NORTHWESTERN REGIONAL JAIL AUTHORITY

WINCHESTER, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2022

NORTHWESTERN REGIONAL JAIL AUTHORITY

Winchester, Virginia

Financial Report
Year Ended June 30, 2022

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- INTRODUCTORY SECTION -

Northwestern Regional Adult Detention Center

Clay A. Corbin - Superintendent

141 Fort Collier Road, Winchester, VA 22603
(540) 665-6374 (540) 665-1615 FAX

January 5, 2023

Northwestern Regional Jail Authority
Regional Adult Detention Center
141 Fort Collier Road
Winchester, VA 22603

Dear Jail Authority Members:

The Northwestern Regional Adult Detention Center Annual Financial Report for fiscal year 2022 is attached. To the best of our knowledge the data is accurate and accurately represents the financial position of the Regional Adult Detention Center in a fair and objective manner.

Beginning with the June 30, 2002 Comprehensive Financial Statement, Frederick County, Virginia implemented Governmental Accounting Standards Board (GASB) Statement Number 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. GASB Statement Number 34 requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management Discussion and Analysis (MD&A). The Detention Center complies with the provisions of the Standard as a government entity under Frederick County, the Center's fiscal agent. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

THE REPORTING ENTITY

The Northwestern Regional Adult Detention Center is a regional governmental agency, with representation from each participating jurisdiction, and is considered to be a jointly governed organization.

ECONOMIC CONDITIONS AND OUTLOOK

The Northwestern Regional Adult Detention Center is in the Fort Collier Industrial Park, just northwest of Winchester, Virginia. Situated on a 33-acre parcel of land, the Detention Center complex consists of a Main Jail, an Annex Facility, and a Community Corrections Center.

Detention Center operations are funded by the four (4) participating jurisdictions based upon their individual utilization of facility beds over the three (3) previous complete years. In addition to local contributions, the Jail is funded by state assistance for salaries and inmate per diem, as well as collection of fees from the inmates for their associated activities.

FINANCIAL INFORMATION

Frederick County serves as the Jail's Fiscal Agent and the Jail's activities are included in the County's annual appropriated budget. The facility's internal control structure consists of a Captain of Administrative Services, with three accounting personnel, who oversee accounting operations and report financial data to Frederick County, the State of Virginia, and the Regional Jail Authority.

Open encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Encumbrances generally are re-appropriated as part of the following year's budget.

The Captain of Administrative Services oversees Inmate and Commissary Funds, and exercises control of the Inmate Benefit Program. Inmate funds include all monies accrued by inmates for their personal use, i.e. payment of their outside bills; family support; commissary purchases; and their telephone calls.

Commissary funds are profits accrued from inmate commissary purchases and are used to benefit inmates and their activities. These benefits include communal newspapers, television, microwaves, books, law library materials, games, sports equipment, exercise equipment, special rewards, programs designed to train, inform, or educate inmates, and a myriad of other programs.

ACKNOWLEDGEMENTS

The sound financial condition enjoyed by the Regional Detention Center results, in part, from the dedication and commitment of the Detention Center accounting staff, the Frederick County Finance Department, the Regional Jail Authority, and the support of the participating jurisdictions and their governing bodies.

Respectfully,

Clay A. Corbin

Clay A. Corbin
Superintendent

- FINANCIAL SECTION -

Independent Auditors' Report

To the Members of the Board
Northwestern Regional Jail Authority
Winchester, 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 Northwestern 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 Northwestern 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 Northwestern 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 Northwestern 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 13 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 Northwestern 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 Northwestern 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 Northwestern Regional Jail Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northwestern Regional Jail Authority's basic financial statements. The accompanying schedules comprising of other supplementary information are 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 schedules are 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 March 2, 2023, on our consideration of Northwestern 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 Northwestern 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 Northwestern Regional Jail Authority's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
March 2, 2023

The following is a discussion and analysis of Northwestern Regional Jail Authority's financial performance for the fiscal year ended June 30, 2022. This information is in conjunction with the Superintendent's transmittal letter and included with the annual audit report.

Financial Highlights:

Accrual Basis Statements

At the end of the fiscal year, Northwestern Regional Jail Authority ("the Authority") reported an ending net position balance of $12,770,071, an increase of $1,098,940 from the prior year. Over time, increases and decreases in net position can serve as a useful indicator of whether the financial health of the Authority is improving or deteriorating.

The Authority holds long-term debt of $12,174,922, consisting of Revenue Bonds payable in annual installments for 20 years, VRA Bonds payable in annual installments for 15 years and lease liabilities payable in annual installments for 5 years. The Authority also has a net pension liability of $1,599,551 and a net OPEB liability of $829,463.

The following table shows a summary of the Statement of Net Position:

Table 1
Summary of Statement of Net Position
At June 30, 2022 and June 30, 2021

	June 30, 2022	June 30, 2021
Current assets	$ 11,510,981	$ 11,692,807
Capital assets	20,756,167	21,834,241
Total assets	$ 32,267,148	$ 33,527,048
Deferred outflows of resources	$ 6,241,437	$ 7,027,886
Total assets and deferred outflows	$ 38,508,585	$ 40,554,934
Current liabilities	$ 2,463,999	$ 2,521,745
Noncurrent liabilities	14,557,005	25,904,715
Total liabilities	$ 17,021,004	$ 28,426,460
Deferred inflows of resources	$ 8,717,510	$ 457,343
Net investment in capital assets	$ 9,087,571	$ 9,066,351
Restricted	694,467	709,425
Unrestricted	2,988,033	1,895,355
Total net position	$ 12,770,071	$ 11,671,131
Total liabilities, deferred inflows, and net position	$ 38,508,585	$ 40,554,934

Modified Accrual and Budgetary Audit Statements

At the end of the fiscal year, the Authority reported an ending fund balance of $9,908,542, a decrease of $64,065.

Overview:

Comparison of revenues and expenses from fiscal year 2021 to 2022 provide the following information:

Accrual Basis Statements

- Fiscal year 2022 revenues were $25,519,987; fiscal year 2022 expenses were $24,421,047, which included $1,488,494 of depreciation expense, which is a noncash expense.

- Fiscal year 2021 revenues were $23,885,708; fiscal year 2021 expenses were $25,950,146, which included $1,401,250 of depreciation expense, which is a noncash expense.

