798	11,202
Other employee benefits	1,000	1,000	40,132	(39,132)
Total compensation and related items	<u>\$ 12,521,361</u>	<u>\$ 12,491,354</u>	<u>\$ 11,620,260</u>	<u>\$ 871,094</u>
Contractual:				
Legal	\$ 36,000	\$ 36,000	\$ 37,156	\$ (1,156)
Professional services	6,000	46,000	216,633	(170,633)
Health services	525,000	525,000	477,949	47,051
Audit	19,000	19,000	12,053	6,947
Repairs and maintenance	69,265	66,265	94,263	(27,998)
Maintenance contracts	108,200	108,200	75,091	33,109

Schedule of Revenues and Expenditures
 Budgetary Basis
 Year Ended June 30, 2022 (Continued)

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Operating Expenditures: (continued)				
Contractual: (continued)				
Printing and binding	\$ 500	\$ 500	\$ -	\$ 500
Advertising	5,000	5,000	30,019	(25,019)
Other purchased services	13,000	9,000	36,547	(27,547)
Refuse collection	28,000	23,750	12,328	11,422
Administration fees	40,000	800	83,979	(83,179)
Data processing	78,622	78,622	79,220	(598)
Total contractual	<u>\$ 928,587</u>	<u>\$ 918,137</u>	<u>\$ 1,155,238</u>	<u>\$ (237,101)</u>
Other charges:				
Electrical	\$ 230,000	\$ 230,000	\$ 249,151	\$ (19,151)
Heating	80,000	80,000	118,432	(38,432)
Water and sewer	325,000	325,000	293,991	31,009
Postal services	4,830	4,830	3,213	1,617
Telecommunications	47,160	47,160	53,074	(5,914)
Fire insurance	57,394	57,394	54,468	2,926
Automotive insurance	6,500	6,500	5,810	690
Insurance deductibles	-	-	25,791	(25,791)
Leases, rentals	2,400	2,400	16,533	(14,133)
Training - Academy	81,000	81,000	66,798	14,202
Travel - education	40,000	40,000	16,324	23,676
Travel - subsistence	7,000	7,000	1,682	5,318
Miscellaneous	7,550	10,550	23,302	(12,752)
Software licenses	3,000	-	32,299	(32,299)
Dues and memberships	12,424	12,024	17,512	(5,488)
Inmate welfare	40,100	40,100	65,637	(25,537)
Employee physical assessments	5,000	5,000	3,126	1,874
Office supplies	40,000	40,000	30,817	9,183
Food supplies	694,200	716,557	674,814	41,743
Medical and lab supplies	-	-	24,433	(24,433)
Pharmaceutical drugs	450,000	450,000	483,672	(33,672)
COVID-19 supplies	-	19,000	49,167	(30,167)
Laundry and janitorial supplies	63,400	63,400	63,743	(343)
Kitchen supplies	34,200	34,200	65,531	(31,331)
Uniforms - inmates	51,000	50,500	73,337	(22,837)
Repair and maintenance supplies	58,803	58,803	76,119	(17,316)
Vehicle and equipment fuel, supplies, repairs	35,300	35,300	32,972	2,328
Police supplies	37,200	37,200	8,628	28,572
Uniforms and apparel - employees	52,500	52,500	28,847	23,653
Total other charges	<u>\$ 2,465,961</u>	<u>\$ 2,506,418</u>	<u>\$ 2,659,223</u>	<u>\$ (152,805)</u>

Schedule of Revenues and Expenditures
 Budgetary Basis
 Year Ended June 30, 2022 (Continued)

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Operating Expenditures: (continued)				
Capital Outlay:				
Other	\$ 51,400	\$ 51,400	\$ 62,906	\$ (11,506)
Motor vehicles	70,000	70,000	34,683	35,317
Total capital outlay	<u>\$ 121,400</u>	<u>\$ 121,400</u>	<u>\$ 97,589</u>	<u>\$ 23,811</u>
Total operating Expenditures	<u>\$ 16,037,309</u>	<u>\$ 16,037,309</u>	<u>\$ 15,532,310</u>	<u>\$ 504,999</u>
Net operating income (loss)	<u>\$ (5,396,644)</u>	<u>\$ (5,396,644)</u>	<u>\$ (5,008,546)</u>	<u>\$ 388,098</u>
Nonoperating revenue (Expenditures):				
Interest income	\$ 10,000	\$ 10,000	\$ 4,423	\$ (5,577)
Intergovernmental:				
Commonwealth of Virginia:				
Operating grants	\$ 5,266,644	\$ 5,266,644	\$ 5,462,512	\$ 195,868
Federal government:				
State Criminal Alien Assistance Program	\$ 30,000	\$ 30,000	\$ 21,663	\$ (8,337)
Other federal	15,000	15,000	67,305	52,305
Total federal government	<u>\$ 45,000</u>	<u>\$ 45,000</u>	<u>\$ 88,968</u>	<u>\$ 43,968</u>
Tower lease	\$ 75,000	\$ 75,000	\$ 55,330	\$ (19,670)
Net nonoperating revenues (Expenditures)	<u>\$ 5,396,644</u>	<u>\$ 5,396,644</u>	<u>\$ 5,611,233</u>	<u>\$ 214,589</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 602,687</u>	<u>\$ 602,687</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, 2022

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	\$	602,687
Acquisition of capital assets		117,101
Depreciation and amortization		(737,109)
Employee canteen account activity		(170)
HEM account activity		(1,585)
Net VRS pension activity		618,502
Net OPEB liabilities		55,368
Principal payments on debt		<u>11,468</u>
Changes in net position, per statement of revenues, expenses and changes in net position	\$	<u><u>666,262</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 aggregate remaining fund information of Albemarle-Charlottesville Regional Jail Authority as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Albemarle-Charlottesville Regional Jail Authority's basic financial statements and have issued our report thereon dated May 9, 2023.

Report on 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 the 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 or significant deficiencies may exist that were not identified.

Report on 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

May 9, 2023