



**MIDDLE RIVER REGIONAL JAIL AUTHORITY BOARD
MEETING AGENDA
December 7, 2021, 2:00 p.m.**

1. Call to Order Stephen King, Chairman
2. Approval of October 5, 2021 Minutes
3. Public Comments

Public Comments are intended as an opportunity for the public to give input on relevant issues and not intended as a question-and-answer period.
4. Comments from Board Members and Legal Counsel
5. Finance Report
 - a. FY 2021 Audited Financial Report from PB Mares (Requires Action)
 - b. FY 2022 Budget Update
 - c. Reconsideration of Bonus for non-sworn staff (Does not require Budget Amendment but does require Board Action)
 - d. Additional Positions funded in FY 2022 Budget (Requires Action)
 - e. Munis Update – accelerate FY 2023 Budget positions (Requires Action)
 - f. Bank Resolution related to Munis Transition (Requires Action)
6. Reports and Briefings:
 - a. Population Report - (Executive Summary #2021-072)
 - b. Community Corrections Report (Executive Summary #2021-073)
 - c. Staff vacancy Report (Attachment)
 - d. Programs Report (Executive Summary #2021-074)
 - e. Superintendent Report (Executive Summary #2021-078)
7. Old Business:
 - a. Jail Renovation (Executive Summary #2021-077)
8. New Business
 - a. Member Jurisdiction Resolution concerning renovation (Requires Action)
 - b. Election of Officers (Requires Action)
 - i. Chair
 - ii. Vice Chair
 - iii. Secretary/Treasurer
 - iv. Appointment of Clerk
 - c. Meeting Schedule for Calendar Year 2022 (Requires Action)
9. Closed Session (Legal Advice/Contracts)
10. Next meeting is scheduled for **February 1, 2021 at 2:00 p.m.**



MIDDLE RIVER REGIONAL JAIL

Serving Staunton, Waynesboro, Harrisonburg and
the Counties of Augusta and Rockingham

October 5, 2021 2:00 p.m.

Augusta County Government Center
18 Government Center Lane
Verona Virginia 24482

1. CALL TO ORDER

Upon determination of a quorum, Mr. King, Chairman, called the October 5, 2021 Middle River Regional Jail Authority Board meeting to order at 2:00 p.m.

Members Present:

Stephen King, Rockingham County Administrator (Chairman)
Timothy Fitzgerald, Augusta County Administrator
Jennifer Whetzel, Augusta Assistant County Administrator
Cameron McCormick, Waynesboro City Finance Director
Phillip Trayer, Staunton City Finance Director
Larry Propst, Harrisonburg City Finance Director
Patricia Davidson, Rockingham County Finance Director
Matthew Robertson, Staunton City Sheriff
Bryan Hutcheson, Rockingham County Sheriff
Donald Smith, Augusta County Sheriff
Leslie Beauregard, Assistant Staunton City Manager (Alternate)

Members Absent:

Steven Rosenberg, Staunton City Manager (Vice Chairman)
Michael G. Hamp, Waynesboro City Manager
Eric Campbell, Harrisonburg City Manager
Kelly Warner, Harrisonburg Chief of Police
Joe Harris, Waynesboro City Sheriff

Facility Staff:

Jeffery Newton, CJM, Superintendent, Middle River Regional Jail
Eric Young, Director of Operations, Middle River Regional Jail
Lori Nicholson, Director of Support Services, Middle River Regional Jail
Jeannie Colvin, Finance Director, Middle River Regional Jail
Jeff Gore, MRRJA Legal Counsel
Tina Reed, Recorder, Middle River Regional Jail
Suzette Anthony, Middle River Regional Jail

Others Present:

Tyler Moses, IT MRRJ
Jimmy Wimer, Captain, Rockingham/Regional Jail
Faye McCauley, Middle River Regional Jail

Randi Hugi (WMRA)
Leslie Beauregard, Citizen
Misty Cook, Augusta County Finance Director
Amanda Dameron, Citizen
Kayla Brooks, WHSV
Mr. Whitmore, Citizen

Approximately 18 citizens attended via WebEx

2. APPROVAL OF MINUTES

Mr. Fitzgerald made a motion to approve the minutes from the August 3, 2021 meeting. Mrs. Whetzel seconded the motion. Approval was unanimous.

3. CITIZEN COMMENTS AND COMMUNICATIONS

No comments at this time.

4. COMMENTS FROM BOARD MEMBERS OR LEGAL COUNSEL

No comments at this time.

5. FINANCE REPORT

- a. **Finance Report** – Ms. Colvin stated the financial report dated August 31, 2021 was included in the board packet. She also stated that the auditors have completed the Inmate Canteen audit for FY '21 and expected the regular jail operation audit to be completed and presented at the December Authority Board meeting.
- b. **FY '22 Budget Amendment #2** – Ms. Colvin stated that Budget Amendment # 2 has been prepared for the Board's approval. The amendment adds \$370,934 for revenue and expenses funded by the Compensation Board for a \$3,000 bonus for sworn officers only. The bonus is to be paid on the November paycheck. Ms. Colvin stated the Compensation Board was paying for the bonus and the FICA amount for the sworn positions and requested the approval to pay for the bonus for the non-sworn positions from the vacancy savings in the current budget at a cost of \$114,646. The Jail currently has \$251,438 in vacancy savings as of August 31, 2021.

Ms. Davidson asked how the Jail is making up for the lack of staff with approximately 30 less staff members each month. Mr. Newton commented with overtime, drafting shifts, it is a difficult process every day to have adequate staffing.

Mr. Newton requested the Board approve the \$3,000 bonus for the non-sworn staff as well. He stated the bonus should apply to all employees because all employees came to work during the COVID crisis. Due to the nature of the work, the non-sworn jail staff including the medical and records do not have the ability to work from home.

Mr. Newton requested a motion to be made for the budget amendment which included the bonus for the non-sworn staff to be paid from the vacancy savings in this year's budget.

Ms. Whetzel made a motion to approve the \$370,934 for the bonus for sworn staff to be funded by the Compensation Board and the bonus for the non-sworn staff could be reviewed at a later date.

Sheriff Hutcheson inquired when would that later date would be to discuss this item again. Ms. Whetzel suggested that it could be reviewed no later than February 2022.

Ms. Whetzel amended the motion to include a review of the bonus for the non-sworn staff no later than February 2022. Mr. Fitzgerald then seconded the motion. Approval was **unanimous**.

6. REPORTS AND BRIEFING

Major Young reviewed the following reports:

- **Population Report** – (Executive Summary #2021-063) As of September 28, 2021, there are a total of 753 offenders being housed by MRRJ.
 - No inmates were transferred to the Department of Corrections in August, 44 inmates have been moved to the Department of Corrections in September. 120 inmates are out of Compliance.
 - 58 inmates on bond with Blue Ridge Court Services. The monitoring fee for the inmates at MRRJ is paid for by Blue Ridge Community Services Board. Middle River Regional Jail has a good partnership with Blue Ridge Court Services.
- **Community Corrections Report** – (Executive Summary #2021-064) Report reviewed and discussed. As of September 28, 2021 there are 44 offenders on HEI/HEM. Home Electronic Incarceration offenders maintain jobs in the community.
- **Staff Vacancy Report** – (attachment 7C) reviewed. At this time there are 35 Officer vacancies. 10 of the vacant positions are placed on hold. There are also 2 Nursing vacancies, with 1 offer to start on December 1, 2021.
- **Superintendent's Report** – (Executive Summary #2021-068)
 - Middle River Regional Jail continues to offer COVID-19 vaccine to staff and the inmate population. (295 inmates are vaccinated) Periodic clinics have been conducted since June 2021. (See enclosure 1)
 - MRRJ has about 50% of staff that report being vaccinated. (See Enclosure 2)
 - MRRJ has been asking new intakes vaccine status, since March 3, 2021, as a part of the initial medical assessment. Of more than 1,880 inmates processed only 260 indicated that they had taken the vaccine; of those 260 only 148 could be verified through the Virginia Department of Health. (See Enclosure 3)
 - MRRJ has experienced some positive cases of COVID-19 in the inmate population dormitories. Both vaccinated and non-vaccinated inmates have tested positive. (See Enclosure 4)
 - MRRJ has experienced some staff testing positive for COVID-19. Some of these positive cases have been identified during the weekly monitoring checks and others have been reported by staff prior to reporting to work. Both vaccinated and non-vaccinated staff have tested positive. (See Enclosure 4)
 - MRRJ was scheduled to appear before the Board of Local and Regional Jails (BLRJ) August 18, 2021 to present the modified Community Based Corrections Plan that now reflects the renovation approved by the Board motion at the June 1, 2021 MRRJ Board Meeting. MRRJ requested to be removed from the agenda. Errors were discovered in the CBCP that needed to be corrected. MRRJ hopes to appear before the BLRJ in October if the changes are completed to the CBCP.
 - Population trend chart enclosed shows the jail population is trending closer to 750. MRRJ moved 44 male inmates to VADOC in September 2021. VADOC has indicated they intend to return to a more regular and routine transfer schedule. (See Enclosure 5)
- **Operational procedures:**
 - MRRJ continues to maintain a step-down screening process for new intakes that was implemented February 1, 2021.

- MRRJ continues to maintain a staff monitoring program effective February 15, 2021. All staff rapid tested for COVID-19 once per week.
- MRRJ resumed transferring inmates from the Harrisonburg/Rockingham Jail effective April 1, 2021.
- **Programs Report** – (Executive Summary #2021-067) Major Nicholson reviewed the Programs Report.
 - **Education Programs:** GED, 1 Male earned his GED, and 2 Females are in the testing process
 - **Addiction Programs:** 24 weeks long (Breaking the Cycle of Addiction) While reviewing this program we discovered that a low number of inmates were completing this program due to the length 24-week course. MRRJ will be starting a new course called Re-Wired Workbook mid-October once the current BTC class is completed.
 - **Thought Process and Behavior Programs:** (Dialectical Behavior Therapy) this program is being replaced with a program called Real Life. Which started on September 21 for the women and October 1 for the Men. Both classes have 10 seats. 8-Males, 4-Females enrolled.
 - **Upcoming Programs:** MRRJ is working in collaboration Valley Community Service Board received a Grant for Virginia Department of Behavior and Health Services for the Fiscal year 2022 for the purpose of expanding Forensic Discharge Planning Services with Serious Mental Illness in local and Regional

7. **OLD BUSINESS**

Renovation:

- Mosely Architects has not updated the CBCP. The revised plan should be complete by November 4, 2021 in time to be reviewed in the December 7, 2021 Authority Board Meeting,

8. **NEW BUSINESS**

There was no new business to discuss

11. **ADJOURNMENT**

With no additional business before the Authority Board, Mr. Fitzgerald made a motion to adjourn; seconded by Mr. Hamp. The meeting was adjourned at 2:33 p.m.

**The next Authority Board meeting is scheduled for December 7, 2021 at 2:00 p.m.
Location: Augusta County Government Center Smith Board Room West.**

Stephen King, Chairman

MIDDLE RIVER REGIONAL JAIL AUTHORITY
FINANCIAL AND COMPLIANCE REPORTS
YEAR ENDED JUNE 30, 2021



ASSURANCE, TAX & ADVISORY SERVICES

MIDDLE RIVER REGIONAL JAIL AUTHORITY

AUTHORITY MEMBERS

Chairman

Stephen King, County Administrator
County of Rockingham, Virginia

Vice Chairman

Steven Rosenberg, City Manager
City of Staunton, Virginia

Timothy Fitzgerald, County Administrator
County of Augusta, Virginia

Eric Campbell, City Manager
City of Harrisonburg, Virginia

Michael G. Hamp, II, City Manager
City of Waynesboro, Virginia

Cameron McCormick
Director of Finance
City of Waynesboro

Joe Harris, Jr.
Sheriff
City of Waynesboro

Jennifer Whetzel
Deputy County Administrator
County of Augusta

Donald Smith
Sheriff
County of Augusta

Phillip M. Trayer
Director of Finance
City of Staunton

Matthew Robertson
Sheriff
City of Staunton

Larry Propst
Director of Finance
City of Harrisonburg

Gabriel Camacho
Interim Police Chief
City of Harrisonburg

Patricia Davidson
Director of Finance
County of Rockingham

Bryan Hutcheson
Sheriff
County of Rockingham

MIDDLE RIVER REGIONAL JAIL AUTHORITY

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board
Middle River Regional Jail Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of the Middle River Regional Jail Authority (Authority) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 15 to the financial statements, the Authority restated beginning net position of the business-type activities and the fiduciary activities in order to record fiduciary activities in accordance with the implementation of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the required supplementary information on pages 48 – 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying statements listed in the table of contents as other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2021 on our consideration of the 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 the 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 the Authority's internal control over financial reporting and compliance.



Harrisonburg, Virginia
November 15, 2021

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
June 30, 2021

ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 10,397,077
Accounts receivable	63,992
Due from other governments	3,866,967
Restricted investments	<u>3,114,826</u>
Total current assets	<u>17,442,862</u>
Noncurrent Assets:	
Net pension asset	2,867,671
Capital assets, net	<u>34,071,785</u>
Total noncurrent assets	<u>36,939,456</u>
Total assets	<u>54,382,318</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension Plan	1,774,185
Other Postemployment Benefits	<u>716,193</u>
Total deferred outflows of resources	<u>2,490,378</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	461,371
Accrued payroll	149,534
Accrued interest payable	208,408
Deposits held in escrow	<u>3,677</u>
Total current liabilities	<u>822,990</u>
Noncurrent Liabilities:	
Due within one year:	
Compensated absences	177,297
General obligation bond	1,343,430
Due in more than one year:	
Compensated absences	531,890
General obligation bond, net	19,137,725
Other postemployment benefits liability	<u>3,733,135</u>
Total noncurrent liabilities	<u>24,923,477</u>
Total liabilities	<u>25,746,467</u>
DEFERRED INFLOWS OF RESOURCES	
Pension Plan	965,559
Other Postemployment Benefits	<u>44,429</u>
Total deferred inflows of resources	<u>1,009,988</u>
NET POSITION	
Net Position:	
Net investment in capital assets	13,590,630
Restricted for:	
Debt service	3,114,826
Self-insurance	2,545,334
Unrestricted	<u>10,865,451</u>
Total net position	<u>\$ 30,116,241</u>

STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
Year Ended June 30, 2021

Operating Revenues:	
From member jurisdictions	\$ 11,908,817
Other income	67,230
Recovered costs	805,231
Fees and charges for services	1,256,516
State compensation board	6,645,867
Per diem reimbursement	2,064,144
	<hr/>
Total operating revenues	22,747,805
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Operating Expenses:	
Salaries and wages	9,131,347
Fringe benefits	3,084,909
Contractual services	3,664,453
Other charges	910,313
Materials and supplies	1,463,211
Depreciation	1,285,475
	<hr/>
Total operating expenses	19,539,708
	<hr/>
Net operating income	3,208,097
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Nonoperating Revenues (Expenses):	
Federal CARES Act	589,466
Other state grants	245,894
Interest income	49,304
Interest expense and other charges	(651,294)
	<hr/>
Nonoperating expenses, net	233,370
	<hr/>
Change in net position	3,441,467
	<hr/>
Net Position, beginning of year, as restated	26,674,774
	<hr/>
Net Position, end of year	<u><u>\$ 30,116,241</u></u>