The following table shows a summary of the Statement of Revenues, Expenses, and Changes in Net Position:

Table 2
Summary of Statement of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2022 and June 30, 2021

	June 30, 2022	June 30, 2021
Local and other per diems	$ 13,693,925	$ 13,293,753
Commonwealth of Virginia jail costs	1,406,782	1,417,559
Other operating revenues	2,427,032	2,634,358
Commonwealth of Virginia State Compensation Board	6,104,753	5,868,659
Other nonoperating revenues	1,887,495	671,379
Capital contributions	-	-
Total revenues	$ 25,519,987	$ 23,885,708
Personnel and fringes	$ 16,105,376	$ 17,472,643
Other operating expenses	7,886,191	8,020,123
Other nonoperating expenses	429,480	457,380
Total expenses	$ 24,421,047	$ 25,950,146
Change in net position	$ 1,098,940	$ (2,064,438)
Net position, beginning of year	11,671,131	13,735,569
Net position, end of year	$ 12,770,071	$ 11,671,131

Modified Accrual and Budgetary Basis Statements

- In fiscal year 2022, the Authority's revenues were $24,079,823, an increase of $1,798,655 from 2021 revenues of $22,281,168.

- In fiscal year 2022, the Authority's expenditures were $24,143,888 an increase of $1,112,837 from 2021 expenditures of $23,031,051.

- In fiscal year 2022, the Authority's revenues of $24,079,823 were under expenditures of $24,143,888 by $64,065.

Budgetary Overview

In fiscal year 2022, the Authority's revenues of $24,079,823 were under budgeted revenues of $24,108,068 by $28,245. The Authority's expenditures of $24,143,888 were under budgeted expenditures of $26,829,456 by $2,685,568.

Additional Analysis

Applying the annual inmate average daily population (ADP) rate to expenditures, an average per annum was derived for fiscal year 2021 and 2022 for comparison. With an ADP of 630 inmates per day in FY21, the per annum cost per inmate was approximately $36,557. In FY22, the ADP was 598 and the per annum cost increased to approximately $40,267.

There was a decrease in FY22 in the number of Out of Compliance inmates occupying beds in the Authority. Out of Compliance inmates, those state responsible inmates remaining in local custody 90 or more days after sentencing, decreased from an average of 189 individuals in FY21 to 169 in FY22.

As occurred in FY20, fluctuations in the jurisdiction's use of the Authority over the previous three (3) years created changes in the distribution of locality shares. Frederick County's share of the cost of operations increased from 41.74% in FY21 to 42.34% in FY22. Clarke County's share increased from 3.60 to 3.73%, Fauquier County's share increased from 17.82% to 18.09%, and Winchester's share decreased from 36.84% to 35.84%.

The Frederick County Government (fiscal agent) application and method of determining capital assets changed in 2003 to include only those capital equipment expenses exceeding $5,000. Capital assets, net of accumulated depreciation, decreased from FY21 to FY22 due to current year depreciation. See Note 5 for details.

FY2022 assets $20,756,167 FY2021 assets $21,834,241

The long-term liabilities indicated in the audit are bonds payable and reserves held for payment of accrued compensated absences, net OPEB liability, and net pension liability less deferred charge on refunding. These liabilities increased from FY21 to FY22, due to the increase in the net pension liability. See Note 6 for details.

FY2022 accrual $16,113,032 FY2021 accrual $27,415,685

Additional information contained in this report applies to funds held for inmates and canteen operations. Northwestern Regional Jail Authority is the fiduciary custodian of all funds received from inmates or on behalf of inmates. Such funds are deposited and controlled on behalf of the inmate. Accountability methods adhere to generally accepted accounting practices and are subject to annual audit. Practical internal controls are established in the form of clearly detailed policies and procedures that provide a system of checks and balances to protect fiduciary funds from theft or fraud.

- Basic Financial Statements -

NORTHWESTERN REGIONAL JAIL AUTHORITY

Statement of Net Position
At June 30, 2022
(With Comparative Totals for 2021)

		2022		2021
	Operating	Commissary	Total	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 9,810,159	$ 694,467	$ 10,504,626	$ 10,516,735
Accounts receivable	181,198	-	181,198	292,969
Due from other governments	825,157	-	825,157	883,103
Total current assets	$ 10,816,514	$ 694,467	$ 11,510,981	$ 11,692,807
Noncurrent assets:				
Land and construction in progress	$ 600,375	$ -	$ 600,375	$ 622,553
Other capital assets, net of accumulated depreciation	20,155,792	-	20,155,792	21,211,688
Net capital assets	$ 20,756,167	$ -	$ 20,756,167	$ 21,834,241
Total assets	$ 31,572,681	$ 694,467	$ 32,267,148	$ 33,527,048
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	$ 506,326	$ -	$ 506,326	$ 552,356
OPEB deferrals	263,680	-	263,680	323,292
Pension deferrals	5,471,431	-	5,471,431	6,152,238
Total deferred outflows of resources	$ 6,241,437	$ -	$ 6,241,437	$ 7,027,886
Total assets and deferred outflows of resources	$ 37,814,118	$ 694,467	$ 38,508,585	$ 40,554,934
LIABILITIES				
Current liabilities:				
Accounts payable	$ 907,972	$ -	$ 907,972	$ 1,010,775
Compensated absences, current portion	301,819	-	301,819	297,805
Bonds payable, current portion	1,176,250	-	1,176,250	1,142,500
Lease liabilities, current portion	18,125	-	18,125	-
Bond premium, current portion	59,833	-	59,833	70,665
Total current liabilities	$ 2,463,999	$ -	$ 2,463,999	$ 2,521,745
Noncurrent liabilities:				
Compensated absences, less current portion	$ 1,207,277	$ -	$ 1,207,277	$ 1,191,219
Bonds payable, less current portion	10,702,500	-	10,702,500	11,878,750
Lease liabilities, less current portion	49,716	-	49,716	-
Bond premium, less current portion	168,498	-	168,498	228,331
Net OPEB liability	829,463	-	829,463	1,246,072
Net pension liability	1,599,551	-	1,599,551	11,360,343
Total noncurrent liabilities	$ 14,557,005	$ -	$ 14,557,005	$ 25,904,715
Total liabilities	$ 17,021,004	$ -	$ 17,021,004	$ 28,426,460
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	$ 8,394,088	$ -	$ 8,394,088	$ 420,132
OPEB deferrals	323,422	-	323,422	37,211
Total deferred inflows of resources	$ 8,717,510	$ -	$ 8,717,510	$ 457,343
NET POSITION				
Net investment in capital assets	$ 9,087,571	$ -	$ 9,087,571	$ 9,066,351
Restricted:				
For benefit of inmates	-	694,467	694,467	709,425
Unrestricted	2,988,033	-	2,988,033	1,895,355
Total net position	$ 12,075,604	$ 694,467	$ 12,770,071	$ 11,671,131
Total liabilities, deferred inflows of resources, and net position	$ 37,814,118	$ 694,467	$ 38,508,585	$ 40,554,934

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

NORTHWESTERN REGIONAL JAIL AUTHORITY

Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2022
(With Comparative Totals for 2021)

	2022			2021
	Operating	Commissary	Total	Total
Operating revenues:				
Care of prisoners:				
Local and other per diems	$ 13,693,925	$ -	$ 13,693,925	$ 13,293,753
Commonwealth of Virginia jail costs	1,406,782	-	1,406,782	1,417,559
Federal	550	-	550	1,760
Work release	321,552	-	321,552	254,108
Commissary sales and profit	-	1,440,164	1,440,164	1,604,540
Other	664,766	-	664,766	773,950
Total operating revenues	$ 16,087,575	$ 1,440,164	$ 17,527,739	$ 17,345,670
Operating expenses:				
Personnel	$ 11,609,350	$ -	$ 11,609,350	$ 10,806,644
Fringes	4,496,026	-	4,496,026	6,665,999
Contractual	1,737,648	-	1,737,648	1,867,788
Other charges	3,204,927	143,874	3,348,801	3,245,857
Commissary supplies (food, etc.)	-	535,134	535,134	887,589
Inmate supplies	-	776,114	776,114	617,639
Depreciation	1,488,494	-	1,488,494	1,401,250
Total operating expenses	$ 22,536,445	$ 1,455,122	$ 23,991,567	$ 25,492,766
Net operating income (loss)	$ (6,448,870)	$ (14,958)	$ (6,463,828)	$ (8,147,096)
Nonoperating revenues (expenses):				
Commonwealth of Virginia State Compensation Board	$ 6,104,753	$ -	$ 6,104,753	$ 5,868,659
Other State grants	1,259,794	-	1,259,794	629,438
Coronavirus Relief and ARPA Funds	591,983	-	591,983	19,197
Interest income	35,718	-	35,718	22,744
Interest expense	(429,480)	-	(429,480)	(457,380)
Net nonoperating revenues (expenses)	$ 7,562,768	$ -	$ 7,562,768	$ 6,082,658
Change in net position	$ 1,113,898	$ (14,958)	$ 1,098,940	$ (2,064,438)
Net position, beginning of year	10,961,706	709,425	11,671,131	13,735,569
Net position, end of year	$ 12,075,604	$ 694,467	$ 12,770,071	$ 11,671,131

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

NORTHWESTERN REGIONAL JAIL AUTHORITY

Statement of Cash Flows
Year Ended June 30, 2022
(With Comparative Totals for 2021)

	2022			2021
	Operating	Commissary	Total	Total
Cash flows from operating activities:				
Receipts from customers	$ 16,257,292	$ 1,440,164	$ 17,697,456	$ 17,312,141
Payments to suppliers	(5,045,378)	(1,455,122)	(6,500,500)	(6,476,136)
Payments to and for employees	(17,262,119)	-	(17,262,119)	(16,298,240)
Net cash flows provided by (used for) operating activities	$ (6,050,205)	$ (14,958)	$ (6,065,163)	$ (5,462,235)
Cash flows from noncapital and related financing activities:				
Government grants	$ 7,956,530	$ -	$ 7,956,530	$ 6,517,294
Cash flows from capital and related financing activities:				
Purchase of capital assets	$ (324,619)	$ -	$ (324,619)	$ (30,378)
Principal payments on debt	(1,160,460)	-	(1,160,460)	(1,096,250)
Interest paid on debt	(454,115)	-	(454,115)	(492,538)
Net cash flows provided by (used for) capital and related financing activities	$ (1,939,194)	$ -	$ (1,939,194)	$ (1,619,166)
Cash flows from investing activities:				
Interest income	$ 35,718	$ -	$ 35,718	$ 22,744
Net increase (decrease) in cash and cash equivalents	$ 2,849	$ (14,958)	$ (12,109)	$ (541,363)
Cash and cash equivalents, beginning of year	9,807,310	709,425	10,516,735	11,058,098
Cash and cash equivalents, end of year	$ 9,810,159	$ 694,467	$ 10,504,626	$ 10,516,735
Reconciliation of net operating income (loss) to net cash provided by (used for) operating activities:				
Net operating income (loss)	$ (6,448,870)	$ (14,958)	$ (6,463,828)	$ (8,147,096)
Adjustments to reconcile net operating income (loss) to cash used in operating activities:				
Depreciation	1,488,494	-	1,488,494	1,401,250
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
Accounts receivable and due from other governments	169,717	-	169,717	(33,529)
Pension deferrals - deferred outflows	680,807	-	680,807	(2,155,779)
OPEB deferrals - deferred outflows	59,612	-	59,612	(20,401)
Accounts payable	(102,803)	-	(102,803)	142,737
Compensated absences	20,072	-	20,072	7,832
Net pension liability	(9,760,792)	-	(9,760,792)	3,828,027
Net OPEB liability	(416,609)	-	(416,609)	25,001
OPEB deferrals - deferred inflows	286,211	-	286,211	(40,530)
Pension deferrals - deferred inflows	7,973,956	-	7,973,956	(469,747)
Net cash flows provided by (used for) operating activities	$ (6,050,205)	$ (14,958)	$ (6,065,163)	$ (5,462,235)

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

NORTHWESTERN REGIONAL JAIL AUTHORITY

FIDUCIARY FUNDS

Statement of Fiduciary Net Position
At June 30, 2022

		Custodial Funds
ASSETS		**Inmate Fund**
Current assets:		
Cash and cash equivalents	$	204,013
NET POSITION		
Restricted for inmates	$	204,013

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

NORTHWESTERN REGIONAL JAIL AUTHORITY

FIDUCIARY FUNDS

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2022

		Custodial Funds
		Inmate Fund
ADDITIONS		
Contributions		
Inmate deposits	$	2,413,803
Investment Earnings		
Interest	$	485
Total Additions	$	2,414,288
DEDUCTIONS		
Canteen payments (phone usage, commissary)	$	1,778,639
Paid to inmates (released/release of funds)		706,180
Other		12,429
Total Deductions	$	2,497,248
Net increase (decrease) in fiduciary net position	$	(82,960)
Net position, beginning of year	$	286,973
Net position, end of year	$	204,013

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

NOTE 1 – FINANCIAL REPORTING ENTITY:

Northwestern Regional Jail Authority ("the Authority") was organized on May 26, 2005 pursuant to provisions of Chapter 3 of Title 53.1 of the Code of Virginia (1950), as amended. The Authority serves as a regional jail for the Counties of Clarke, Fauquier, and Frederick and the City of Winchester. The Authority is considered a jointly governed organization of the participant localities. The Authority is the successor organization to the former Clarke, Fauquier, Frederick, Winchester Regional Adult Detention Center.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Financial Statement Presentation:

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board (GASB). The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

1. Basis of Accounting:

   The Authority utilizes the enterprise fund method of accounting for financial reporting purposes. Enterprise fund accounting uses the accrual basis of accounting where revenues are recorded when earned and expenses are recorded when incurred, regardless of when the cash flows occur.