STATEMENT OF CASH FLOWS
Year Ended June 30, 2021

Operating Activities:	
Receipts from customers and users	\$ 22,354,957
Payments to suppliers	(6,121,783)
Payments to employees	(12,125,974)
	<hr/>
Net cash provided by operating activities	4,107,200
Noncapital financing activities:	
Federal CARES Act	589,466
Other state grants	245,894
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Net cash provided by (used in) noncapital financing activities	835,360
Capital and Related Financing Activities:	
Acquisitions of property and equipment	(338,468)
Bond principal payment	(1,085,000)
Interest payments	(721,994)
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Net cash used in capital and related financing activities	(2,145,462)
Investing Activities:	
Purchase of investments	(25,624)
Interest received	49,304
	<hr/>
Net cash provided by investing activities	23,680
	<hr/>
Increase in cash and cash equivalents	2,820,778
Cash and Cash Equivalents, beginning of year	7,576,299
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Cash and Cash Equivalents, end of year	\$ 10,397,077
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Reconciliation of Operating Income to Net Cash Provided By	
Operating Activities:	
Operating income	\$ 3,208,097
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,285,475
Pension expense	(275,597)
Other postemployment benefits expense	374,471
Changes in operating assets, deferred outflows of resources and liabilities:	
Decrease (increase) in:	
Accounts receivable and due from other governments	(392,848)
Deferred outflows of resources:	
Pension plan	15,883
Other postemployment benefits	(6,552)
Increase in:	
Accounts payable	(83,806)
Deposits held in escrow	(7,083)
Compensated absences	(10,840)
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Net cash provided by operating activities	\$ 4,107,200
	<hr/>
Schedule of Noncash Capital and Related Financing Activities:	
Capital assets acquired through accounts payable	\$ 14,460

STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
June 30, 2021

	<u>Custodial Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 1,229,378
NET POSITION	
Restricted for:	
Canteen purchases	\$ 923,564
Inmate benefits	59,820
Inmates	245,994
Total net position	<u>\$ 1,229,378</u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS
Year Ended June 30, 2021

	Custodial Funds
ADDITIONS	
Contributions:	
Inmate	\$ 1,404,609
Commissary	990,249
Telephone commission	270,614
Work release	838,979
Keep fees	366,257
Total contributions	3,870,708
Investment Earnings:	
Interest	2,800
Total investment earnings	2,800
Total additions	3,873,508
DEDUCTIONS	
Medical and Prescription Co-pays	70,323
Inmate Withdrawals and Allowances	310,815
Canteen Supplies	1,542,642
Inmate Adult Education	34,467
Inmate Library Costs	20,832
Cable/TV Service	17,029
Inmate Supplies/Capital Items	87,064
Miscellaneous	405,329
Telephone Commissions	255,491
Work Release	705,410
Keep Fees	366,257
Total deductions	3,815,659
Net increase in fiduciary net position	57,849
Net Position, beginning, as restated	1,171,529
Net Position, ending	\$ 1,229,378

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Purpose

The Cities of Staunton and Waynesboro and the County of Augusta entered into an agreement dated June 25, 2001, to operate a regional jail facility created pursuant to the provisions of Section 52.1-91, *Code of Virginia* (1950), as amended, to construct, own and provide an adequate regional jail and to provide jail services to local governments participating in the Middle River Regional Jail Authority (Authority), which was created by Resolution of the participating local governments. The Authority expanded membership to the County of Rockingham and the City of Harrisonburg in an agreement effective July 1, 2015. Each of the three original Member Jurisdictions authorized the expansion of the Authority's membership. The additional members are treated as the current members with the same number of representatives on the Authority's Board and agreed upon entrance into the three year rolling average for allocation of net expenditures. Each of the localities appoints two members to the Authority Board. In addition to locality appointed members, the Sheriff of each participating locality is required to be appointed.

Note 2. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The Authority is not presented as a discretely presented component unit of any of the participating jurisdictions in accordance with Governmental Accounting Standards Board (GASB). The Authority is not fiscally dependent on any one particular Member Jurisdiction, and none of the Member Jurisdictions appoint a voting majority. The Authority is a legally separate entity from the jurisdictions.

B. Basic Financial Statements

Since the Authority is only engaged in business-type activities, it is required to present only the financial statements required for enterprise funds and fiduciary funds. For the Authority, the basic financial statements and required supplementary information consist of:

- Management's Discussion and Analysis (Management has elected not to prepare the Management's Discussion and Analysis in the current year)
- Basic Financial Statements:
 - Statement of Net Position
 - Statement of Revenues, Expenses, and Change in Net Position
 - Statement of Cash Flows
 - Statement of Fiduciary Net Position – Fiduciary Funds
 - Statement of Changes in Fiduciary Net Position – Fiduciary Funds
 - Notes to Financial Statements
- Required Supplementary Information:
 - Schedule of Changes in Net Pension Asset and Related Ratios – Virginia Retirement System
 - Schedule of Contributions – Virginia Retirement System
 - Notes to Required Supplementary Information – Virginia Retirement System
 - Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios – Medical Insurance Program
 - Schedule of Employer Contributions – OPEB – Medical Insurance Program

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements (Continued)

- Required Supplementary Information: (continued)
 - Schedule of Employer’s Share of Net OPEB Liability – Group Life Insurance Program
 - Schedule of Employer Contributions – OPEB – Group Life Insurance Program
 - Notes to Required Supplementary Information – Other Postemployment Benefits

C. Basis of Accounting

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America (GAAP). Accordingly, the Authority uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when liabilities are incurred.

Operating revenues and expenses generally result from providing services in connection with the Authority’s principal ongoing operations. The principal operating revenues of the Authority are charges to Member Jurisdictions, bed rentals and state compensation board and per diem reimbursements. Operating expenses include the cost of services and administrative expenses.

All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Capital Assets

Capital assets of the Authority are stated at historical cost and depreciated on the straight-line basis. Donated capital assets are stated at their acquisition value on the date donated. The capitalization threshold for assets is \$5,000. There were no impaired capital assets at year end. Estimated useful lives, in years, for depreciable assets are as follows:

<u>Assets</u>	<u>Years</u>
Buildings	50
Vehicles and equipment	3 - 20

E. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Restricted Investments

Investments, consisting primarily of money market funds, are stated at fair value.

G. Cash and Cash Equivalents

The Authority’s cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

H. Inventory

The Authority expenses all materials and supplies when purchased. Any items on hand at year-end are not material in amount and, therefore, are not shown in the financial statements.

I. Compensated Absences

It is the Authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave until an employee is eligible for retirement. The maximum payout for sick leave is limited to \$5,000. Employees can earn a minimum 96 hours of vacation annually and can accumulate up to 384 hours of vacation depending on their years of service. Employees can also earn compensation time in lieu of overtime pay, which is accrued as a liability by the Authority.

J. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable premium.

K. Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. When the Authority has deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt they are also included in the component of net position.

L. Net Position Flow Assumption

The Authority will fund outlays for a particular purpose from both restricted (e.g. restricted bond and grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

M. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until then. These items relate to the pension and other postemployment benefits (OPEB) plans. See Notes 8 through 10 for details regarding these items.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. These items relate to the pension and OPEB plans. See Notes 8 through 10 for details regarding these items.

N. Pensions

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan (the Authority's retirement plan) is a multi-employer, agent plan. For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's Retirement Plan and the additions to/deductions from the Authority's Retirement Plan's fiduciary net position have been determined on the same basis as they were reported by the 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.

O. Other Postemployment Benefits

Medical Insurance Program

The Medical Insurance Program is a single-employer plan. Differences between expected and actual experience and actuarial assumptions are amortized over the average of the expected remaining service lives of all employees that are covered through this plan, which is 8.23 years. Plan amendments are recognized immediately.

Group Life Insurance Program

The VRS Group Life Insurance Program (GLI) is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI was established pursuant to Section 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. The GLI is a defined benefit plan that provides a basic GLI benefit for employees of participating employers. For purposes of measuring the total GLI OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI OPEB and the additions to/deductions from the VRS GLI OPEB's fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

P. Subsequent Events

The Authority has evaluated subsequent events through November 15, 2021, the date on which the financial statements were available to be issued.

Note 3. Fiscal Agent

The County of Augusta, Virginia (County) is the fiscal agent for the Authority.

Note 4. Due From Other Governments

The amount due from other governments consists of receivable amounts from the County of Augusta for the Authority's portion of funds maintained for self-insurance and the Virginia Department of Corrections for compensation board salary reimbursement, state per diem fees, and medical services. At fiscal year-end, \$2,545,334 was due from the County of Augusta and \$1,321,633 was due from the Virginia Department of Corrections.

Note 5. Deposits and Investments

Deposits

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

Custodial Credit Risk (Deposits)

This is the risk that in the event of a bank failure, the Authority's deposits may not be returned to the Authority. The Authority requires all deposits to comply with the Act. At year end, none of the Authority's deposits were exposed to custodial credit risk.

Investments

Statutes authorize the Authority 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 and certain corporate notes, bankers' acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 5. Deposits and Investments (Continued)

External Investment Pool

The LGIP is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia Statutes. Pursuant to Section 2.2-4605 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The external local government investment pool totaling \$107,822 is reported at amortized cost and classified as cash and cash equivalents. The maturity of the LGIP is less than one year.

Custodial Credit Risk (Investments)

The Authority's investment policy follows that of the County. The investment policy provides that securities purchased for the Authority shall be held by the County Treasurer or by the Treasurer's custodian. If held by a custodian, the securities must be in the County's name or in the custodian's nominee name and identifiable on the custodian's books as belonging to the County. Further, if held by a custodian, the custodian must be a third party, not a counterparty (buyer or seller), to the transaction. At June 30, 2021, all of the Authority's investments were held in accordance with this policy.

Credit Risk of Debt Securities

The Authority's investment policy for credit risk is consistent with the investments allowed by statutes as detailed above.

The Authority's rated debt investments as of June 30, 2021 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

<u>Authority's Rated Debt Investments' Values</u>	
	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 107,822
Money Market Mutual Funds	3,114,826
Total	<u><u>\$ 3,222,648</u></u>

Concentration of Credit Risk

At June 30, 2021, the Authority maintained money market mutual funds with U.S. Bank in the amount of \$3,114,826. All other cash is maintained through a checking account through First Bank & Trust Co. and the LGIP. These funds are maintained by the County and total \$10,397,077 at June 30, 2021.

Interest Rate Risk

All Authority investments must be in securities maturing within five years.

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 5. Deposits and Investments (Continued)

Investment Type	Investment Maturities (in years)	
	Fair Value	Less Than 1 Year
Money Market Mutual Funds	\$ 3,114,826	\$ 3,114,826
	<u>\$ 3,114,826</u>	<u>\$ 3,114,826</u>

Interest rate risk does not apply to the LGIP since it is an external investment pool classified in accordance with GASB Statement No. 79.

The Authority categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Authority has the following recurring fair value measurements as of June 30, 2021:

- Money market mutual funds of \$107,822, which are valued using quoted market prices (Level 1 inputs).
- Money market funds of \$3,114,826, which are valued using quoted market prices (Level 1 inputs).

Note 6. Capital Assets

A summary of changes in capital assets for the year follows:

	Balance June 30, 2020	Increases	Decreases/ Transfer	Balance June 30, 2021
Capital assets not being depreciated:				
Land	\$ 612,500	\$ -	\$ -	\$ 612,500
Total capital assets not being depreciated	<u>612,500</u>	<u>-</u>	<u>-</u>	<u>612,500</u>
Capital assets being depreciated:				
Buildings	45,279,812	-	-	45,279,812
Vehicles and equipment	4,832,826	352,928	(182,488)	5,003,266
Total capital assets being depreciated	<u>50,112,638</u>	<u>352,928</u>	<u>(182,488)</u>	<u>50,283,078</u>
Less accumulated depreciation for:				
Buildings	(12,904,665)	(905,756)	-	(13,810,421)
Vehicles and equipment	(2,816,141)	(379,719)	182,488	(3,013,372)
Total accumulated depreciation	<u>(15,720,806)</u>	<u>(1,285,475)</u>	<u>182,488</u>	<u>(16,823,793)</u>
Total capital assets being depreciated, net	<u>34,391,832</u>	<u>(932,547)</u>	<u>-</u>	<u>33,459,285</u>
Total capital assets, net	<u>\$ 35,004,332</u>	<u>\$ (932,547)</u>	<u>\$ -</u>	<u>\$ 34,071,785</u>

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Obligations

The following is a summary of changes in long-term obligation transactions for the year ended June 30, 2021:

	Balance			Balance June 30, 2021	Amount
	June 30, 2020	Increases	Decreases		Due Within One Year
General obligation bond	\$ 19,065,000	\$ -	\$ 1,085,000	\$ 17,980,000	\$ 1,135,000
Premium on bond issue	2,709,584	-	208,429	2,501,155	208,430
Total general obligation bond and premium	21,774,584	-	1,293,429	20,481,155	1,343,430
Compensated absences	720,027	454,530	465,370	709,187	177,297
Total long-term liabilities	\$ 22,494,611	\$ 454,530	\$ 1,758,799	\$ 21,190,342	\$ 1,520,727

Annual requirement to amortize long-term obligations are as follows:

Year Ending June 30,	Revenue Refunding Bond	
	Principal	Interest
2022	\$ 1,135,000	\$ 818,441
2023	1,200,000	758,606
2024	1,250,000	703,525
2025	1,310,000	645,625
2026	1,380,000	576,694
2027	1,450,000	506,350
2028	1,525,000	434,590
2029	1,595,000	359,365
2030	1,665,000	292,403
2031	1,735,000	222,028
2032	1,825,000	136,153
2033	1,910,000	46,069
Total	\$ 17,980,000	\$ 5,499,849

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Obligations (Continued)

The following provides details on long-term obligations as of June 30, 2021:

On November 19, 2014, the Authority issued Jail Facility Revenue Refunding Bonds, Series 2014 through the Virginia Resources Authority (VRA) in the amount of \$22,905,000 with a maturity date of October 1, 2032. Repayment of the bond is due in annual installments ranging from \$1,135,000 through \$1,910,000 plus semi-annual interest ranging from 3.43% to 5.13% through October 1, 2032. The bond was issued at a premium of \$3,543,302 which will be amortized over the life of the bond. U.S. Bank is Trustee for the bond funds and holds a debt service reserve and a portion of annual principal and interest payments in trust. At June 30, 2021, \$3,114,826 was held in trust at U.S. Bank. Principal outstanding at June 30, 2021 totaled \$17,980,000. According to the rate covenant as provided in the VRA Bond documents, the Authority shall fix and collect rates, fees and other charges for the use of and for services furnished by the Authority so that in each fiscal year the net revenues available for debt service will equal at least 100% of the amount required during the fiscal year to pay the principal of and interest on the local bond. At June 30, 2021, the debt coverage ratio is 3.07.