   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.

   The Operating Fund is the primary operating fund of the Authority and accounts for all revenues and expenses applicable to the general operations of the Jail. Additionally, the Authority reports the Commissary Fund, which is restricted for the benefit of inmates. Expenses paid with Commissary funds include canteen food and supplies, educational supplies, and other items benefiting inmates.

   Fiduciary Funds account for assets held by the Authority in a trustee capacity or as custodian for individuals, private organizations, other governmental units, or other funds. The Inmate Fund comprises the Authority's Custodial Funds. These funds account for funds held on behalf of the inmates housed at the facility. Fiduciary funds are not included in the enterprise financial statements.

2. Cash and Cash Equivalents:

   Cash and cash equivalents are reported at cost, which approximates market value. Cash and cash equivalents include cash on hand, checking and savings accounts, and short-term, highly liquid investments (including repurchase agreements) with maturities of three months or less from the date of acquisition. The Authority maintains cash accounts with financial institutions in accordance with the Virginia Security for Public Deposits Act of the Code of Virginia. The Act requires financial institutions to meet specific collateralization requirements.

3. Investments:

   Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

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

4. Capital Assets:

Capital assets are recorded at cost. Donated capital assets are recorded at their acquisition value at the date of gift. 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. A lease liability and an intangible right-to-use lease asset (leased asset) is recognized in the financial statements. The Authority's capitalization threshold is $5,000.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation is provided using the straight-line method over the estimated useful lives. Leased assets are amortized on a straight-line basis over the shorter of the lease term or their estimated useful lives.

The following estimated useful lives are used to depreciate/amortize assets:

Building and improvements	40 to 50 years
Leased equipment	3 to 5 years
Equipment	5 to 10 years
Vehicles	5 to 7 years

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

5. Compensated Absences:

The Authority's employees earn annual leave (vacation pay) in varying amounts and can accumulate annual leave based on length of service. All employees earn the same sick pay regardless of the length of service. Maximum annual leave accumulation hours are the hours allowable at the time of separation or at the end of any calendar year.

Employees terminating their employment are paid, by the Authority, their accumulated annual leave up to the maximum limit. Unused sick leave is paid at the date of separation but is limited to 25% of amounts unused upon termination up to $2,500.

The liabilities for annual and sick leave have been recorded in accordance with policies. Accordingly, the amount of leave recognized as expense is the amount earned during the year.

6. Revenue Recognition:

Revenues for charges for services to participant localities are based on inmate days for each locality and are recorded when due. Year-end settlements are made with each participant locality. Amounts due are reported as receivables and amounts overpaid are reported as unearned revenues.

The Commonwealth of Virginia provides funding for operations and also provides funding for state inmates held on a per-diem basis.

7. 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.

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

8. Allowance for Uncollectible Accounts:

   The Authority calculates its allowance for specific accounts using historical collection data and, in certain cases, specific account analysis. Historical collection data indicates that any uncollectible amounts would be negligible. Management believes that any accounts that may be written off would not be significant. Accordingly, no allowance for uncollectible accounts has been established.

9. Comparative Totals:

   Comparative totals are presented for informational purposes only.

10. Deferred Outflows/Inflows of Resources:

    In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has multiple items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the statement of net position. A deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

    In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has one type of 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 related notes.

11. Net Position:

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

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

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

    - Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

11. Net Position: (Continued)

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 government-wide and proprietary fund 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.

12. Pensions:

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

13. Other Postemployment Benefits (OPEB):

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI 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.

NOTE 3 - DEPOSITS AND INVESTMENTS:

Frederick County acts as a fiscal agent and provides accounting for the general operating accounts of the Authority. The Authority's operating cash is included in the pooled cash and investments of Frederick County. The Authority is reported in the Frederick County Financial Report as a custodial fund. In addition, the Authority maintains separate bank accounts for Canteen and Inmate funds. In previous years, the Authority issued long-term debt and received funds for a jail expansion project. The remaining funds are in the custody of the City of Winchester which is the fiscal agent for the jail expansion project.

Deposits:

At year-end, the carrying value of the Authority's deposits with banks and savings institutions as part of the Frederick County pooled cash and investments was $8,462,467. The bank balances are not separately determinable. Deposits held by the City of Winchester in a BNY Mellon account were $1,347,692.

NOTE 3 - DEPOSITS AND INVESTMENTS: (CONTINUED)

Deposits: (Continued)

At June 30, 2022, all of the Authority's bank balances were covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loans. Of the pooled bank balances, no funds were uninsured and uncollateralized in banks or savings and loans not qualifying under the Act at June 30, 2022.

Investments:

As described above, the Authority's cash is included in the Frederick County pooled cash and Frederick County utilizes the Local Government Investment Pool, which consists of highly liquid unclassified investments. The amount of the Authority's equity in the pooled investment funds is not separately determinable.

Credit Risks:

Credit risk is the risk that a borrower will not be able to make payments and default on debt. Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard & Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Authority currently has no formal policy relating to interest rate risk.

Authority's Rated Debt Investments' Values

Rated Debt Investments		Fair Quality Ratings
		AAAm
Money Market Mutual Fund	$	1,347,692
Total	$	1,347,692

NOTE 3 - DEPOSITS AND INVESTMENTS: (CONTINUED)

External Investment Pool:

The value of the position in the external investment pool is the same as the value of the pool shares. LGIP is an amortized cost basis portfolio. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. There are no withdrawal limitations or restrictions imposed on participants.

Fair Value Measurements:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Jail categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The Jail maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date
- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

The Jail has the following recurring fair value measurements as of June 30, 2022:

		Fair Value Measurements Using		
Investment	6/30/2022	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Mutual Fund	$ 1,347,692	$ 1,347,692	$ -	$ -
	$ 1,347,692	$ 1,347,692	$ -	$ -

NOTE 4 - ACCOUNTS RECEIVABLE AND DUE FROM OTHER GOVERNMENTS:

	Accounts Receivable	Due from Other Governments
Commonwealth of Virginia	$ -	$ 825,102
Federal government	-	55
Other	181,198	-
Total	$ 181,198	$ 825,157

NOTE 5 - CAPITAL ASSETS:

A summary of changes in capital assets is as follows:

	Beginning Balances*	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 600,375	$ -	$ -	$ 600,375
Construction in progress	22,178	295,508	317,686	-
Total capital assets not being depreciated	$ 622,553	$ 295,508	$ 317,686	$ 600,375
Capital assets being depreciated:				
Building and improvements	$ 42,465,764	$ 17,000	$ -	$ 42,482,764
Leased equipment	85,801	-	-	85,801
Equipment and vehicles	1,775,987	329,797	58,157	2,047,627
Total capital assets being depreciated	$ 44,327,552	$ 346,797	$ 58,157	$ 44,616,192
Less: Accumulated depreciation:				
Building and improvements	$ 21,656,011	$ 1,304,155	$ -	$ 22,960,166
Leased equipment	-	18,296	-	18,296
Equipment and vehicles	1,374,052	166,043	58,157	1,481,938
Total accumulated depreciation	$ 23,030,063	$ 1,488,494	$ 58,157	$ 24,460,400
Net capital assets being depreciated	$ 21,297,489	$ (1,141,697)	$ -	$ 20,155,792
Net capital assets	$ 21,920,042	$ (846,189)	$ 317,686	$ 20,756,167

*Beginning balances were adjusted to reflect the implementation of GASB 87.

NOTE 6 - LONG-TERM OBLIGATIONS:

The following is a summary of long-term obligations activity for the year.

	Balance July 1, 2021*	Increases	Decreases	Balance June 30, 2022
Direct Borrowings and Placements:				
Revenue Bonds	$ 11,605,000	$ -	$ 850,000	$ 10,755,000
VRA Bonds	1,416,250	-	292,500	1,123,750
Bond Premium	298,996	-	70,665	228,331
Lease liabilities	85,801	-	17,960	67,841
Other obligations:				
Compensated absences	1,489,024	317,877	297,805	1,509,096
Total	$ 14,895,071	$ 317,877	$ 1,528,930	$ 13,684,018

*Beginning balances were adjusted to reflect the implementation of GASB 87.

The amounts required to amortize long-term debt are as follows:

	Direct Borrowings and Placements					
	Revenue Bonds		VRA Bonds		Lease liabilities	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 865,000	$ 362,675	$ 311,250	$ 55,189	$ 18,125	$ 595
2024	900,000	332,400	331,250	39,109	18,307	413
2025	930,000	303,300	347,500	22,005	15,598	242
2026	965,000	266,100	133,750	4,930	15,811	86
2027	995,000	237,150	-	-	-	-
2028-2032	5,010,000	712,425	-	-	-	-
2033	1,090,000	38,150	-	-	-	-
Total	$ 10,755,000	$ 2,252,200	$ 1,123,750	$ 121,233	$ 67,841	$ 1,336

NOTE 6 - LONG-TERM OBLIGATIONS: (CONTINUED)

Details of long-term obligations are as follows:

	Total	Amount Due Within One Year
Direct Borrowings and Placements:		
$495,000, Virginia Resources Authority Infrastructure and State Moral Obligation Revenue bonds series 2011A, issued May 18, 2011, maturing in various annual installments through October 1, 2025, interest paid semiannually at rates from 2.125% to 5.125%.	$ 210,000	$ 45,000
$16,400,000, Revenue and Refunding bonds series 2013, issued April 9, 2013, maturing in various annual installments through July 1, 2033, interest paid semiannually at rates from 2.00% to 4.00%.	10,755,000	865,000
$2,210,000, Virginia Resources Authority Infrastructure and State Moral Obligation Revenue bonds series 2016A, issued May 25, 2016, maturing in various annual installments through October 1, 2025, interest paid semiannually at rates from 4.506% to 5.125%.	913,750	266,250
Total direct borrowings and placements	$ 11,878,750	$ 1,176,250
Lease liabilities:		
Various leases for equipment payable in various monthly payments through June 2024. Discount rate at 1.00%.	67,841	18,125
Total long-term debt	$ 11,946,591	$ 1,194,375
Add: Bond premiums	228,331	59,833
Net long-term debt	$ 12,174,922	$ 1,254,208

NOTE 7 - COMPENSATED ABSENCES:

In accordance with GASB accounting principles, the Authority has accrued the liability arising from all compensated absences. The amount of accrued vacation, compensatory time and sick pay totaled $1,509,096 at June 30, 2022. This is an increase of $20,072 from the prior year.

NOTE 8 - PENSION PLAN:

Plan Description

All full-time, salaried permanent employees of the Authority are automatically covered by a VRS Retirement Plan upon employment, through the County of Frederick, Virginia. 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. However, several entities participate in the VRS plan through the County of Frederick, Virginia and the participating entities report their proportionate information on the basis of a cost-sharing plan. 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.

NOTE 8 - 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.

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 13.01% 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 $1,832,817 and $1,781,245 for the years ended June 30, 2022 and June 30, 2021, respectively.

NOTE 8 - PENSION PLAN: (CONTINUED)

Net Pension Liability

At June 30, 2022, the Authority reported a liability of $1,599,551 for its proportionate share of the net pension liability. The Authority's net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension 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 Authority's proportionate share of the same was calculated using creditable compensation as of June 30, 2021 and 2020 as a basis for allocation. At June 30, 2021 and 2020, the Authority's proportion was 30.4792% and 31.8007%, respectively.

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	2.5%
Salary increases, including inflation	3.5% – 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

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

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

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

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

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

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

NOTE 8 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions – 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:

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

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

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County of Frederick, Virginia'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	2.5%
Salary increases, including inflation	3.5% – 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

NOTE 8 - PENSION PLAN: (CONTINUED)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvements:

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) – Hazardous Duty:

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

NOTE 8 - 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 Partnership	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 FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2021 on, participating

NOTE 8 - PENSION PLAN: (CONTINUED)

Discount Rate: (Continued)

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.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
Net Pension Liability (Asset)	$ 10,916,305	$ 1,599,551	$ (6,000,453)

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 $753,103. Since there was a change in proportionate share between measurement dates, a portion of pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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	$ 1,168,808	$ 1,173,028
Change in assumptions	2,469,806	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	534,197
Net difference between projected and actual earnings on pension plan investments	-	6,686,863
Employer contributions subsequent to the measurement date	1,832,817	-
Total	$ 5,471,431	$ 8,394,088

NOTE 8 - PENSION PLAN: (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

$1,832,817 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 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:

Year ended June 30		
2023	$	(617,808)
2024		(893,931)
2025		(1,330,757)
2026		(1,912,978)

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 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.