Fiscal Year June 30,	Operating Revenue	Operating Expenses Excluding Depreciation	Net Available Revenue	Annual Debt Service			Coverage Ratio
				Principal	Interest	Total	
2021	\$ 23,583,165	\$ 18,254,233	\$ 5,328,932	\$ 1,085,000	\$ 651,294	\$ 1,736,294	3.07

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plan

Name of Plan: Virginia Retirement System (VRS)
Identification of Plan: Agent Multiple-Employer Pension Plans
Administering Entity: Virginia Retirement System (System)

A. Plan Description

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

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. <ul style="list-style-type: none">• The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula.• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Eligible Members Members are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p><i>Hybrid Opt-In Election</i> Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Eligible Members Members are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p><i>Hybrid Opt-In Election</i> Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>Eligible Members Members are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none">• Political subdivision employees.*• School division employees (teachers).• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p><i>*Non-Eligible Members</i> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none">• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees. <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Retirement Contributions Members contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Same as Plan 1.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p>Service Credit Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Service Credit Same as Plan 1.</p>	<p>Service Credit <i>Defined Benefit Component</i> Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><i>Defined Contribution Component</i> Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <i>Defined Benefit Component</i> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><i>Defined Contribution Component</i> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p>

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Calculating the Benefit The Basic Benefit is determined using the average final compensation, service credit, and plan multiplier.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Vesting (Continued) <i>Defined Contribution Component (Continued)</i></p> <ul style="list-style-type: none">• After two years, a member is 50% vested and may withdraw 50% of employer contributions.• After three years, a member is 75% vested and may withdraw 75% of employer contributions.• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required, except as governed by law.</p> <p>Calculating the Benefit <u>Defined Benefit Component</u> See definition under Plan 1.</p> <p><u>Defined Contribution Component</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.</p>	<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Service Retirement Multiplier <i>VRS:</i> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p>	<p>Service Retirement Multiplier <i>VRS:</i> Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. The retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.</p>	<p>Service Retirement Multiplier <i>Defined Benefit Component</i> <i>VRS:</i> The retirement multiplier for the defined benefit component is 1.0%.</p> <p>For members that 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.</p>
<p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p>	<p>Sheriffs and regional jail superintendents: Same as Plan 1.</p>	<p>Sheriffs and regional jail superintendents: Not applicable.</p>
<p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Political subdivision hazardous duty employees: Not applicable.</p> <p><i>Defined Contribution Component</i> Not applicable.</p>
<p>Normal Retirement Age <i>VRS:</i> Age 65.</p>	<p>Normal Retirement Age <i>VRS:</i> Normal Social Security retirement age.</p>	<p>Normal Retirement Age <i>Defined Benefit Component</i> <i>VRS:</i> Same as Plan 2.</p>
<p>Political subdivision hazardous duty employees: Age 60.</p>	<p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Political subdivision hazardous duty employees: Not applicable.</p> <p><i>Defined Contribution Component</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Unreduced Retirement Eligibility <i>VRS:</i> Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.</p>	<p>Earliest Unreduced Retirement Eligibility <i>VRS:</i> Normal Social Security retirement age and have at least 5 years (60 months) of service credit or when their age plus service credit equals 90.</p>	<p>Earliest Unreduced Retirement Eligibility <i>Defined Benefit Component</i> <i>VRS:</i> Normal Social Security retirement age and have at least 5 years (60 months) of service credit or when their age plus service credit equals 90.</p>
<p>Political subdivision hazardous duty employees: Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.</p>	<p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Political subdivision hazardous duty employees: Not applicable.</p> <p><i>Defined Contribution Component</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility <i>VRS:</i> Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.</p>	<p>Earliest Reduced Retirement Eligibility <i>VRS:</i> Age 60 with at least five years (60 months) of service credit.</p>	<p>Earliest Reduced Retirement Eligibility <i>Defined Benefit Component</i> <i>VRS:</i> Age 60 with at least five years (60 months) of service credit.</p>
<p>Political subdivision hazardous duty employees: Age 50 with at least five years of service credit.</p>	<p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><i>Defined Contribution Component</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><i>Eligibility:</i> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%.</p> <p><i>Eligibility:</i> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <i>Defined Benefit Component</i> Same as Plan 2.</p> <p><i>Defined Contribution Component</i> Not applicable.</p> <p><i>Eligibility:</i> Same as Plan 1 and Plan 2.</p>

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><i>Exceptions to COLA Effective Dates:</i> School Division (Teachers) and Political Subdivision Employees: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. • The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p><i>Exceptions to COLA Effective Dates:</i> School Division (Teachers) and Political Subdivision Employees: Same as Plan 1.</p>	<p><i>Exceptions to COLA Effective Dates:</i> School Division (Teachers) and Political Subdivision Employees: Same as Plan 1 and Plan 2.</p>

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Disability Coverage</p> <p>Political subdivision employees: Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.</p> <p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Disability Coverage</p> <p>Political subdivision employees: Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service regardless of when it was earned, purchased or granted.</p> <p>Purchase of Prior Service Same as Plan 1.</p>	<p>Disability Coverage</p> <p>Employees of political subdivisions and school divisions (teachers), including Plan 1 and Plan 2 opt-ins, participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p> <p>Purchase of Prior Service</p> <p><i>Defined Benefit Component</i> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. <p><i>Defined Contribution Component</i> Not applicable.</p>

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plan (Continued)

B. Employees Covered by Benefit Terms

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

	<u>Number</u>
Inactive members or their beneficiaries current receiving benefits	<u>29</u>
Inactive members:	
Vested	9
Non-vested	62
Active elsewhere in VRS	<u>80</u>
Total inactive members	<u>151</u>
Active members	<u>164</u>
Total covered employees	<u><u>344</u></u>

C. Contributions

The contribution requirement for active employees is governed by Section 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 contribution rate for the year ended June 30, 2021, was 12.08% 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 an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were \$909,052 and \$913,063 for the years ended June 30, 2021 and 2020, respectively.

D. Net Pension Asset

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

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plan (Continued)

E. Actuarial Assumptions

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

Inflation	2.5%
Salary increases, including inflation:	
General employees	3.50% - 5.35%
Public safety employees with hazardous duty benefits	3.5% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*

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

General Employees

Mortality Rates:	15% of deaths are assumed to be service related.
– Pre-retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.
– Post-retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward three years; females 1.0% increase compounded from ages 70 to 90.
– Post-disablement:	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward two years, 110% of rates; females 125% of rates.

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

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience each year, age and service through nine years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decreased rate from 7.00% to 6.75%

Public Safety Employees with Hazardous Duty Benefits

- Mortality Rates: 45% of deaths are assumed to be service related.
- Pre-retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward one year.
 - Post-retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward one year; 1.0% increase compounded from ages 70 to 90; females set forward three years.
 - Post-disablement: RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward two years; unisex using 100% male.

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience each year, age and service through nine years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 7.00% to 6.75%

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plan (Continued)

F. 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 estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plan (Continued)

G. Discount Rate

The discount rate used to measure the total pension liabilities 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; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2020 on, participating employers are assumed to 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 asset.

H. Changes in the Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Balances at June 30, 2019	\$ 14,712,348	\$ 17,888,076	\$ (3,175,728)
Changes for the year:			
Service cost	1,439,296	-	1,439,296
Interest	978,894	-	978,894
Difference between expected and actual experience	(477,619)	-	(477,619)
Contributions – employer	-	913,063	(913,063)
Contributions – employee	-	371,865	(371,865)
Net investment income	-	358,880	(358,880)
Benefit payments, including refunds of employee contributions	(420,424)	(420,424)	-
Administrative expense	-	(10,863)	10,863
Other	-	(431)	431
Net changes	1,520,147	1,212,090	308,057
Balances at June 30, 2020	\$ 16,232,495	\$ 19,100,166	\$ (2,867,671)

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plan (Continued)

I. Sensitivity of the Net Pension Asset to Changes in the Discount Rate

The following presents the net pension asset of the Authority, using the discount rate of 6.75%, as well as what the Authority's net pension assets would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Plan's net pension asset	\$ (359,245)	\$ (2,867,671)	\$ (4,905,255)

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

For the year ended June 30, 2021, the Authority recognized pension expense of \$637,466. The Authority also reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,583	\$ (913,861)
Changes in assumptions	291,083	(51,698)
Net difference between projected and actual earnings on pension plan investments	571,467	-
Employer contributions subsequent to the measurement date	909,052	-
Total	\$ 1,774,185	\$ (965,559)

The \$909,052 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2022	\$ (271,523)
2023	(49,149)
2024	67,516
2025	152,730
	<u>\$ (100,426)</u>

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plan (Continued)

K. Pension Plan Data

Detailed information about the pension plans' fiduciary net position are available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2020-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

Note 9. Other Postemployment Benefits—Medical Insurance Program

A. Plan Description

The Authority's defined benefit other postemployment benefit (OPEB) – medical insurance plan provides OPEB for all permanent full-time general and public safety employees of the Authority. The plan was established by the Authority's Board and any amendments to the plan must be approved by the Board. This plan is a single-employer defined benefit OPEB plan administered by the Authority. No assets are accumulated in a trust that meets the criteria in paragraph four of GASB Statement No. 75. This plan does not issue stand-alone financial reports.

The Authority offers its employees the option to participate in the group health insurance program offered to other employees upon retirement. Employees who retire after June 30, 1997, are 55 years of age, and were employed for at least 10 years of continuous service immediately prior to retirement are eligible to remain enrolled in the health insurance group plan and continue to have the premiums paid for health insurance coverage subject to specific terms. The Authority will pay 75% of the monthly premium, not to exceed \$2,500 per fiscal year. Retirees shall have participated in the group insurance program for the five years preceding retirement. Full cost of dependent coverage will be the responsibility of the retired employee. Eligibility for this benefit terminates at the time the retiree obtains other health coverage or reaches the age of 65. Should an employee be granted full retirement by VRS and/or Social Security because of disability, he/she will be eligible to receive the payments made by the Authority for retirees regardless of age if he/she has been employed by the Authority for at least 10 years immediately prior to the disability. The Authority reserves the right to change the terms of the retirees' health insurance coverage at any time, including the right to terminate any or all coverage provided to retirees. Eligibility conditions were revised as of July 1, 2019 to be based upon a retiree's attainment of age 50 as well as their eligibility to receive full or reduced retirement under the VRS.

B. Employees Covered by Benefit Terms

At July 1, 2019, the following employees were covered by the benefit terms:

	<u>Number</u>
Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	<u>169</u>
Total	<u><u>172</u></u>

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 9. Other Postemployment Benefits—Medical Insurance Program (Continued)

C. Total Medical Insurance Program OPEB Liability

The Authority's total Medical Insurance OPEB liability of \$3,116,000 was measured as of July 1, 2020, and was determined by an actuarial valuation as of July 1, 2019.

D. Actuarial Assumptions and Other Inputs

The total Medical Insurance Program OPEB liabilities were based on an actuarial valuation as of July 1, 2019, using the Entry Age Normal actuarial cost method and the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.50%
Discount rate	2.45%
Healthcare cost trend rates	6.25% for fiscal year end 2021, decreasing 0.25% per year to an ultimate rate of 4.50%
Retirees' share of benefit-related costs	Increase each year by the assumed Medical Trend Rate
Mortality	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2020

The discount rate has been set equal to 2.45% and represents the Municipal GO AA 20-year yield curve rate as of the measurement date.

E. Changes in the Total Medical Insurance OPEB Liability

	<u>Total Medical Insurance OPEB Liability</u>
Balance at July 1, 2019	\$ 2,562,000
Changes for the year:	
Service cost	215,000
Interest	87,000
Differences between expected and actual experience	5,000
Assumption changes	244,000
Contributions - employer	3,000
Net changes	<u>554,000</u>
Balance at June 30, 2020	<u>\$ 3,116,000</u>

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 9. Other Postemployment Benefits—Medical Insurance Program (Continued)

F. Sensitivity of the Total Medical Insurance OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Authority calculated using the stated discount rate, as well as what the Authority’s total Medical Insurance OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.45%) or 1-percentage-point higher (3.45%) than the current discount rate:

	1% Decrease (1.45%)	Current Discount Rate (2.45%)	1% Increase (3.45%)
Authority total OPEB liability	\$ 3,512,000	\$ 3,116,000	\$ 2,768,000

G. Sensitivity of the Total Medical Insurance OPEB Liability to Changes in Healthcare Cost Trend Rate

The following represents the total Medical Insurance OPEB liability of the Authority calculated using the stated trend rate, as well as what the Authority’s total Medical Insurance OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current trend rate:

	1% Decrease (5.25%)	Current Trend Rate (6.25%)	1% Increase (7.25%)
Authority total OPEB liability	\$ 2,653,000	\$ 3,116,000	\$ 3,683,000

H. Medical Insurance OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Medical Insurance OPEB

For the year ended June 30, 2021, the Authority recognized Medical Insurance OPEB expense of \$377,000.

For the year ended June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to the Medical Insurance OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 202,000	\$ -
Changes of assumptions	322,000	(26,000)
Employer contributions subsequent to measurement date	31,446	-
Total	\$ 555,446	\$ (26,000)

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 9. Other Postemployment Benefits—Medical Insurance Program (Continued)

H. Medical Insurance OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Medical Insurance OPEB (Continued)

The \$31,446 reported as deferred outflows of resources related to the Medical Insurance OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the net Medical Insurance OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Medical Insurance OPEB will be recognized in the Medical Insurance OPEB expense in future reporting periods as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 76,000
2023	75,000
2024	76,000
2025	75,000
2026	75,000
Thereafter	<u>121,000</u>
Total	<u><u>\$ 498,000</u></u>

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits—Group Life Insurance Program

A. Plan Description

All full-time, salaried permanent employees of the Authority are automatically covered by the VRS Group Life Insurance Program (GLI) upon employment. This plan is 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. For members who elect the optional GLI coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from the 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 OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p><i>Eligible Employees</i></p> <p>The GLI was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.</p> <p>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.</p>
<p><i>Benefit Amounts</i></p> <p>The benefits payable under the GLI have several components.</p> <ul style="list-style-type: none">• Natural Death Benefit: The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.• Accidental Death Benefit: The accidental death benefit is double the natural death benefit.• Other Benefit Provisions: In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:<ul style="list-style-type: none">○ Accidental dismemberment benefit○ Safety belt benefit○ Repatriation benefit○ Felonious assault benefit○ Accelerated death benefit option
<p><i>Reduction in Benefit Amounts</i></p> <p>The benefit amounts provided to members covered under the GLI 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.</p>
<p><i>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</i></p> <p>For covered members with at least 30 years of service credit, there is a minimum benefit payable under GLI. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.</p>

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits—Group Life Insurance Program (Continued)

B. Contributions

The contribution requirements for the GLI are governed by Sections 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 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, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI from the Authority were \$40,636 and \$39,578 for the years ended June 30, 2021 and 2020, respectively.

C. GLI OPEB Liability, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2021, the Authority reported a liability of \$617,135 for its proportionate share of the net GLI OPEB liability. The net GLI OPEB liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employers' proportion of the net GLI OPEB liability was based on the covered employer's actuarially determined employer contributions to the GLI for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the Authority's proportion was 0.03698% as compared to 0.03674% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$34,133. Since there was a change in the proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the Authority 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	\$ 39,584	\$ (5,543)
Net difference between projected and actual earnings on GLI OPEB program investments	18,538	-
Change in assumptions	30,864	(12,886)
Changes in proportionate share	31,125	-
Employer contributions subsequent to the measurement date	40,636	-
Total	\$ 160,747	\$ (18,429)

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits—Group Life Insurance Program (Continued)

C. GLI OPEB Liability, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)

The \$40,636 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2022	\$ 19,895
2023	25,130
2024	27,438
2025	22,977
2026	5,754
Thereafter	488
Total	\$ 101,682

D. Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.5%
Salary increases, including inflation:	
General employees	3.5% - 5.35%
Public safety employees with hazardous duty benefits	3.5% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*

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

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits—Group Life Insurance Program (Continued)

D. Actuarial Assumptions (Continued)

Mortality Rates – General Employees

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

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

Post-Disablement: RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward two years, 110% of rates; females 125% of rates.

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decreased rate from 7.00% to 6.75%

Mortality Rates – Hazardous Duty Employees

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

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward one year with 1.0% increase compounded from ages 70 to 90; females set forward three years.

Post-Disablement: RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward two years; unisex using 100% male.

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits—Group Life Insurance Program (Continued)

D. Actuarial Assumptions (Continued)

Mortality Rates – Hazardous Duty Employees (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 7.00% to 6.75%

E. Net GLI OPEB Liability

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

	Group Life Insurance OPEB Program
Total GLI OPEB liability	\$ 3,523,937,000
Plan fiduciary net position	<u>1,855,102,000</u>
GLI Net OPEB liability	<u>\$ 1,668,835,000</u>
Plan fiduciary net position as a percentage of the total GLI OPEB liability	52.64%

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits—Group Life Insurance Program (Continued)

E. Net GLI OPEB Liability (Continued)

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

F. Long-Term Expected Rate of Return

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

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

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

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits—Group Life Insurance Program (Continued)

G. Discount Rate

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

H. Sensitivity of the Participating Employers' Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the participating employers' proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the participating employers' 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:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Authority net GLI OPEB liability	\$ 811,272	\$ 617,135	\$ 459,478

I. GLI Fiduciary Net Position

Detailed information about the GLI's fiduciary net position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2020-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia, 23218-2500.

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 11. Risk Management

Auto, Liability and Workers' Compensation Insurance

The Authority is a member of the Virginia Association of Counties Risk Pool (VACorp) for all risks of losses. This workers' compensation program is administered by a servicing contractor, which furnishes claims review and processing.

Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The Authority pays VACorp contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of VACorp and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, VACorp may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The Authority is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority also participates in the VaRisk2, a group liability self insurance plan, administered by the Commonwealth of Virginia, Department of General Services, Division of Risk Management. The Authority pays an annual premium for its public officials general liability insurance to this public entity risk pool currently operating as a common risk management and insurance program for participating governments. Settled claims have not exceeded pool coverage in any of the past three fiscal years.