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 in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. 2020 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 GLI Plan from the entity were $79,337 and $79,428 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 $829,463 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 0.0683% as compared to 0.0717% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of $50,060. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

NOTE 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 94,603	$ 6,320
Net difference between projected and actual earnings on GLI OPEB program investments	-	197,975
Change in assumptions	45,728	113,488
Changes in proportion	44,012	5,639
Employer contributions subsequent to the measurement date	79,337	-
Total	$ 263,680	$ 323,422

$79,337 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:

Year Ended June 30	
2023	$ (24,785)
2024	(19,707)
2025	(24,799)
2026	(57,868)
2027	(11,920)
Thereafter	-

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.

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

Actuarial Assumptions (Continued)

Inflation	2.5%
Salary increases, including inflation:	
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-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

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

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

Actuarial Assumptions (Continued)

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

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

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

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
Total GLI OPEB Liability	$	3,577,346
Plan Fiduciary Net Position		2,413,074
Employers' Net GLI OPEB Liability (Asset)	$	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.

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	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	100.00%		4.89%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.39%

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

Long-Term Expected Rate of Return (Continued)

*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 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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Authority's proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 1,211,876	$ 829,463	$ 520,648

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

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 http://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 - COMMITMENTS AND CONTINGENCIES:

At June 30, 2022, there were no matters of litigation involving the Authority that have an adverse material effect on the financial position of the Authority.

NOTE 11 - OPERATING RESERVE FUND:

As a requirement of the jail expansion bond issue, the Authority is required to fund an operating reserve. At June 30, 2022, this fund totaled $2,859,340.

NOTE 12 - PROBATION PROGRAM AND PRETRIAL EXPANSION:

The financial activity for the Probation Program and Pretrial Expansion is included in the Authority's financial statements. The revenues and expenditures for the Probation Program and Pretrial Expansion for Fiscal Year 2022 are summarized below:

Revenues:		
Supervision fees	$	20,019
Drug testing fees		360
Miscellaneous		412
Revenue from the Commonwealth-Probation		340,726
Revenue from the Commonwealth		160,405
Total revenues	$	521,922
Expenditures:		
Personnel	$	229,890
Fringes		120,229
Contractual		1,015
Pretrial expansion		180,163
Other charges		19,428
Total expenditures	$	550,725
Excess of revenues over expenditures	$	(28,803)

NOTE 13 - 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. 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.

	Operating Fund
Leased equipment	$ 85,801
Lease liabilities	$ 85,801

NOTE 14 - UPCOMING PRON0UNCEMENTS:

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.

Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

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

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

- REQUIRED SUPPLEMENTARY INFORMATION -

Schedule of Authority's Proportionate Share of the Net Pension Liability
Measurement Dates of June 30, 2014 through June 30, 2021

Share of County of Frederick, Virginia's VRS Plan (a cost-sharing multiple employer plan administered by the VRS):

Measurement Date	Proportion of of the Net Pension Liability (NPL)	Proportionate Share of the NPL	Covered Payroll	Proportionate Share of the NPL as a Percentage of Covered Payroll	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability
June 30, 2021	30.4792%	$ 1,599,551	$ 14,664,916	10.9073%	97.5003%
June 30, 2020	31.8007%	11,360,343	15,346,243	74.0269%	81.7668%
June 30, 2019	33.1162%	7,532,316	14,707,823	51.2130%	87.3410%
June 30, 2018	33.8559%	5,593,056	14,285,071	39.1532%	89.8807%
June 30, 2017	34.6270%	5,105,950	13,594,320	37.5594%	90.2248%
June 30, 2016	33.9888%	7,936,530	9,110,219	87.1168%	83.7640%
June 30, 2015	34.7340%	5,451,457	8,872,450	61.4425%	88.1531%
June 30, 2014	34.5661%	4,899,782	8,438,994	58.0612%	88.6166%

This schedule is intended to show information for 10 years. However, information prior to the 2014 valuation is not available. Additional years will be included as they become available.

NORTHWESTERN REGIONAL JAIL AUTHORITY

Schedule of Employer Contributions - Pension Plan
Years Ended June 30, 2015 through June 30, 2022

Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2022	$ 1,832,817	$ 1,832,817	$ -	$ 14,652,263	12.5088%
2021	1,781,245	1,781,245	-	14,664,916	12.1463%
2020	1,623,376	1,623,376	-	15,346,243	10.5783%
2019	1,593,556	1,593,556	-	14,707,823	10.8348%
2018	1,469,413	1,469,413	-	14,285,071	10.2864%
2017	1,422,730	1,422,730	-	13,594,320	10.4656%
2016	1,512,778	1,512,778	-	9,110,219	16.6053%
2015	1,448,919	1,448,919	-	8,872,450	16.3305%

This schedule is intended to show information for 10 years. However, information prior to 2015 is not available. Additional years will be included as they become available.

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, valuations 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 retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

All Others (Non 10 Largest) – Hazardous Duty:

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

NORTHWESTERN REGIONAL JAIL AUTHORITY

Schedule of Authority's Share of Net OPEB Liability
Group Life Insurance Plan
Measurement Dates Ending June 30, 2017 through June 30, 2021

Share of County of Frederick, Virginia's VRS Group Life Insurance Plan:

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2021	0.0683%	$ 829,463	$ 14,708,808	5.64%	67.45%
2020	0.0717%	1,246,072	15,366,655	8.11%	52.64%
2019	0.0734%	1,221,071	14,388,668	8.49%	52.00%
2018	0.0735%	1,115,552	13,967,001	7.99%	51.22%
2017	0.0737%	1,109,103	13,594,320	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.

NORTHWESTERN REGIONAL JAIL AUTHORITY

Schedule of Employer Contributions
Group Life Insurance Plan
Years Ended June 30, 2017 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	$ 79,337	$ 79,337	$ -	$ 14,692,092	0.54%
2021	79,428	79,428	-	14,708,808	0.54%
2020	79,907	79,907	-	15,366,655	0.52%
2019	74,821	74,821	-	14,388,668	0.52%
2018	72,628	72,628	-	13,967,001	0.52%
2017	69,387	69,387	-	13,594,320	0.51%

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.