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

Health Insurance

Authority employees and employee dependents are eligible for medical benefits from a health insurance program administered by the County of Augusta. The Authority retains a portion of the risks through a self-insurance program and have also purchased insurance to transfer other risks to outside parties. There have been no significant reductions in insurance coverage during the past year. Funding is provided by charges to the Authority, employees, and retirees. The program is supplemented by stop loss protection, which limits the Authority's annual liability. See Augusta County's financial statements for additional information on the self-insurance program.

Note 12. Contingency

The Authority has received proceeds from several federal and state grant programs. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. Based upon past experience, no provision has been made in the accompanying financial statements for the refund of grant monies.

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 13. Pending GASB Statements

At June 30, 2021, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the Authority. The statements which might impact the Authority are as follows:

GASB Statement No. 87, *Leases*, will increase the usefulness of the Authority's financial statements by requiring reporting of certain lease liabilities that currently are not reported. Statement No. 87 will be effective for fiscal years beginning after June 15, 2021.

GASB Statement No. 92, *Omnibus 2020*, will improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics, including intra-entity transfers, the effective date of No. 87, *Leases*, the applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits, the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, terminology used to refer to derivative instruments. Statement No. 92 will be effective for fiscal years beginning after June 15, 2021.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, will improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. Statement No. 94 will be effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, will provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Statement No. 96 will be effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, will increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Statement No. 97 will be effective for fiscal years beginning after June 15, 2021.

The Authority has not determined the financial reporting effect that any of these statements will have on prospective financial statements.

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 14. Subsequent Event

Subsequent to year-end, the Authority continues to work with Moseley Architects for architectural plans and designs for the Jail expansion project. On December 3, 2019, the Authority voted to submit a \$96.5 million expansion plan to the Commonwealth of Virginia Department of Corrections for review. On September 16, 2020, the Commonwealth of Virginia Board of Local and Regional Jails voted to approve the expansion plan that includes 400 additional minimum-security beds and renovations to the existing core facilities to upgrade and expand the medical department, food service, warehouse, mental health facilities, and intake areas. On June 1, 2021, the Authority reduced the project and approved a revised plan for \$14.5 million for a renovation project only, not to include any additional beds for housing inmates. The revised project will be submitted to the Virginia Board of Local and Regional Jails for their approval at their October meeting.

The Authority approved \$575,000 for a budget amendment to the fiscal year 2022 Budget to purchase financial software for the Authority to serve as its own fiscal agent. The contract was signed on August 18, 2021 with Tyler Technologies, Inc., totaling \$488,713.

The Authority approved the independent membership of the Authority to the Staunton Augusta Waynesboro Health Insurance Consortium effective January 1, 2022 at the August 3, 2021 Authority Board meeting.

Note 15. Change in Accounting Principle

As of June 30, 2021, the Authority adopted GASB Statement No. 84, *Fiduciary Activities*, as it relates to fiduciary activities. The following adjustments have been made:

	Business-type	
	Activities	Custodial Funds
Net position, as originally reported, July 1, 2020	\$ 24,744,255	\$ -
Net adjustment as a result of the implementation of GASB Statement No. 84	1,930,519	1,171,529
Net position, as restated, July 1, 2020	<u>\$ 26,674,774</u>	<u>\$ 1,171,529</u>

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION ASSET AND RELATED RATIOS – VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,						
	2014	2015	2016	2017	2018	2019	2020
Total Pension Liability							
Service cost	\$ 1,088,683	\$ 1,081,998	\$ 1,150,730	\$ 1,234,668	\$ 1,289,668	\$ 1,321,628	\$ 1,439,296
Interest	444,658	542,543	620,835	686,312	784,376	874,342	978,894
Changes of benefit terms	-	-	-	(182,574)	-	-	-
Difference between expected and actual experience	-	(321,907)	(475,700)	9,127	(541,692)	(345,766)	(477,619)
Changes of assumptions	-	-	-	-	-	506,699	-
Benefit payments, including refunds of employee contributions	(153,313)	(116,657)	(251,709)	(469,258)	(223,956)	(270,305)	(420,424)
Net change in total pension liability	1,380,028	1,185,977	1,044,156	1,278,275	1,308,396	2,086,598	1,520,147
Total pension liability - beginning	6,428,918	7,808,946	8,994,923	10,039,079	11,317,354	12,625,750	14,712,348
Total pension liability - ending (a)	\$ 7,808,946	\$ 8,994,923	\$ 10,039,079	\$ 11,317,354	\$ 12,625,750	\$ 14,712,348	\$ 16,232,495
Plan Fiduciary Net Position							
Contributions - employer	\$ 763,721	\$ 778,228	\$ 825,943	\$ 781,150	\$ 840,802	\$ 871,612	\$ 913,063
Contributions - employee	269,134	279,945	297,368	319,765	351,241	355,909	371,865
Net investment income	1,205,451	451,289	215,679	1,477,150	1,051,416	1,113,039	358,880
Benefit payments, including refunds of employee contributions	(153,313)	(116,657)	(251,709)	(469,258)	(223,956)	(270,305)	(420,424)
Administrative expense	(5,674)	(5,141)	(5,984)	(7,751)	(8,092)	(9,605)	(10,863)
Other	63	(98)	(85)	(1,350)	(982)	(714)	(431)
Net change in plan fiduciary net position	2,079,382	1,387,566	1,081,212	2,099,706	2,010,429	2,059,936	1,212,090
Plan fiduciary net position - beginning	7,169,845	9,249,227	10,636,793	11,718,005	13,817,711	15,828,140	17,888,076
Plan fiduciary net position - ending (b)	\$ 9,249,227	\$ 10,636,793	\$ 11,718,005	\$ 13,817,711	\$ 15,828,140	\$ 17,888,076	\$ 19,100,166
Authority's net pension asset - ending (a) - (b)	\$ (1,440,281)	\$ (1,641,870)	\$ (1,678,926)	\$ (2,500,357)	\$ (3,202,390)	\$ (3,175,728)	\$ (2,867,671)
Plan fiduciary net position as a percentage of the total pension liability covered payroll	118.44%	118.25%	116.72%	122.09%	125.36%	121.59%	117.67%
Authority's net pension asset as a percentage of covered payroll	26.74%	29.20%	28.13%	39.08%	46.50%	44.20%	38.10%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

SCHEDULE OF CONTRIBUTIONS –VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,								
	2014	2015	2016	2017	2018	2019	2020	2021	
Contractually required contribution (CRC)	\$ 763,721	\$ 778,228	\$ 825,943	\$ 781,150	\$ 840,802	\$ 871,612	\$ 913,063	\$ 909,052	
Contributions in relation to the CRC	763,721	778,228	825,943	781,150	840,802	871,612	913,063	909,052	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 5,385,903	\$ 5,623,035	\$ 5,967,796	\$ 6,397,625	\$ 6,886,175	\$ 7,185,589	\$ 7,527,312	\$ 7,525,265	
Contributions as a percentage of covered payroll	14.18%	13.84%	13.84%	12.21%	12.21%	12.13%	12.13%	12.08%	

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

MIDDLE RIVER REGIONAL JAIL AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION VIRGINIA RETIREMENT SYSTEM YEAR ENDED JUNE 30, 2021

Note 1. Changes of Benefit Terms

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

Note 2. Changes of Assumptions

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

General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience each year, age and service through nine years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decreased rate from 7.00% to 6.75%

Public Safety Employees with Hazardous Duty Benefits

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience each year, age and service through nine years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 7.00% to 6.75%

SCHEDULE OF CHANGES IN THE AUTHORITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS – MEDICAL INSURANCE PROGRAM

	Fiscal Year June 30,			
	2017	2018	2019	2020
Total OPEB liability:				
Service cost	\$ 94,000	\$ 96,000	\$ 80,000	\$ 215,000
Interest	56,000	56,000	56,000	87,000
Changes of benefit terms	-	-	603,000	-
Differences between expected and actual experience	-	14,000	248,000	5,000
Changes of assumptions or other inputs	-	(38,000)	142,000	244,000
Contributions - employer	(26,000)	(252,000)	(53,000)	3,000
Net change in total OPEB liability	124,000	(124,000)	1,076,000	554,000
Total OPEB liability, beginning	1,486,000	1,610,000	1,486,000	2,562,000
Total Medical Insurance OPEB liability, ending	\$ 1,610,000	\$ 1,486,000	\$ 2,562,000	\$ 3,116,000
Covered payroll	\$ 6,264,999	\$ 6,265,000	\$ 7,787,000	\$ 7,787,000
Total OPEB liability as a percentage of covered payroll	25.70%	23.72%	32.90%	40.02%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years which information is available.

SCHEDULE OF EMPLOYER CONTRIBUTIONS – OPEB – MEDICAL INSURANCE PROGRAM

	Fiscal Year June 30,				
	2017	2018	2019	2020	2021
Contractually required contribution (CRC)	\$ 26,000	\$ 252,000	\$ 53,000	\$ 3,000	\$ 31,446
Contributions in relation to the CRC	26,000	252,000	53,000	3,000	31,446
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 6,264,999	\$ 6,265,000	\$ 7,787,000	\$ 7,787,000	\$ 7,525,000
Contributions as a percentage of covered payroll	0.42%	4.02%	0.68%	0.04%	0.42%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

**SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY – GROUP LIFE
INSURANCE PROGRAM**

	Fiscal Year June 30,			
	2017	2018	2019	2020
Employer's proportion of the net GLI OPEB liability	0.03489%	0.03650%	0.03674%	0.03698%
Employer's proportionate share of the net GLI OPEB liability	\$ 525,535	\$ 554,535	\$ 597,858	\$ 617,135
Employer's covered payroll	6,435,577	6,934,198	7,202,439	7,610,991
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.17%	8.00%	8.30%	8.11%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%	52.00%	52.64%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

MIDDLE RIVER REGIONAL JAIL AUTHORITY

EXHIBIT 11

SCHEDULE OF EMPLOYER CONTRIBUTIONS – OPEB – GROUP LIFE INSURANCE PROGRAM

	Fiscal Year June 30,										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Contractually required contribution (CRC)	\$ 14,078	\$ 25,458	\$ 25,861	\$ 27,006	\$ 28,735	\$ 33,465	\$ 36,090	\$ 37,453	\$ 39,578	\$ 40,636	
Contributions in relation to the CRC	14,078	25,458	25,861	27,006	28,735	33,465	36,090	37,453	39,578	40,636	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 5,027,905	\$ 5,303,687	\$ 5,387,681	\$ 5,626,315	\$ 5,986,407	\$ 6,435,577	\$ 6,934,198	\$ 7,202,439	\$ 7,610,991	\$ 7,525,256	
Contributions as a percentage of covered payroll	0.28%	0.48%	0.48%	0.48%	0.48%	0.52%	0.52%	0.52%	0.52%	0.54%	

MIDDLE RIVER REGIONAL JAIL AUTHORITY

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
YEAR ENDED JUNE 30, 2021**

Note 1. Medical Insurance Program

A. Changes of Benefit Terms

There have been no actuarially material changes to the VRS benefit provisions since the prior actuarial valuation.

B. Changes of Assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following is the discount rate used for the period presented:

2021	2.45%
2020	3.13%

Note 2. Group Life Insurance Program

A. Changes of Benefit Terms

There have been no actuarially material changes to the VRS benefit provisions since the prior actuarial valuation.

B. Changes of Assumptions

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

General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decreased rate from 7.00% to 6.75%

MIDDLE RIVER REGIONAL JAIL AUTHORITY

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
YEAR ENDED JUNE 30, 2021**

Note 2. Group Life Insurance Program (Continued)

B. Changes of Assumptions (Continued)

Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 7.00% to 6.75%

OTHER SUPPLEMENTARY INFORMATION

COMBINING STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
June 30, 2021

	Custodial Funds					Total
	Inmate Commissary Account	Inmate Account	Phone Account	Work Release Account	Inmate Daily Fee Account	
ASSETS						
Cash and Cash Equivalents	\$ 923,564	\$ 50,683	\$ 103,336	\$ 142,658	\$ 9,137	\$ 1,229,378
Total assets	\$ 923,564	\$ 50,683	\$ 103,336	\$ 142,658	\$ 9,137	\$ 1,229,378
NET POSITION						
Restricted for:						
Canteen purchase	\$ 923,564	\$ -	\$ -	\$ -	\$ -	\$ 923,564
Inmate benefits	-	50,683	-	-	9,137	59,820
Inmates	-	-	103,336	142,658	-	245,994
Total net position	\$ 923,564	\$ 50,683	\$ 103,336	\$ 142,658	\$ 9,137	\$ 1,229,378

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –
FIDUCIARY FUNDS
Year Ended June 30, 2021**

	Custodial Funds					Total
	Inmate Commissary Account	Inmate Account	Phone Account	Work Release Account	Inmate Daily Fee Account	
ADDITIONS						
Contributions:						
Inmate	\$ 1,404,609	\$ -	\$ -	\$ -	\$ -	\$ 1,404,609
Commissary	-	990,249	-	-	-	990,249
Telephone commission	-	-	270,614	-	-	270,614
Work release	-	-	-	838,979	-	838,979
Keep fees	-	-	-	-	366,257	366,257
Total contributions	1,404,609	990,249	270,614	838,979	366,257	3,870,708
Investment Earnings:						
Interest	-	2,800	-	-	-	2,800
Total additions	1,404,609	993,049	270,614	838,979	366,257	3,873,508
DEDUCTIONS						
Medical and Prescription Co-pays	70,323	-	-	-	-	70,323
Inmate Withdrawals and Allowances	310,815	-	-	-	-	310,815
Canteen Supplies	1,103,147	439,495	-	-	-	1,542,642
Inmate Adult Education	-	34,467	-	-	-	34,467
Inmate Library Costs	-	20,832	-	-	-	20,832
Cable/TV Service	-	17,029	-	-	-	17,029
Inmate Supplies/Capital Items	-	87,064	-	-	-	87,064
Miscellaneous	6,437	398,892	-	-	-	405,329
Telephone Commissions	-	-	255,491	-	-	255,491
Work Release	-	-	-	705,410	-	705,410
Keep Fees	-	-	-	-	366,257	366,257
Total deductions	1,490,722	997,779	255,491	705,410	366,257	3,815,659
Net increase (decrease) in fiduciary net position	(86,113)	(4,730)	15,123	133,569	-	57,849
Net Position, beginning, as restated	1,009,677	55,413	88,213	9,089	9,137	1,171,529
Net Position, ending	\$ 923,564	\$ 50,683	\$ 103,336	\$ 142,658	\$ 9,137	\$ 1,229,378

COMPLIANCE SECTION



**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board
Middle River Regional Jail Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities and the fiduciary activities of the Middle River Regional Jail Authority (Authority) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 15, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 Authority'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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

P. B. Mares, CPA

Harrisonburg, Virginia
November 15, 2021

MIDDLE RIVER REGIONAL JAIL AUTHORITY

Results of the Audit
June 30, 2021

Presented by:
Betsy L. Hedrick, Partner
558 South Main Street, Harrisonburg, VA 22801
(540) 434-5975
www.PBMares.com



Purpose of this Report

Engagement Team and Firm Information

Overview of the Financial Statements

- Audit Opinion
- Financial Statements
- Compliance Report

Required Communications under *Government Auditing Standards*

Questions, Comments, and Observations

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Engagement Team and Firm Information

PBMares – Overview

Ranked on INSIDE Public Accounting's IPA 100 list, PBMares is a full-service accounting and consulting firm, providing audit, tax, and advisory services. Founded in 1963, the firm is headquartered in Virginia and maintains a strong presence in the Mid-Atlantic region, with offices in Baltimore and Rockville, Maryland, Morehead City and New Bern, North Carolina, as well as Fairfax, Fredericksburg, Harrisonburg, Newport News, Norfolk, Richmond, Warrenton, and Williamsburg, Virginia. We have developed a strong practice and a solid reputation thanks to the background and qualifications of our highly skilled and experienced professional staff.

Range of Services

With more than 300 professionals, PBMares offers expertise across a broad range of services. In addition to traditional assurance and tax services, we provide the following services:

- Cybersecurity
- Forensic
- Internal audits
- Outsourced accounting
- Wealth management
- Business valuations
- Retirement plan design and administration
- Transaction advisory
- Estate/trust accounting and planning
- Strategic planning
- Succession planning
- Litigation support

Industry specialties include:

- State and Local Government
- Not-for-Profit
- Construction and Real Estate
- Healthcare
- Financial institutions
- Government contractors
- Hospitality

PBMares Cares

Part of being a CPA firm is serving the community. This should be an innate part of any firm's values, and, at PBMares, we take our role as stewards of society very seriously. It isn't just about providing excellence through our services. Our commitment to the public good has a deeper ethical significance to us as individuals and citizens and translates into many contributions to our communities where we live and work – ways that go beyond making a financial contribution. Many of PBMares' partners and employees serve on non-profit boards or volunteer thousands of hours in service to local charities, including churches, children's museums, schools, food pantries, youth sports, health care organizations, and countless other worthy causes. The firm has also established PBMares Cares Day, where all employees are encouraged to participate in a firm-wide day of volunteerism at different charities supported by the firm.

State and Local Government Niche

Public Sector Commitment and Experience

PBMares' State & Local Government Team is comprised of more than 20 professionals focused on the unique compliance and regulatory needs of clients in the public sector. The public sector is one of the main focus industries within our firm. Members of the State & Local Government Team have extensive experience in providing audit and consulting services to many authorities, boards, commissions, counties, cities, and towns. The team is co-led by Betsy Hedrick and Mike Garber, who are based in the firm's Harrisonburg office.

Members of the team actively pursue information on the most up-to-date government developments and devote significant time researching and studying the economics, operational issues and trends affecting governmental entities to ensure we are on the leading edge of issues affecting clients. Team members serve as volunteer instructors at seminars conducted by the Virginia Government Finance Officers Association and the Virginia Society of Certified Public Accountants, as well as serve as seminar sponsors held by these associations. This deep industry involvement translates to a well-trained, specialized engagement team, setting us apart from many CPA firms.

Professional Development and Thought Leadership

PBMares will share information regarding training opportunities for our clients in applicable subject matters, including the firm's free annual Municipal Government Ethics & Training Day. The State and Local Government Niche Team also maintains a blog, giving government entities timely information on subjects that impact them. Recent blog posts have covered topics including Federal grant compliance and guidance for implementing new *Governmental Accounting Standards*.

Engagement Team

Betsy L. Hedrick, CPA, Partner

As the Engagement Partner, Betsy ensures that the services clients receive are of the highest quality and that the benefits of the professional working relationship between our two organizations are maximized. As such, she has overall responsibility for supervision of the engagement and provides technical expertise as needed. She is actively involved with the supervision, management and performance of the audit fieldwork, as well as the review of work papers and reports. She reviews the audit strategy and conducts the technical standards review of all work papers and the final report. She has more than 24 years of experience in providing audit, accounting, and consulting services to governmental entities. She also has extensive experience performing and reviewing single audits.

She currently leads the firm's data analytics (ACE team), whose members are committed to researching, training and implementing emerging technologies such as data analytics into our core services. She also co-leads the firm's State and Local Government Team. She is a registered peer reviewer with the AICPA.

Betsy is a member of the American Institute of Certified Public Accountants, the Virginia Society of Certified Public Accountants, Virginia Government Finance Officers' Association (VGFOA) and the Government Finance Officers Association (GFOA). Betsy has been a volunteer instructor at VGFOA conferences and seminars and is a reviewer for the GFOA's Certificate of Achievement for Excellence in Financial Reporting Program.

Tyler Farnsworth, CPA, Manager

As the Engagement Manager, Tyler designs the engagement strategy and procedures, directs the fieldwork and reviews the work of the staff accountants assigned to the engagement. He coordinates on-site and daily work efforts. Tyler joined PBMares in 2014. Since joining PBMares, he has worked on audit teams for various government audit engagements including counties, cities, towns, authorities, boards, and commissions.

He is a member of the American Institute of the Virginia Society of Certified Public Accountants and the Virginia Government Finance Officers' Association.

Overview of Financial Statements

Independent Auditor's Report

The independent auditor's report has specific significance to readers of the financial report.

Management's Responsibility for the Financial Statements

The financial statements are the responsibility of management.

Auditor's Responsibility

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

Opinions

We have issued an unmodified audit report (i.e. "clean opinions"). The respective financial statements are considered to present fairly the financial position and results of operations as of and for the year ended June 30, 2021.

Other Matters

Certain required supplementary information included in the financial report, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting

Government Auditing Standards require auditors to issue a report on our consideration of internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. We have issued such a report and reference to this report is included in the independent auditor's report.

Financial Statements

These Financial Statements consist of two sections: financial and compliance. The financial section has three components: the basic financial statements, the required supplementary information, and other supplementary information. The basic financial statements include the basic financial statements and notes to financial statements.

Basic Financial Statements

The basic financial statements report information about the Authority as a whole using accounting methods similar to those used by private-sector companies.

The first basic financial statement, the Statements of Net Position, presents information on all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. This statement provides both long-term and short-term information. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the Authority is improving or declining.

The second basic financial statement, the Statements of Revenues, Expenses, and Change in Net Position, presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Total assets and deferred outflows of resources of the Authority exceeded total liabilities and deferred inflows of resources at June, 30, 2021 by \$30,116,241, an increase of \$3,441,467 from the prior year.

Compliance Report

The report is based on our tests of the Authority's internal controls and compliance with laws, regulations, etc. The report is not intended to provide an opinion, but to provide a form of negative assurance as to the Authority's internal controls and compliance with applicable rules and regulations. This report and the procedures performed are required by *Government Auditing Standards* as issued by the U. S. Government Accountability Office (GAO).

Required Communications under *Government Auditing Standards*

Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the basic financial statement audit and compliance reporting process, as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial and compliance reporting process.

Our Responsibilities with Regard to the Financial Statement and Compliance Audit

Our responsibilities under auditing standards generally accepted in the United States of America; *Government Auditing Standards* issued by the Comptroller General of the United States; and *Specifications for Authorities, Boards and Commissions* provided by the Auditor of Public Accounts of the Commonwealth of Virginia have been described to you in our arrangement letter dated June 22, 2021. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement and Compliance Audit

We have issued a separate communication dated June 22, 2021 regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Authority. During the year, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*.

Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management's Judgments and Accounting Estimates

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is included in Exhibit A.

Audit Adjustments

There were no audit adjustments made to the original trial balances presented to us to begin our audit.

Uncorrected Misstatements

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

No significant issues arising from the audit were discussed with or were the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Independence

In all matters relating to audit work required by the Authority, PBMares is free from personal and external impediments to independence, is organizationally independent, and will maintain an independent attitude and appearance with respect to the requested audit services. PBMares is free of all obligations and interests that might or would conflict with the best interests of the Authority.

Significant Written Communications between Management and Our Firm

Copies of significant written communications between our firm and management of the Authority, including the representation letter provided to us by management, are attached as Exhibit C.

Closing

This information is intended solely for the use of the Board of the Authority and management and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report.

We appreciate the opportunity to serve Middle River Regional Jail Authority.

Thank you.

PBMares, LLP

Exhibit A – Summary of Significant Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management’s current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the Authority’s June 30, 2021 financial statements:

Estimate	Accounting Policy	Management’s Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
Capital Assets	Estimated lives of depreciable assets	Management assigns lives to assets purchased or constructed internally based on the expected useful life of those assets or the product associated with those assets.	<p>Management’s approach to depreciation and amortization is consistent with practices of similar organizations.</p> <p>While these estimates are based on historical information, management should continue to monitor the lives assigned to the Authority’s assets to ensure the recovery period of these costs are accurate.</p>
Investments	Investment valuation	The fair value of investments are recorded based on reporting provided by the custodian. The Authority relies upon the custodian to price securities or determine fair value based on the highest quality of inputs available.	<p>Management’s approach to recognizing fair value adjustment of investments appear reasonable and consistent with accepted practice.</p> <p>While these estimates are based on information provided by the custodian, the Authority should continue to monitor and evaluate the quality of information used to develop fair value estimates and risks inherent to such measures.</p>
Pension and Other Postemployment Benefits (OPEB) Liabilities (Assets)	Pension and OPEB liabilities (assets) and costs for financial accounting and disclosure purposes	Management recognizes pension and OPEB liabilities (assets) based on information provided by actuaries and industry standards.	<p>Management’s approach to recognizing pension and OPEB liabilities (assets) appears reasonable and consistent with accepted practice.</p> <p>While these estimates are based on assumptions provided by actuaries and industry standards, management should monitor these estimates and compare to actual costs over time.</p>



Exhibit B – Management Letter



November 15, 2021

To the Board
Middle River Regional Jail Authority
Staunton, Virginia

In connection with our audit of the financial statements of the Middle River Regional Jail Authority (Authority) for the year ended June 30, 2021, we have the following comments and suggestions for your consideration.

New GASB Pronouncements

At June 30, 2021, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the Authority. The statements which might impact the Authority are as follows:

GASB Statement No. 87, *Leases*

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

The requirements of Statement No. 87 are effective for fiscal years beginning after June 15, 2021.

GASB Statement No. 92, *Omnibus 2020*

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics, including intra-entity transfers, the effective date of No. 87, *Leases*, the applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits, the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, terminology used to refer to derivative instruments.

The requirements of Statement No. 92 are effective for fiscal years beginning after June 15, 2021.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of Statement No. 94 are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (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. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

The requirements of Statement No. 96 are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

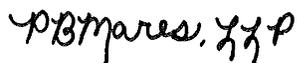
The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of Statement No. 97 are effective for fiscal years beginning after June 15, 2021.

* * * * *

This report is intended solely for the information and use of management, the Board and others within the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

If you have any questions concerning any of these items or if we can be of further assistance, please contact us. We thank you for the opportunity to conduct your audit for the year ended June 30, 2021 and express our appreciation to everyone for their cooperation during this engagement.



PBMares, LLP

Exhibit C – Significant Written Communications between Management and Our Firm

Arrangement Letter



June 22, 2021

Middle River Regional Jail Authority
18 Government Center Lane
Verona, Virginia 24482

Attention: Misty Cook, Director of Finance, County of Augusta

The Objective and Scope of the Audit of the Financial Statements

You have requested we audit Middle River Regional Jail Authority's (Authority) business-type activities and the aggregate remaining fund information as of and for the year ending June 30, 2021, which collectively comprise the basic financial statements. Also, the other supplementary information presented in relation to the financial statements as a whole will be subjected to the auditing procedures applied in our audit of the basic financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

The Responsibilities of the Auditor

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); *Government Auditing Standards* issued by the Comptroller General of the United States (GAS); and *Specifications for Audits of Authorities, Boards, and Commissions*, provided by the Auditor of Public Accounts for the Commonwealth of Virginia. Those standards and specifications require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. The determination of waste or abuse is subjective; therefore, GAS does not expect us to provide reasonable assurance of detecting waste or abuse.

In making our risk assessments, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

We will also communicate to the Board of Directors (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

The funds you have told us are maintained by the Authority and that are to be included as part of our audit are listed here:

- | | |
|---|---|
| <p>I. Enterprise Fund:
a. Jail Fund</p> | <p>II. Custodial Funds:
a. Commissary Fund
b. Inmate Fund
c. Phone Fund
d. Work Release Fund
e. Inmate Daily Fee Fund</p> |
|---|---|

No component unit financial statements are to be included in the Authority's basic financial statements.

Our report on internal control will include any significant deficiencies and material weaknesses in controls of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards and specifications identified above. Our report on compliance matters will address material errors, fraud, waste or abuse, violations of compliance obligations, and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts; and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with requirements of the standards and specifications identified above.

The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. To evaluate subsequent events through the date the financial statements are issued or available to be issued and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees they will not conclude on subsequent events earlier than the date of the management representation letter referred to below;
3. 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;

4. For establishing and maintaining effective internal control over financial reporting, and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge;
5. For report distribution; and
6. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
 - b. Additional information we may request from management for the purpose of the audit; and
 - c. Unrestricted access to persons within the Authority from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and, when appropriate, those charged with governance written confirmation concerning representations made to us in connection with the audit, including, among other items, that:

1. Management has fulfilled its responsibilities as set out in the terms of this letter; and
2. It believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring the Authority complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, waste or abuse, and for informing us about all known or suspected fraud, waste or abuse affecting the Authority involving management, employees who have significant roles in internal control, and others where the fraud, waste or abuse could have a material effect on the financial statements or compliance. Management is also responsible for informing us of its knowledge of any allegations of fraud, waste or abuse or suspected fraud, waste or abuse affecting the Authority received in communications from employees, former employees, analysts, regulators, or others.

Management is responsible for the preparation of the required supplementary information in accordance with accounting principles generally accepted in the United States of America. Management is responsible for the preparation of the other supplementary information presented in relation to the financial statements as a whole in accordance with accounting principles generally accepted in the United States of America. Management agrees to include the auditor's report on the other supplementary information in any document that contains the other supplementary information and indicates that the auditor has reported on such other supplementary information. Management also agrees to present the other supplementary information with the audited financial statements or, if the other supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the other supplementary information no later than the date of issuance of the other supplementary information and the auditor's report thereon.

The Board of Directors is responsible for informing us of its views about the risks of fraud, waste or abuse within the Authority, and its knowledge of any fraud, waste or abuse or suspected fraud, waste or abuse affecting the Authority.

The Authority agrees it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, the Authority agrees to contact us before it includes our reports, or otherwise makes reference to us, in any public or private securities offering. Our association with an official statement is a matter for which separate arrangements may be necessary. The Authority agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when the Authority seeks such consent, we will be under no obligation to grant such consent or approval.

Records and Assistance

If circumstances arise relating to the condition of the Authority's records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the Authority's books and records. The Authority will determine all such data, if necessary, will be so reflected. Accordingly, the Authority will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Authority personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Jeanne Colvin, Authority Finance Director, and Misty Cook, County Finance Director. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

Nonaudit Services

In connection with our audit, you have requested us to perform certain nonaudit services:

1. Drafting the financial statements.

GAS independence standards require that the auditor maintain independence so that opinions, findings, conclusions, judgments and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. Before we agree to provide a non-audit service to the Authority, we determine whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in aggregate with other non-audit services provided. A critical component of our determination is consideration of management's ability to effectively oversee the non-audit services to be performed. The Authority has agreed that Jeanne Colvin, Authority Finance Director, and Misty Cook, County Finance Director, possess suitable skill, knowledge or experience and that the individuals understand the non-audit services to be performed sufficiently to oversee them. Accordingly, the management of the Authority agrees to the following:

1. The Authority has designated Jeanne Colvin, Authority Finance Director, and Misty Cook, County Finance Director, as senior members of management who possess suitable skill, knowledge and experience to oversee the services;
2. Jeanne Colvin, Authority Finance Director, and Misty Cook, County Finance Director, will assume all management responsibilities for subject matter and scope of the non-audit services;

3. The Authority will evaluate the adequacy and results of the services performed; and
4. The Authority accepts responsibility for the results and ultimate use of the services.

GAS further requires that we establish an understanding with the Authority's management and those charged with governance of the objectives of the non-audit services, the services to be performed, the Authority's acceptance of its responsibilities, the auditor's responsibilities and any limitations of the non-audit services. We believe this letter documents that understanding.

Other Relevant Information

PBMares, LLP may mention the Authority's name and provide a general description of the engagement in PBMares, LLP's client lists and marketing materials.

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

In accordance with GAS, a copy of our most recent peer review report can be located on our website at www.pbmares.com.

If any term or provision of this arrangement letter is determined to be invalid or unenforceable, such term or provision will be deemed stricken and all other terms and provisions will remain in full force and effect.