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 -

NORTHWESTERN REGIONAL JAIL AUTHORITY

Schedule of Revenues, Expenditures and Changes in Fund Balance - Operating Fund
Budgetary Basis
Year Ended June 30, 2022

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Operating revenues:				
Care of prisoners:				
Local and other per diems	$ 13,726,338	$ 13,726,338	$ 13,693,925	$ (32,413)
Commonwealth of Virginia jail costs	1,220,000	1,220,000	1,406,782	186,782
Federal	-	-	550	550
Work release	348,000	348,000	321,552	(26,448)
Other	761,654	761,654	664,766	(96,888)
Total operating revenues	$ 16,055,992	$ 16,055,992	$ 16,087,575	$ 31,583
Operating expenditures:				
Personnel	$ 11,504,444	$ 12,623,439	$ 11,589,278	$ 1,034,161
Fringes	6,962,349	6,235,086	5,558,800	676,286
Contractual	1,818,842	1,957,763	1,737,649	220,114
Other charges	3,736,946	3,985,701	3,336,926	648,775
Capital outlay	24,000	430,784	324,620	106,164
Total operating expenses	$ 24,046,581	$ 25,232,773	$ 22,547,273	$ 2,685,500
Net operating income (loss)	$ (7,990,589)	$ (9,176,781)	$ (6,459,698)	$ 2,717,083
Nonoperating revenues (expenses):				
Commonwealth of Virginia State Compensation Board	$ 6,121,779	$ 6,090,796	$ 6,104,753	$ 13,957
Other State grants	969,297	1,269,297	1,259,794	(9,503)
Coronavirus relief fund	-	591,983	591,983	-
Interest and investment earnings	100,000	100,000	35,718	(64,282)
Principal payment on long-term debt	(1,142,500)	(1,142,500)	(1,142,500)	-
Interest and Bond Issuance Cost	(454,183)	(454,183)	(454,115)	68
Net nonoperating revenues (expenses)	$ 5,594,393	$ 6,455,393	$ 6,395,633	$ (59,760)
Excess (deficiency) of revenues over (under) expenditures	$ (2,396,196)	$ (2,721,388)	$ (64,065)	$ 2,657,323
Change in fund balance	$ (2,396,196)	$ (2,721,388)	$ (64,065)	$ 2,657,323
Fund balance, beginning of year	2,396,196	2,721,388	9,972,607	7,251,219
Fund balance, end of year	$ -	$ -	$ 9,908,542	$ 9,908,542

This schedule is presented on the budgetary basis which is the modified accrual basis of accounting.

NORTHWESTERN REGIONAL JAIL AUTHORITY

Reconciliation of the Schedule of Revenues, Expenditures, and Changes in Fund Balance - Operating Fund - Budgetary Basis to the Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2022

Fund balance, end of year	$	9,908,542
Capital assets, net of accumulated depreciation		20,756,167
Deferred charge on refunding		506,326
Pension deferrals - deferred outflows		5,471,431
OPEB deferrals - deferred outflows		263,680
Long-term debt		(12,174,922)
Net pension liability		(1,599,551)
Net OPEB liability		(829,463)
Compensated absences		(1,509,096)
OPEB deferrals - deferred inflows		(323,422)
Pension deferrals - deferred inflows		(8,394,088)
Net position, per Statement of Net Position	$	12,075,604
Reconciliation of excess (deficiency) of revenues over (under) expenditures to change in net position per the Statement of Revenues, Expenses, and Changes in Net Position:		
Change in fund balance	$	(64,065)
Purchase of capital assets		324,619
Depreciation expense		(1,488,494)
Principal payment on long-term debt		1,160,460
Amortization of bond premium/refunding		24,635
Increase (decrease) in pension deferred outflows of resources		(680,807)
Increase (decrease) in OPEB deferred outflows of resources		(59,612)
(Increase) decrease in compensated absences		(20,072)
(Increase) decrease in net pension liability		9,760,792
(Increase) decrease in net OPEB liability		416,609
(Increase) decrease in OPEB deferred inflows of resources		(286,211)
(Increase) decrease in pension deferred inflows of resources		(7,973,956)
Change in net position	$	1,113,898

NORTHWESTERN REGIONAL JAIL AUTHORITY

Schedule of Revenues - Operating Fund
Year Ended June 30, 2022
(With Comparative Totals for 2021)

	2022	2021
Interest on investments and earnings	$ 35,718	$ 22,744
Commonwealth of Virginia jail costs	1,406,782	1,417,559
Commonwealth of Virginia State Compensation Board	6,104,753	5,868,659
Other State grants	1,259,794	629,438
Coronavirus relief and ARPA funds	591,983	19,197
Prisoner Housing:		
Federal	550	1,760
Work release	321,552	254,108
Miscellaneous	21,296	18,580
Telephone commissions	516,951	571,198
Food and staff reimbursements	66,242	65,820
Electronic monitoring fees	39,898	86,266
Drug testing fees	360	340
Client supervision fees	20,019	31,746
Medical and health reimbursement	21,587	66,734
Local Contributions:		
Clarke	509,978	476,172
Frederick	5,788,868	5,520,958
Winchester	4,900,166	4,872,834
Fauquier	2,473,326	2,357,055
Total revenues	$ 24,079,823	$ 22,281,168
% of Local Contributions:		
Clarke	3.73%	3.60%
Frederick	42.34%	41.74%
Winchester	35.84%	36.84%
Fauquier	18.09%	17.82%

The schedule has been prepared on the modified accrual basis of accounting.

NORTHWESTERN REGIONAL JAIL AUTHORITY

Schedule of Expenditures - Operating Fund
Year Ended June 30, 2022
(With Comparative Totals for 2021)

	2022	2021
Personnel	$ 11,589,278	$ 10,828,620
Fringes	5,558,800	5,498,871
Professional Health Services	1,428,217	1,604,199
Professional Services	40,930	37,604
Repair and Maintenance	145,845	120,895
Maintenance Service Contracts	83,479	67,389
Printing and Binding	1,612	3,393
Advertising	4,502	778
Contractual Services	33,064	33,528
Gasoline	303	275
Electrical Service	281,461	281,339
Heating Service	77,221	58,333
Water and Sewer	552,045	592,451
Postage and Telephone	53,567	43,762
Internet Access	19,135	16,183
Boiler Insurance	6,576	6,268
Fire Insurance	32,437	30,344
Motor Vehicle Insurance	8,298	8,238
Surety Bonds and Public Officials Liability	13,308	13,007
General Liability Insurance	10,208	9,678
Line of Duty Program	42,510	42,242
Office Supplies	72,662	47,786
Food Supplies and Food Services	1,203,091	1,078,691
Food Service - Small Equipment	6,634	6,080
Agricultural Supplies	9,144	4,258
Medical and Laboratory	439,627	605,948
Laundry, Housekeeping, and Janitorial	119,627	116,452
Repair and Maintenance Supplies	60,176	49,333
Vehicle and Powered Equipment Supplies	1,817	2,187
Vehicle Fuels and Lubricants	17,169	10,996
Police Supplies	96,532	32,099
Uniforms and Wearing Apparel	44,878	31,648
Books and Subscriptions	17,039	614
Other Operating Supplies	18,933	21,528
Emergency/Disaster	-	19,197
Travel	99,720	86,970
Travel - Inmate Transports	975	463
Dues and Memberships	2,403	4,853
Operating and Reserve Funding	(285)	(3,512)
Payment of Unemployment Claims	463	1,850
Machinery and Equipment	22,200	8,200
Motor Vehicles and Equipment	6,911	-
Integrated technology equipment	295,509	-
Lease/Rent of Equipment	29,252	19,225
Debt Service Payments		
Principal	1,142,500	1,096,250
Interest and Bond Issuance Cost	454,115	492,538
Total expenditures	$ 24,143,888	$ 23,031,051

The schedule has been prepared on the modified accrual basis of accounting.