Parties' Understandings Concerning Situation Around COVID-19

PBMares, LLP and the Authority acknowledge that, at the time of the execution of this arrangement letter, federal, state and local governments, both domestic and foreign, have restricted travel and/or the movement of their citizens due to the ongoing and evolving situation around COVID-19. In addition, like many organizations and companies in the United States and around the globe, PBMares, LLP has restricted its employees from travel and onsite work, whether at a client facility or PBMares, LLP facility, to protect the health of both PBMares, LLP's and its clients' employees. Accordingly, to the extent that any of the services described in this arrangement letter requires or relies on PBMares, LLP or Authority personnel to travel and/or perform work onsite, either at the Authority's or PBMares, LLP's facilities, including, but not limited to, maintaining business operations and/or IT infrastructure, PBMares, LLP and the Authority acknowledge and agree that the performance of such work may be delayed, significantly or indefinitely, and thus certain services described herein may need to be rescheduled and/or suspended at either PBMares, LLP's or the Authority's sole discretion. PBMares, LLP and the Authority agree to provide the other with prompt written notice (email will be sufficient) in the event any of the services described herein will need to be rescheduled and/or suspended. PBMares, LLP and the Authority also acknowledge and agree that any delays or workarounds due to the situation surrounding COVID-19 may increase the cost of the services described herein. PBMares, LLP will obtain the Authority's prior written approval (email will be sufficient) for any increase in the cost of PBMares, LLP services that may result from the situation surrounding COVID-19.

Fees, Costs, and Access to Workpapers

Our fees for the services described above are not expected to exceed \$13,055. Our fee estimate and completion of our work are based upon the following criteria:

1. Anticipated cooperation from Authority personnel.
2. Timely responses to our inquiries.
3. Timely completion and delivery of client assistance requests.
4. Timely communication of all significant accounting and financial reporting matters.
5. The assumption unexpected circumstances will not be encountered during the engagement.

If any of the aforementioned criteria are not met, then fees may increase. Fees may also increase based on the extent of accounting services and other assistance required to render a complete set of financial statements. Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission. Amounts not paid within thirty days from the invoice date(s) will be subject to a late payment charge of 1.5% per month (18% per year).

Our professional standards require we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, the Authority agrees it will compensate PBMares, LLP for any additional costs incurred as a result of the Authority's employment of a partner or professional employee of PBMares, LLP.

The audit documentation for this engagement is the property of PBMares, LLP and constitutes confidential information.

Review of audit documentation by a successor auditor or as part of due diligence will be agreed to, accounted for and billed separately.

In the event we are requested or authorized by the Authority or are required by government regulation, subpoena or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the Authority, the Authority will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

The documentation for this engagement is the property of PBMares, LLP. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the audit documentation upon their request and that we shall maintain the audit documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested documentation will be provided under the supervision of PBMares, LLP audit personnel and at a location designated by our firm.

Termination

We may terminate this arrangement letter upon written notice if we determine that our continued performance would result in a violation of law, regulatory requirements, applicable professional or ethical standards, or our client acceptance or retention standards.

Other Terms

While there is an attorney-client privilege, there is no accountant-client privilege. Accordingly, any information that you provide to us is subject to discovery. Unless prohibited by law, we will notify you if we receive any subpoena, or other third-party request for our information and/or records concerning you. If you direct us to disclose the requested information, we will comply with the subpoena and, in the case of a third-party request, we will need you to sign a form authorizing the disclosure. If you do not direct us to disclose the requested information, we will engage counsel to protect your interest in non-disclosure. In either event, we will bill you for all of our costs associated with complying with your directions. Our bill will include, in addition to our then standard fees and charges and, by way of illustration only, our attorney's fees, court costs, outside advisor's costs, penalties, and fines imposed because of our non-disclosure.

We reserve the right to withdraw from this engagement without completing our services for any reason, including, but not limited to, your failure to comply with the terms of this arrangement letter, or as we determine professional standards require.

Dispute Resolution

If any dispute other than fees arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties. You and we consent to personal jurisdiction, both for mediation and/or litigation, Augusta County Circuit Court. Participation in such mediation shall be a condition to either of us initiating litigation. In order to allow time for the mediation, any applicable statute of limitations shall be tolled for a period not to exceed 120 days from the date either of us first requests in writing to mediate the dispute. The mediation shall be confidential in all respects, as allowed or required by law, except our final settlement positions at mediation shall be admissible in litigation solely to determine the prevailing party's identity for purposes of the award of attorneys' fees.

The parties hereto both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration shall be binding and final. The arbitration shall take place in Augusta County, Virginia. Any award rendered by the Arbitrator pursuant to this Agreement may be filed and entered and shall be enforceable in the Superior Court of the County in which the arbitration proceeds. In agreeing to arbitration, we both acknowledge that, in the event of a dispute over fees charged by the accountant, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury, and instead we are accepting the use of arbitration for resolution.

Information Security – Miscellaneous Terms

PBMares, LLP is committed to the safe and confidential treatment of the Authority's proprietary information. PBMares, LLP is required to maintain the confidential treatment of client information in accordance with relevant industry professional standards which govern the provision of services described herein. The Authority agrees that it will not provide PBMares, LLP with any unencrypted electronic confidential or proprietary information, and the parties agree to utilize commercially reasonable measures to maintain the confidentiality of Authority information, including the use of collaborate sites to ensure the safe transfer of data between the parties.

Reporting

We will issue a written report upon completion of our audit of the Authority's financial statements. Our report will be addressed to the Board of the Authority. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph, or withdraw from the engagement.

In addition to our report on the Authority's financial statements, we will also issue the following types of reports:

1. Report on internal control related to the financial statements. This report will describe the scope of testing of internal control and the results of our tests of internal control;
2. Report on compliance with laws, regulations, and the provisions of contracts or grant agreements. We will report on any noncompliance that could have a material effect on the financial statements; and
3. An accompanying schedule of findings and responses, if any.

Electronic Signatures and Counterparts

Each party hereto agrees that any electronic signature of a party to this agreement or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (i) to be "written" or "in writing," (ii) to have been signed, and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, (i) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (ii) an electronic copy of a traditional signature affixed to a document, (iii) a signature incorporated into a document utilizing touchscreen capabilities, or (iv) a digital signature. This agreement may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Paper copies or "printouts" of such documents if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

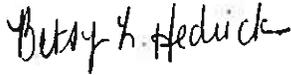
Middle River Regional Jail Authority
June 22, 2021
Page 9

This letter constitutes the complete and exclusive statement of agreement between PBMares, LLP and the Authority, superseding all proposals, oral or written, and all other communications with respect to the terms of the engagement between the parties.

Please sign and return a copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements, including our respective responsibilities.

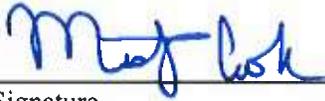
Sincerely,

PBMares, LLP



Betsy L. Hedrick, CPA
Partner

Confirmed on behalf of the Authority:



Signature



Date

Representation Letter



MIDDLE RIVER REGIONAL JAIL

Serving Staunton, Waynesboro, Harrisonburg and
the Counties of Augusta and Rockingham

November 15, 2021

PBMares, LLP
558 South Main Street
Harrisonburg, Virginia 22801

This representation letter is provided in connection with your audit of the basic financial statements of the Middle River Regional Jail Authority (Authority) as of and for the year ended June 30, 2021 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of November 15, 2021:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated June 22, 2021, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions, including those with Augusta County, Virginia, and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements, and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. The financial statements properly classify all funds and activities in accordance with Governmental Accounting Standards Board (GASB) Pronouncements, including GASB Statement No, 84, *Fiduciary Activities*.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

8. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
9. The following have been properly recorded and/or disclosed in the financial statements:
 - a. Net position classifications.
 - b. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
 - c. The fair value of investments.
 - d. The effect on the financial statements of GASB Statement No. 87, *Leases*, GASB Statement No. 92, *Omnibus 2020*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, which have been issued, but which we have not yet adopted.
 - e. Significant estimates known to management.
10. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:
 - a. The Authority has no significant amounts of idle property and equipment.
 - b. The Authority has no plans or intentions to discontinue the operations of any activities or programs or to discontinue any significant operations.
11. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:
 - a. To reduce receivables to their estimated net collectable amounts.
 - b. For pension obligations, post-retirement benefits other than pensions, and deferred compensation agreements attributable to employee services rendered through June 30, 2021.
12. There are no:
 - a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
 - b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a “potentially responsible party” by the Environmental Protection Agency in connection with any environmental contamination.

- c. Contractual obligations for construction and purchase of real property or equipment not included in the liabilities recorded on the books.
 - d. Leases and material amounts of rental obligations under long-term leases.
 - e. Impaired capital assets.
 - f. Risk retentions, including uninsured losses or loss retentions (deductibles) attributable to events occurring through June 30, 2021 and/or for expected retroactive insurance premium adjustments applicable to periods through June 30, 2021.
13. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
14. Net positions (net investment in capital assets, restricted, and unrestricted) are properly classified and, when applicable, approved.
15. Expenses have been appropriately classified in or allocated to functions and programs in the Statement of Revenues, Expenses, and Change in Net Position, and allocations have been made on a reasonable basis.
16. Revenues are appropriately classified in the Statement of Revenues, Expenses, and Change in Net Position within operating revenues and non-operating revenues.
17. Capital assets are properly capitalized, reported, and depreciated.
18. We agree with the findings of specialists in evaluating the assertions found in footnote 8, Pension Plan, footnote 9, Other Postemployment Benefits—Medical Insurance Program, and footnote 10, Other Postemployment Benefits—Group Life Insurance Program and we have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
19. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

20. We have provided you with:
- a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence; and

- d. Minutes of the meetings of the Board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
21. All transactions have been recorded in the accounting records and are reflected in the financial statements.
 22. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
 23. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.
 24. We have no knowledge of allegations of fraud or suspected fraud affecting the Authority's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
 25. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's financial statements received in communications from employees, former employees, analysts, regulators or others.
 26. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
 27. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
 28. We have disclosed to you the identity of the Authority's related parties and all the related-party relationships and transactions of which we are aware.
 29. We have informed you of all significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Authority's ability to record, process, summarize, and report financial data.
 30. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

Supplementary Information

31. With respect to supplementary information presented in relation to the financial statements as a whole:
 - a. We acknowledge our responsibility for the presentation of such information.

- b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
32. With respect to the Required Supplementary Information presented as required by the Governmental Accounting Standards Board to supplement the basic financial statements:
- a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. All underlying significant assumptions or interpretations are presented in the financial statements.

Compliance Considerations

In connection with your audit, conducted in accordance with *Government Auditing Standards*, we confirm management:

- 33. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
- 34. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee.
- 35. Has not identified any instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 36. Has not identified any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.
- 37. Has not identified any instances that have occurred or are likely to have occurred, of waste or abuse that could be quantitatively or qualitatively material to the financial statements.
- 38. Is responsible 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.
- 39. Acknowledges its responsibility for the design, implementation, and maintenance of internal controls to prevent and detect fraud.

40. Has a process to track the status of audit findings and recommendations.
41. Has provided views on the auditor's reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.
42. Acknowledges its responsibilities as it relates to nonaudit services (such as drafting the financial statements) performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.
43. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

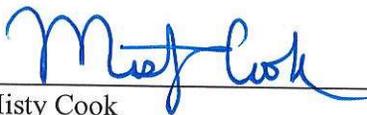
MIDDLE RIVER REGIONAL JAIL AUTHORITY



Jeffery Newton
Superintendent



Jeanne Colvin
Director of Finance, Middle River Regional Jail Authority



Misty Cook
Director of Finance, Augusta County

MAJOR ACCT#	DESCRIPTION	BUDGET AMOUNT	CURRENT AMOUNT	Y-T-D AMOUNT	BALANCE	%
000999						
0000	**MIDDLE RIVER REG.JAIL AUTH.*					
015000						
0000	**REV USE OF MONEY & PROPERTY*					
015010						
0001	INTEREST INCOME	50,000.00	4,892.65	19,368.61	30,631.39	61.26
0099	INTEREST INCOME-DEBT SVC RES U		15.32	61.73	61.73-	
015020						
0007	SALE OF SALVAGE & SURPLUS		355.00	355.00	355.00-	
	**REV USE OF MONEY & PROPERTY*	50,000.00	5,262.97	19,785.34	30,214.66	60.42
016050						
0001	EMPLOYEE MEALS					
0002	INMATE PHONE SYSTEM	425,000.00	41,666.67	166,666.68	258,333.32	60.78
0003	INMATE MEDICAL CO-PAY	75,000.00	1,259.18	17,843.11	57,156.89	76.20
0004	HOME ELECTRONIC MONITORING					
0005	WORK RELEASE	350,000.00	15,871.27	94,777.31	255,222.69	72.92
0006	INMATE KEEP FEES	275,000.00	18,054.49	110,217.40	164,782.60	59.92
0099	MISCELLANEOUS REVENUE		153.30	605.95	605.95-	
	EMPLOYEE MEALS	1,125,000.00	77,004.91	390,110.45	734,889.55	65.32
019020						
0001	BED RENTALS-STATE & FEDERAL					
0002	LOCAL BED RENTALS					
0003	LOCALITY CONTRIBUTIONS	13,601,436.00	1,156,122.06	4,556,481.07	9,044,954.93	66.49
0004	LOCAL WORK FORCE					
0011	RECOVERED COSTS-COMMISSARY FUN	333,900.00	27,112.73	84,326.23	249,573.77	74.74
0012	RECOVERED COSTS-OPERATIONS	10,000.00	1,055.37	16,937.89	6,937.89-	69.37-
0013	RECOVERED COSTS-MEDICAL	50,000.00		44,924.96	5,075.04	10.15
0014	RECOVERED COSTS - STATE & FEDE					
	BED RENTALS-STATE & FEDERAL	13,995,336.00	1,184,290.16	4,702,670.15	9,292,665.85	66.39
023020						
0002	COMPENSATION BOARD REIMBURSEME	7,293,232.00	607,087.31	1,695,924.88	5,597,307.12	76.74
0003	STATE PER DIEM REIMBURSEMENT	1,837,500.00	438,580.00	438,580.00	1,398,920.00	76.13
0004	STATE CAPITAL REIMBURSEMENT					
9999	AID TO THE COMMONWEALTH-CONTRA					
	COMPENSATION BOARD REIMBURSEME	9,130,732.00	1,045,667.31	2,134,504.88	6,996,227.12	76.62
024050						
0006	DEPT BEH HLTH & DEV VCSB-TDO	64,590.00			64,590.00	100.00
0010	MRRJ MENTAL HEALTH PROGRAM (GR	288,362.00			288,362.00	100.00
	DEPT BEH HLTH & DEV VCSB-TDO	352,952.00			352,952.00	100.00

11/16/2021 *GL060*
 FUND #-098 **MIDDLE RIVER REG.JAIL AUTH.**

COUNTY OF AUGUSTA
 REVENUE SUMMARY
 7/01/2021 - 10/31/2021

PAGE 2
 TIME 8:58
 -D E T A I L-

MAJOR ACCT# -----	DESCRIPTION -----	BUDGET AMOUNT -----	CURRENT AMOUNT -----	Y-T-D AMOUNT -----	BALANCE -----	% -
033011						
0003	JUSTICE ASSISTANCE GRANT (JAG)					
0021	EQUIPMENT (COVID GRANT)					
	--FUND TOTAL--	24,654,020.00	2,312,225.35	7,247,070.82	17,406,949.18	70.60

MAJOR ACCT#	DESCRIPTION	BUDGET AMOUNT	CURRENT AMOUNT	Y-T-D AMOUNT	ENCUMBRANCE AMOUNT	UNENCUMBERED BALANCE	%
000999							
0000	**MIDDLE RIVER REG.JAIL AUTH.*						
033020							
0000	**OPERATIONS**						
1100	SALARIES & WAGES	9,185,405.00	602,607.38	2,545,548.10		6,639,856.90	72.28
1200	SALARIES & WAGES-OVERTIME	555,765.00	58,751.88	326,494.82		229,270.18	41.25
1300	SALARIES & WAGES-PART TIME	502,500.00	41,664.41	155,122.75		347,377.25	69.12
1400	SALARIES & WAGES-TDO TRANSPORT	60,000.00		502.20		59,497.80	99.16
2100	EMPLOYERS SHARE - FICA	788,231.00	52,016.91	225,185.26		563,045.74	71.43
2210	EMPLOYERS SHARE - RETIREMENT	1,109,597.00	73,774.37	305,806.95		803,790.05	72.43
2300	EMPLOYERS SHARE-HEALTH INSURAN	2,174,936.00	130,736.00	541,692.00		1,633,244.00	75.09
2400	EMPLOYERS SHARE-GROUP LIFE INS	123,084.00	8,183.62	33,922.40		89,161.60	72.43
2500	LINE OF DUTY PREMIUMS	61,123.00		22,681.50		38,441.50	62.89
2600	EMPLOYERS SHARE-VRS HYBRID STD	5,650.00	539.51	2,231.96		3,418.04	60.49
2700	WORKERS COMPENSATION INSURANCE	152,880.00		72,170.00		80,710.00	52.79
2800	HEALTH INSURANCE						
2801	HOSPITALIZATION-MRRJ						
2802	HEALTH SAVINGS ACCOUNT	14,000.00	916.74	3,625.29		10,374.71	74.10
3102	HEALTH CLUB						
3103	OTHER BENEFITS	35,000.00	177.50	2,185.44		32,814.56	93.75
3110	PROFESSIONAL HEALTH SERVICES	1,698,293.00	39,864.32	304,734.54		1,393,558.46	82.05
3111	HOSPITAL HEALTH SERVICES						
3112	PHYSICALS NEW EMPLOYEES	7,800.00				7,800.00	100.00
3121	JAIL EDUCATION PROGRAM						
3124	PROFESSIONAL SERVICES	89,000.00	16,676.00	33,869.45		55,130.55	61.94
3310	REPAIRS & MAINTENANCE-CONTRACT	256,950.00	40,033.31	89,433.69		167,516.31	65.19
3320	MAINTENANCE SERVICE CONTRACTS	66,000.00	3,231.03	8,971.78		57,028.22	86.40
3321	TECHNOLOGY MAINT. CONTRACTS	328,641.00	17,945.56	110,244.39		218,396.61	66.45
3322	PEST EXTERMINATION	2,000.00		150.00		1,850.00	92.50
3324	CONTRACTED FOOD SERVICES	1,222,941.00	100,421.13	345,087.37		877,853.63	71.78
3330	REPAIRS & MAINTENANCE-VEHICLES	20,000.00	873.41	1,951.49		18,048.51	90.24
3600	ADVERTISING	3,500.00	560.10	560.10		2,939.90	83.99
3900	INDIRECT COST TO FISCAL AGENT	142,879.00		5,794.80		137,084.20	95.94
5100	ELECTRIC SERVICES	400,000.00	30,464.65	125,066.01		274,933.99	68.73
5102	HEATING SERVICES	125,000.00	4,658.42	16,066.13		108,933.87	87.14
5103	WATER & SEWER SERVICES	350,000.00		87,605.47		262,394.53	74.96
5104	REFUSE COLLECTION	25,000.00	1,656.45	5,854.80		19,145.20	76.58
5201	POSTAGE	3,000.00	519.82	1,529.12		1,470.88	49.02
5203	TELEPHONE	48,300.00	3,645.35	14,980.54		33,319.46	68.98
5300	FACILITY INSURANCE	94,830.00		89,869.00		4,961.00	5.23
5305	VEHICLE INSURANCE	18,000.00		10,506.00		7,494.00	41.63
5501	TRAVEL EXPENSES	12,000.00	841.23	3,429.59		8,570.41	71.42
5801	DUES & SUBSCRIPTIONS	4,000.00		417.50		3,582.50	89.56
6001	OFFICE SUPPLIES	35,000.00	3,275.29	12,800.63		22,199.37	63.42
6002	FOOD						
6003	PRESCRIPTION DRUGS	706,965.00		89,401.41		617,563.59	87.35
6004	MEDICAL SUPPLIES	85,000.00	12,163.63	34,628.32		50,371.68	59.26
6005	LAUN, HOUSEKEEPING & JANIT SUP	90,000.00	5,160.66	21,261.88	5.35-	68,738.12	76.38

MAJOR ACCT#	DESCRIPTION	BUDGET AMOUNT	CURRENT AMOUNT	Y-T-D AMOUNT	ENCUMBRANCE AMOUNT	UNENCUMBERED BALANCE	%
6006	LINEN SUPPLIES	20,000.00	7,950.50	12,605.00		7,395.00	36.97
6007	REPAIR & MAINTENANCE SUPPLIES	167,100.00	6,864.32	37,361.54	295.88-	130,034.34	77.81
6008	VEHICLE FUEL	40,000.00	1,052.60	4,071.57		35,928.43	89.82
6009	VEHICLE MAINTENANCE	32,000.00	263.13	764.28		31,235.72	97.61
6010	POLICE SUPPLIES	50,000.00	1,222.99	16,743.51		33,256.49	66.51
6011	UNIFORMS-OFFICERS	35,000.00	2,186.62	11,757.69	86.46-	23,328.77	66.65
6012	FOOD SERVICE SUPPLIES	20,000.00	711.05	933.65		19,066.35	95.33
6013	COMPUTER/TECHNOLOGY SUPPLIES	151,400.00	5,989.82	25,667.46		125,732.54	83.04
6016	PERSONAL SUPPLIES INMATES	85,000.00	11,293.60	23,783.60		61,216.40	72.01
6017	WEARING APPAREL INMATES	35,000.00	827.39	9,220.10		25,779.90	73.65
6018	BED RENTALS-OTHER FACILITIES	1,000,000.00				1,000,000.00	100.00
7002	TRAINING	169,247.00	3,657.79	100,789.60		68,457.40	40.44
7003	FIREARMS RANGE	2,000.00	2,000.00	2,000.00			
8000	LAND						
8001	EQUIPMENT		25,672.68	71,867.68		71,867.68-	
8002	FURNITURE & FIXTURES						
8003	COMPUTER HARDWARE	221,000.00	242.62	151,537.21		69,462.79	31.43
8004	COMPUTER SOFTWARE		83,044.00	95,297.43		95,297.43-	
8005	MOTOR VEHICLES		30,575.82	30,575.82		30,575.82-	
8006	FACILITY IMPROVEMENTS	503,000.00			47,888.78-	550,888.78	109.52
8007	S.A.W. RANGE						
8021	EQUIPMENT (COVID GRANT)						
8210	DEPRECIATION EXPENSE				2.00-	2.00	
8211	GAIN/LOSS ON DISPOSAL OF ASSET						
8999	OTHER						
9110	REDEMPTION OF PRINCIPAL	1,135,000.00				1,135,000.00	100.00
9150	INTEREST EXPENSE-BONDS	818,441.00	423,762.50	423,762.50		394,678.50	48.22
9210	OPERATING RESERVE						
9220	REPAIR & REPLACEMENT RESERVE						
9230	MOTOR VEHICLE RESERVE						
9240	COMPUTER EQUIPMENT RESERVE				20,677.50-	20,677.50	
9250	OPEB RESERVE						
	OPERATIONS	25,087,458.00	1,858,676.11	6,670,121.32	68,955.97-	18,486,292.65	73.68
033030							
0000	**DCJS/JAIL MENTAL HEALTH PROG						
3100	PERSONNEL	122,674.00	11,003.07	39,275.76		83,398.24	67.98
3110	CONSULTANT	95,600.00		10,360.00		85,240.00	89.16
3900	INDIRECT COSTS	21,468.00	1,925.54	6,873.26		14,594.74	67.98
5501	TRAVEL	580.00				580.00	100.00
6015	SUPPLIES/OTHER	39,120.00	309.51	5,774.75	234.76-	33,580.01	85.83
8001	EQUIPMENT	8,920.00				8,920.00	100.00
	**DCJS/JAIL MENTAL HEALTH PROG	288,362.00	13,238.12	62,283.77	234.76-	226,312.99	78.48
	--FUND TOTAL--	25,375,820.00	1,871,914.23	6,732,405.09	69,190.73-	18,712,605.64	73.74

FY2022**\$3,000 COMPENSATION BOARD BONUS****November 30, 2021 payroll****Eligibility effective October 1, 2021****Sworn Officers - 231 hours worked prior to bonus****Civilians - 231 hours worked prior to bonus****Part-time- 115 hours worked prior to bonus****SECURITY COMPENSATION BOARD POSITIONS**

BONUS	\$	339,000
FICA	\$	25,934
TOTAL COST SECURITY	\$	364,934
COMPENSATION BOARD FUNDING	\$	(364,934)
TOTAL NET COST TO MRRJA	\$	-

CIVILIAN EMPLOYEES-NON SECURITY

BONUS	\$	111,000
FICA	\$	8,492
TOTAL COST OF CIVILIAN	\$	119,492
COMMISSARY FUNDING	\$	(9,690)
NET COST TO MRRJA	\$	109,802

PART-TIME EMPLOYEES

BONUS (1/2 AMOUNT= \$1500.00)	\$	19,500
FICA	\$	1,492
TOTAL COST OF PART-TIME	\$	20,992
COMMISSARY FUNDING	\$	(9,688)
NET COST TO MRRJA	\$	11,304

TOTAL NET COST TO MRRJA \$ 121,105**FUNDING-SAVINGS**

VACANCY SAVINGS TO DATE	\$	275,394
OVERTIME TO DATE	\$	(132,810)
NET SAVINGS JULY & AUGUST 2021*	\$	142,584

FY2022 SALARIES & WAGES BUDGET

1/12 FULL TIME + BENEFITS X 2 MONTHS	\$	1,853,460.00
1/13 OVERTIME + FICA X 2 MONTHS	\$	92,044.00
COUNTY AS400 SYSTEM EXPENDITURES:		
JULY FULL TIME	\$	649,110.56
AUGUST FULL TIME	\$	654,322.65
+ BENEFITS @21.07%	\$	274,633.38
JULY OVERTIME	\$	147,051.01
AUGUST OVERTIME	\$	61,823.85
+ FICA	\$	15,978.93
TOTAL EXPENDITURES	\$	1,802,920.37
LESS BUDGET X 2 MONTHS	\$	142,583.63

*NOTE: Overtime expenditures for July include payment for FY2021 overtime of \$108,854 to be accrued back to FY2021. Total savings should be \$142,583 + \$108,854 = \$ 251,437.
Benefit Savings do not include health insurance

AUTHORIZATION RESOLUTION

By:

Referred to in this document as "Financial Institution"

Referred to in this document as "Corporation"

I, _____, certify that I am _____ of the above named corporation organized under the laws of _____, Federal Employer I.D. Number _____, engaged in business under the trade name of _____, and that the resolutions on this document are a correct copy of the resolutions adopted at a meeting of the Board of Directors of the Corporation duly and properly called and held on _____ (date). These resolutions appear in the minutes of this meeting and have not been rescinded or modified.

AGENTS Any Agent listed below, subject to any written limitations, is authorized to exercise the powers granted as indicated below:

Name and Title or Position	Signature	Facsimile Signature (if used)
A. _____	X _____	X _____
B. _____	X _____	X _____
C. _____	X _____	X _____
D. _____	X _____	X _____
E. _____	X _____	X _____
F. _____	X _____	X _____

POWERS GRANTED (Attach one or more Agents to each power by placing the letter corresponding to their name in the area before each power. Following each power indicate the number of Agent signatures required to exercise the power.)

Indicate A, B, C, D, E, and/or F	Description of Power	Indicate number of signatures required
_____	(1) Exercise all of the powers listed in this resolution.	_____
_____	(2) Open any deposit or share account(s) in the name of the Corporation.	_____
_____	(3) Endorse checks and orders for the payment of money or otherwise withdraw or transfer funds on deposit with this Financial Institution.	_____
_____	(4) Borrow money on behalf and in the name of the Corporation, sign, execute and deliver promissory notes or other evidences of indebtedness.	_____
_____	(5) Endorse, assign, transfer, mortgage or pledge bills receivable, warehouse receipts, bills of lading, stocks, bonds, real estate or other property now owned or hereafter owned or acquired by the Corporation as security for sums borrowed, and to discount the same, unconditionally guarantee payment of all bills received, negotiated or discounted and to waive demand, presentment, protest, notice of protest and notice of non-payment.	_____
_____	(6) Enter into a written lease for the purpose of renting, maintaining, accessing and terminating a Safe Deposit Box in this Financial Institution.	_____
_____	(7) Other _____	_____

LIMITATIONS ON POWERS The following are the Corporation's express limitations on the powers granted under this resolution.

EFFECT ON PREVIOUS RESOLUTIONS This resolution supersedes resolution dated _____. If not completed, all resolutions remain in effect.

CERTIFICATION OF AUTHORITY

I further certify that the Board of Directors of the Corporation has, and at the time of adoption of this resolution had, full power and lawful authority to adopt the resolutions on page 2 and to confer the powers granted above to the persons named who have full power and lawful authority to exercise the same. (Apply seal below where appropriate.)

If checked, the Corporation is a non-profit corporation. In Witness Whereof, I have subscribed my name to this document and affixed the seal of the Corporation on _____ (date).

Attest by One Other Officer

RESOLUTIONS

The Corporation named on this resolution resolves that,

- (1) The Financial Institution is designated as a depository for the funds of the Corporation and to provide other financial accommodations indicated in this resolution.
- (2) This resolution shall continue to have effect until express written notice of its rescission or modification has been received and recorded by the Financial Institution. Any and all prior resolutions adopted by the Board of Directors of the Corporation and certified to the Financial Institution as governing the operation of this corporation's account(s), are in full force and effect, until the Financial Institution receives and acknowledges an express written notice of its revocation, modification or replacement. Any revocation, modification or replacement of a resolution must be accompanied by documentation, satisfactory to the Financial Institution, establishing the authority for the changes.
- (3) The signature of an Agent on this resolution is conclusive evidence of their authority to act on behalf of the Corporation. Any Agent, so long as they act in a representative capacity as an Agent of the Corporation, is authorized to make any and all other contracts, agreements, stipulations and orders which they may deem advisable for the effective exercise of the powers indicated on page one, from time to time with the Financial Institution, subject to any restrictions on this resolution or otherwise agreed to in writing.
- (4) All transactions, if any, with respect to any deposits, withdrawals, rediscunts and borrowings by or on behalf of the Corporation with the Financial Institution prior to the adoption of this resolution are hereby ratified, approved and confirmed.
- (5) The Corporation agrees to the terms and conditions of any account agreement, properly opened by any Agent of the Corporation. The Corporation authorizes the Financial Institution, at any time, to charge the Corporation for all checks, drafts, or other orders, for the payment of money, that are drawn on the Financial Institution, so long as they contain the required number of signatures for this purpose.
- (6) The Corporation acknowledges and agrees that the Financial Institution may furnish at its discretion automated access devices to Agents of the Corporation to facilitate those powers authorized by this resolution or other resolutions in effect at the time of issuance. The term "automated access device" includes, but is not limited to, credit cards, automated teller machines (ATM), and debit cards.
- (7) The Corporation acknowledges and agrees that the Financial Institution may rely on alternative signature and verification codes issued to or obtained from the Agent named on this resolution. The term "alternative signature and verification codes" includes, but is not limited to, facsimile signatures on file with the Financial Institution, personal identification numbers (PIN), and digital signatures. If a facsimile signature specimen has been provided on this resolution, (or that are filed separately by the Corporation with the Financial Institution from time to time) the Financial Institution is authorized to treat the facsimile signature as the signature of the Agent(s) regardless of by whom or by what means the facsimile signature may have been affixed so long as it resembles the facsimile signature specimen on file. The Corporation authorizes each Agent to have custody of the Corporation's private key used to create a digital signature and to request issuance of a certificate listing the corresponding public key. The Financial Institution shall have no responsibility or liability for unauthorized use of alternative signature and verification codes unless otherwise agreed in writing.