NORTHWESTERN REGIONAL JAIL AUTHORITY

Schedule of Per Diem Rates and Per Diem Revenues
Last Five Fiscal Years

Per Diem Rates

Fiscal Year Ended June 30,	Non-Participating Jurisdictions (Local)	Non-Participating Jurisdictions (Federal)
2022	$ 79.32	$ 55.00
2021	79.32	55.00
2020	79.32	55.00
2019	79.32	55.00
2018	79.32	55.00

Per Diem Revenues

Fiscal Year Ended June 30,	Clarke County	Fauquier County	Frederick County	City of Winchester	Participating Jurisdictions Per Diem Total	Non-Participating Jurisdictions, Including Federal
2022	$ 509,978	$ 2,473,326	$ 5,788,868	$ 4,900,166	$ 13,672,338	$ 550
2021	476,172	2,357,055	5,520,958	4,872,834	13,227,019	1,760
2020	471,624	2,310,073	5,071,538	4,790,840	12,644,075	2,199
2019	533,000	2,339,780	5,191,910	4,840,879	12,905,569	1,998
2018	551,259	2,269,348	5,394,459	4,910,139	13,125,205	885

Demographic Information of the Service Area

The Authority's service area is spread over the area covered by the Participating Jurisdictions, all of which are located in the northwestern part of Virginia, near Maryland and West Virginia.

The following table shows the total population of the Participating Jurisdictions during the thirty-year period of 1980 to 2010 and the projected population in the year 2020.

Locality	1980	1990	2000	2010	Projected 2020
Clarke County	9,965	12,101	12,652	14,034	15,025
Fauquier County	35,889	48,860	55,139	65,203	74,118
Frederick County	34,150	45,723	59,209	78,305	97,192
City of Winchester	20,217	21,947	23,585	26,203	27,967
Total	100,221	128,631	150,585	183,745	214,302

Sources: Weldon-Cooper Center for Public Service, University of Virginia, for years 1980, 1990, 2000 and 2010.
Virginia Employment Commission for 2020 projections.

Authority Inmate Population Statistics
Last Five Fiscal Years

The tables below show the inmate population statistics for the last five fiscal years. The Authority accepts inmates from non-participating jurisdictions (including federal detainees) on a space-available basis.

Inmate Days

Fiscal Year Ended June 30,	From Clarke County	From Fauquier County	From Frederick County	From City of Winchester	Non-Participating Jurisdictions (other than Federal)	Federal	Total
2022	5,008	35,484	102,348	71,765	3,789	12	218,406
2021	7,628	37,407	107,780	73,146	3,947	15	229,923
2020	8,114	38,728	82,988	67,720	4,258	27	201,835
2019	8,506	36,330	94,933	80,562	3,194	37	223,562
2018	7,092	39,992	91,323	79,654	2,643	21	220,725

Average Daily Population (ADP)

Fiscal Year Ended June 30,	From Clarke County	From Fauquier County	From Frederick County	From City of Winchester	Non-Participating Jurisdictions (other than Federal)	Federal	Total
2022	14.0	97.0	280.0	197.0	10.0	0.04	598.04
2021	21.0	103.0	295.0	200.0	11.0	0.04	630.04
2020	22.0	106.0	227.0	185.0	11.0	1.00	552.00
2019	23.0	100.0	260.0	221.0	9.0	0.11	613.11
2018	20.0	110.0	250.0	218.0	7.0	0.06	605.06

Participating Jurisdictions - Other Jail Facilities
Last Five Fiscal Years

As described in the Regional Jail Agreement, all of the Participating Jurisdictions, except Fauquier County, are required to commit their respective inmates to the Authority for housing in the Jail Facilities. Fauquier County sends its inmates to the Jail Facilities on an as-needed basis. Fauquier County maintains its own jail facilities which have a rated capacity of 56 beds. The average daily inmate population housed in the Fauquier County jail facilities for the last five fiscal years is set out in the table below.

Fauquier County Adult Detention Center

Fiscal Year Ended June 30,	Rated Inmate Capacity	Average Daily Inmate Population
2022	56	42
2021	56	45
2020	56	60
2019	56	77
2018	56	86

NORTHWESTERN REGIONAL JAIL AUTHORITY

Debt Service Coverage
Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Other Available Credits (1)	Operating Expenses	Net revenues available for debt service	Debt Service Principal	Debt Service Interest	Coverage
2022	$ 24,079,823	$ 3,225,192	$ 22,547,273	$ 4,757,742	$ 1,142,500	$ 454,115	297.99%
2021	22,281,168	-	21,442,263	838,905	1,096,250	492,538	52.80%
2020	23,041,736	-	20,179,762	2,861,974	1,052,500	528,069	181.07%
2019	21,636,935	-	20,840,195	796,740	1,012,500	562,448	50.59%
2018	21,536,243	-	19,316,275	2,219,968	982,500	605,956	139.76%
2017	20,831,622	-	19,267,391	1,564,231	890,000	654,041	101.31%
2016	20,279,989	-	18,575,950	1,704,039	725,000	633,670	125.42%
2015	18,972,121	-	17,636,536	1,335,585	700,000	571,975	105.00%
2014	18,059,482	-	17,699,276	360,206	507,500	592,466	32.75%
2013	16,889,229	-	17,344,080	(454,851)	467,500	984,898	-31.32%

(1) Other available credits reflect funds in excess of Operating Reserve Requirement and Repair and Replacement Fund Requirement per the Master Indenture that have been set aside in an Excess Reserve Account by the Authority.

- COMPLIANCE SECTION -

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 Members of the Board
Northwestern Regional Jail Authority
Winchester, 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 Northwestern Regional Jail Authority as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Northwestern Regional Jail Authority's basic financial statements and have issued our report thereon dated March 2, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northwestern 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 Northwestern Regional Jail Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Northwestern 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 Northwestern Regional Jail Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
March 2, 2023