Pennsylvania. The designation of an Agent does not create a power of attorney; therefore, Agents are not subject to the provisions of 20 Pa.C.S.A. Section 5601 et seq. (Chapter 56; Decedents, Estates and Fiduciaries Code) unless the agency was created by a separate power of attorney. Any provision that assigns Financial Institution rights to act on behalf of any person or entity is not subject to the provisions of 20 Pa.C.S.A. Section 5601 et seq. (Chapter 56; Decedents, Estates and Fiduciaries Code).

FOR FINANCIAL INSTITUTION USE ONLY

Acknowledged and received on _____ (date) by _____ (initials) This resolution is superseded by resolution dated _____.

Comments:

**MIDDLE RIVER REGIONAL JAIL
EXECUTIVE SUMMARY
November 29, 2021**

SUBJECT: Inmate Records Jail Board Report

BACKGROUND: The Inmate Records information is a summary of the information in our Offender Management System. This information is transmitted to the State of Virginia on a daily basis. It is then reconciled and certified each month through a system known as LIDS.

DISCUSSION: The information included in this report is a snapshot of the offender information on the date and time of this report, November 29, 2021 @ 08:43am. This information is continuously changing. The number of people on HEM/HEI will differ between Inmate Records and Community Corrections. This difference is due to several people who were bonded on their charges and in home monitoring was a condition of their bond. Inmate Records is not able to count those who were released on their charges. We can only count the people who are on the HEI program and still being held on their charges.

Total Inmate Population	750		
Male Inmates	619		82.53%
Female Inmates	131		17.47%

Category	# of Inmates	% of Total
Awaiting Trial	273	36.4
Totally Sentenced	362	48.27
Partially Sentenced	102	13.60
Awaiting Programs	1	.13
Awaiting Appeal	2	.26
Convicted but not Sentenced	10	1.34
Drug Court Sanction – Pre-Trial	0	0
In Hospital	0	0

Department of Corrections Responsible Inmates

Number of days since last Sentenced	SAW	Rockingham Harrisonburg	Others	Total
90+	75	82	0	157
60 – 90	14	21	0	35
30 – 60	19	15	0	34
<30	22	8	0	30
Sentence includes CCAP	0	1	0	1
Total	130	127	0	257
% of Total Population	17.3	16.96	0	34.26

Work Release

Local Work Release (RC 26)	0
DOC Work Release (RC 28)	1
Total	1

***These numbers are included in the Jurisdiction Totals

HEM/HEI

Home Electronic Incarceration (RC 80)	34
---------------------------------------	----

***These numbers are included in the Jurisdiction Totals

LOCAL Inmates by Jurisdiction

Locality Code	Jurisdiction	Total
015	Augusta	262
091	Highland	5
165	Rockingham	171
660	Harrisonburg	36
790	Staunton	167
820	Waynesboro	108

Other Virginia Jurisdictions – Non-Contract Holds

Locality Code	Jurisdiction	Total
139	Page	1

CONCLUSION: MRRJ continues working to reduce inmate overcrowding. The ending headcount for October was 786.

- Today's headcount is 750.
- DOC is still slow taking in their inmates; 15 were transferred in October, and 10 in November.
- During October and November 72 inmates have transferred in from Rockingham.
- Compared to this time in 2020, MRRJ has reduced the inmate population significantly (this is primarily due to the large number of out of compliant inmates moved in April 2021); in November of 2020 we were holding 896 inmates, that is a reduction of 146.

ACTION OFFICER: Tami Bird, LIDS Tech

EXECUTIVE SUMMARY #ES-2021-072

MIDDLE RIVER REGIONAL JAIL
Executive Summary
November 29, 2021

SUBJECT: Community Corrections Quarterly Review

BACKGROUND: The Community Corrections Department is divided among Work Force, Work Release, and Home Electronic Monitoring.

DISCUSSION: Due to the COVID 19, MRRJ restarted the Home Electronic Monitoring and Home Electronic Incarceration Program to accommodate the need for bed space in the facility in anticipation of a quarantine.

1. The Home Electronic Monitoring inmates are not Allowed to work. MRRJ monitors them and reports any issues to Blue Ridge Court Services or the courts.
2. The Home Electronic Incarceration inmates are allowed to work. They are charged a supervision fee (\$20/day), a one-time admin fee of \$25, drug test (\$1.89 each), and they must pay their court fines and or child support.

HEM/HEI INMATES

LOCALITY	MALE	FEMALE
Augusta County	19	7
Rockingham	1	1
Harrisonburg	1	1
Staunton	6	5
Waynesboro	10	1
Buena Vista	0	0
TOTAL	37	15
Total HEM/HEI Inmates: 52		

Below are the HEM/HEI participants broken down by Bond status and Custody status by Locality.

Locality	Bond	Custody
Augusta County	10	16
Rockingham	0	2
Harrisonburg	0	2
Staunton	3	8
Waynesboro	4	7
Buena Vista	0	0
Total HEM/HEI Inmates: 52	17	35

Middle River Regional Jail**SUBJECT:** Community Corrections Quarterly Review

MRRJ started allowing HEI inmates to go to a paying job on July 20, 2020 after approval from Commonwealth, Courts, and VADOC. MRRJ currently has 33 HEI inmates that are working a paying job and/or are required to pay for program participation.

LOCALITY	MALE	FEMALE
Augusta County	11	4
Waynesboro	6	1
Rockingham County	0	1
Harrisonburg	1	1
Staunton	4	4
Buena Vista	0	0
TOTAL	22	11
TOTAL HEI AT WORK: 33		

Conclusion: It is important to note that the number of inmates approved for HEI (Work Release) continues to decline.

Action Officer: Lisa McCray
Executive Summary # ES-2021-073

MIDDLE RIVER REGIONAL JAIL
VACANCY REPORT

MRRJ has the following vacancies as of December 7, 2021:

Officer 36

Nurses 1 (1 retiring January 1, 2022)

MIDDLE RIVER REGIONAL JAIL

Executive Summary

Date: November 29, 2021

SUBJECT: October and November 2021 Program Report for Authority Board

BACKGROUND: Program Department reports each quarter on programs and services provided to the inmates.

DISCUSSION: Report is more condensed and focused on only data than the annual Program Report that is sent to the courts. Included are short descriptions of the programs along with attendance and completion rates.

Education Programs: The new software recently implemented has been helpful to the students. This, along with the use of tutors, seems to be increasing the efficiency of class for those who stay with the program. Our local Adult Education has performed placement testing (CASAS) on all people who have expressed an interest in GED class, allowing us to fill all seats beginning in December. Those who do not get into class immediately can work on the GED program on their tablets until they get into class.

GED (Males)

- 1 participant has passed one of the four subjects
- All six seats now filled
- 32 given CASAS testing (6 refused after signing up)

GED (Females)

- 2 are currently in the testing process
 - One has passed three subjects and the other has passed two of the four
- All six seats now filled
- 8 signed up for CASAS testing (1 had H.S. Diploma, 2 refused)

Addictions Programs: A new program called “Re-Wired” has been started in an effort to see more people complete the program. This program is a manual for addiction recovery with healing strategies and coping methods for those seeking long term sobriety. The program has not been taught long enough for anyone to have completed it yet.

Males

- 14 total participants
- 1 transferred to other jail
- 3 Quit (2 went to work program)
- 10 currently in class

Females

- 12 total participants
- 1 removed due to behavior issues
- 11 currently in class

Thought Process and Behavior Programs: Real Life started September 21 for the women and October 1 for the men. Both the men’s and women’s classes have 10 seats.

Therapy Dog Program: Therapy Dog Program continues to provide weekly services to both the male and female Special Needs pods.

Re-Entry (Mental Health Grant): Due to staffing issues, this program has been temporarily paused.

Medication Assisted Treatment: (MAT) Program for inmates. Medication is Vivitrol. The target population is inmates who have an opioid addiction and whose anticipated release date is within 30 days. Program participants begin the program within their last 30 days at MRRJ and continue the program with the CSB once released. There is no charge to the participant. There were no participants during October and November.

Harrisonburg/Rockingham Re-Entry: This six-session curriculum is a collaboration between Commonwealth's Attorney Marsha Garst, Social Services, and community partners to connect women returning to the Harrisonburg/Rockingham area with needed services. This program is meeting on Tuesdays through December 7. Only three women had release dates that made them eligible for the program. Two of the women had to be removed for behavior issues, while the other individual is still participating in the program.

Staunton, Waynesboro, Augusta Re-Entry: This is a monthly workshop led by Blue Ridge Court Services, who will also work participants post-release with those who wish to do so. There were 16 eligible participants during this time period.

Veterans Re-Entry Search Services: MRRJ continues to work with VRSS to ensure Veterans housed at MRRJ are documented and receive assistance as needed from the Virginia Department of Veterans Services. We currently have one individual working with this service.

Forensic Discharge Planning Service: MRRJ is working in collaboration Valley Community Service Board, who received a Grant from Virginia Department of Behavior and Health Services (DBHDS) for Fiscal year 2022 for the purpose of expanding Forensic Discharge Planning Services to persons with Serious Mental Illness (SMI) in Local and Regional jails in the Commonwealth of Virginia. The program provides services up to 90 days post-release. At this time, the Supervisor and two Planners have been hired, with three Planner positions still open. They have started signing up inmates to begin discharge planning.

RECOMMENDATIONS: None at this time.

ENCLOSURES: None.

ACTION OFFICER: John Lilly, Chief of Inmate Programs

EXECUTIVE SUMMARY # ES-2021- 074

MIDDLE RIVER REGIONAL JAIL
EXECUTIVE SUMMARY
December 1, 2021

SUBJECT: Superintendent Report

BACKGROUND: Update on MRRJ activities.

DISCUSSION: MRRJ staff continue to work collaboratively on a number of issues.

- MRRJ continues to offer COVID-19 vaccine to staff and the inmate population. (366 inmates are vaccinated - 49%) An inmate vaccination clinic was conducted in October (122 inmates vaccinated) and another clinic was conducted in November (27 inmates vaccinated). Additional vaccination clinics are planned in the future. (See Enclosure 1)
- MRRJ has about 60% of staff that report being vaccinated. Of those vaccinated 19 have taken their booster shot (See Enclosure 2)
- MRRJ has been asking new intakes vaccine status, since March 3, 2021, as part of the initial medical assessment. Of the more than 2,338 inmates processed only 381 indicated they had taken the vaccine; of those 381 only 226 (just short of 1 in 10) could be verified through the Virginia Department of Health as having taken the vaccine. (See Enclosure 3)
- MRRJ has experienced any significant number of some positive cases of COVID-19 in the inmate population since the October 2021 Board meeting.
- MRRJ has experienced any significant number of some positive cases of COVID-19 in MRRJ Staff since the October 2021 Board meeting.
- Population trend chart enclosed. The jail population has trended lower in November. This is primarily due to the traditional decline that occurs during the November/December Holiday Season. While VADOC has indicated they intend to return to a more regular and routine transfer schedule, MRRJ has not transferred a significant number of inmates in the last two months. (See Enclosure 4)
- As authorized by the MRRJA Board at the June 1, 2021 Authority Board Meeting, MRRJ has executed the Deed of Easement requested by the Augusta County Service Authority to assist in rerouting water lines to the Augusta County Government Center. The MRRJA Attorney reviewed the Deed of Easement.
- Operational procedures:
 1. MRRJ continues to maintain a step-down screening process for new intakes that was implemented February 1, 2021.
 2. MRRJ continues to maintain a staff monitoring program effective February 15, 2021. All staff rapid tested for COVID-19 once per week.
 3. MRRJ has experienced challenges in obtaining COVID-19 Rapid Test Kits. While previously provided by the Health Department at no cost, MRRJ is now having to obtain test kits on the open market. A 30-day supply is costing more than \$2,000.

MIDDLE RIVER REGIONAL JAIL

SUBJECT: Superintendent Report

4. MRRJ resumed transferring inmates from the Harrisonburg/Rockingham Jail effective April 1, 2021.

CONCLUSION: Staff continue to keep the Board, Court, and Public informed.

RECOMMENDATION: None.

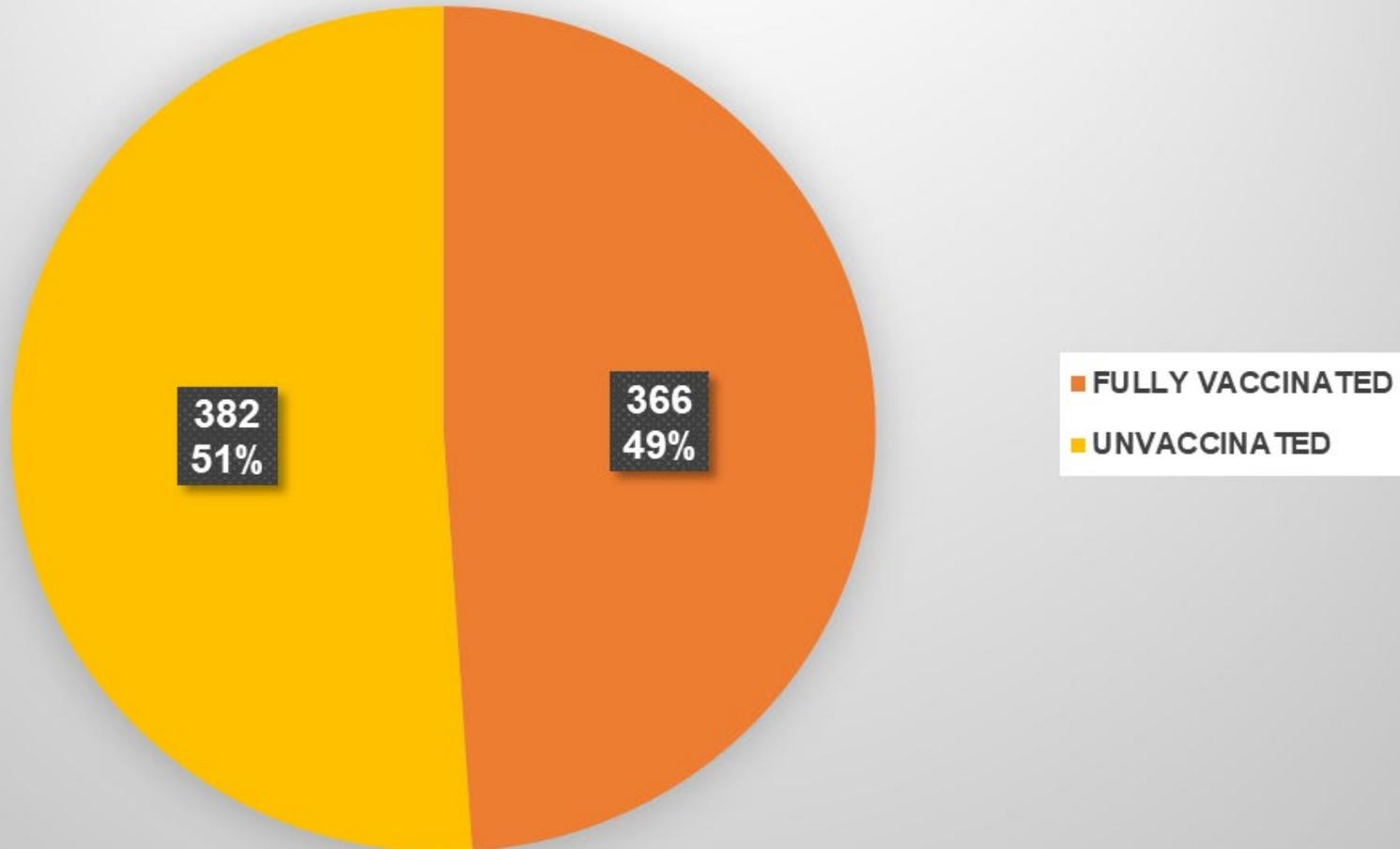
ENCLOSURE: All charts will be provided at the Board Meeting as some data must be updated end of September 2021

1. Inmate Vaccination Chart
2. Staff Vaccination Chart
3. New Intake Vaccination Chart
4. Population Trend Chart

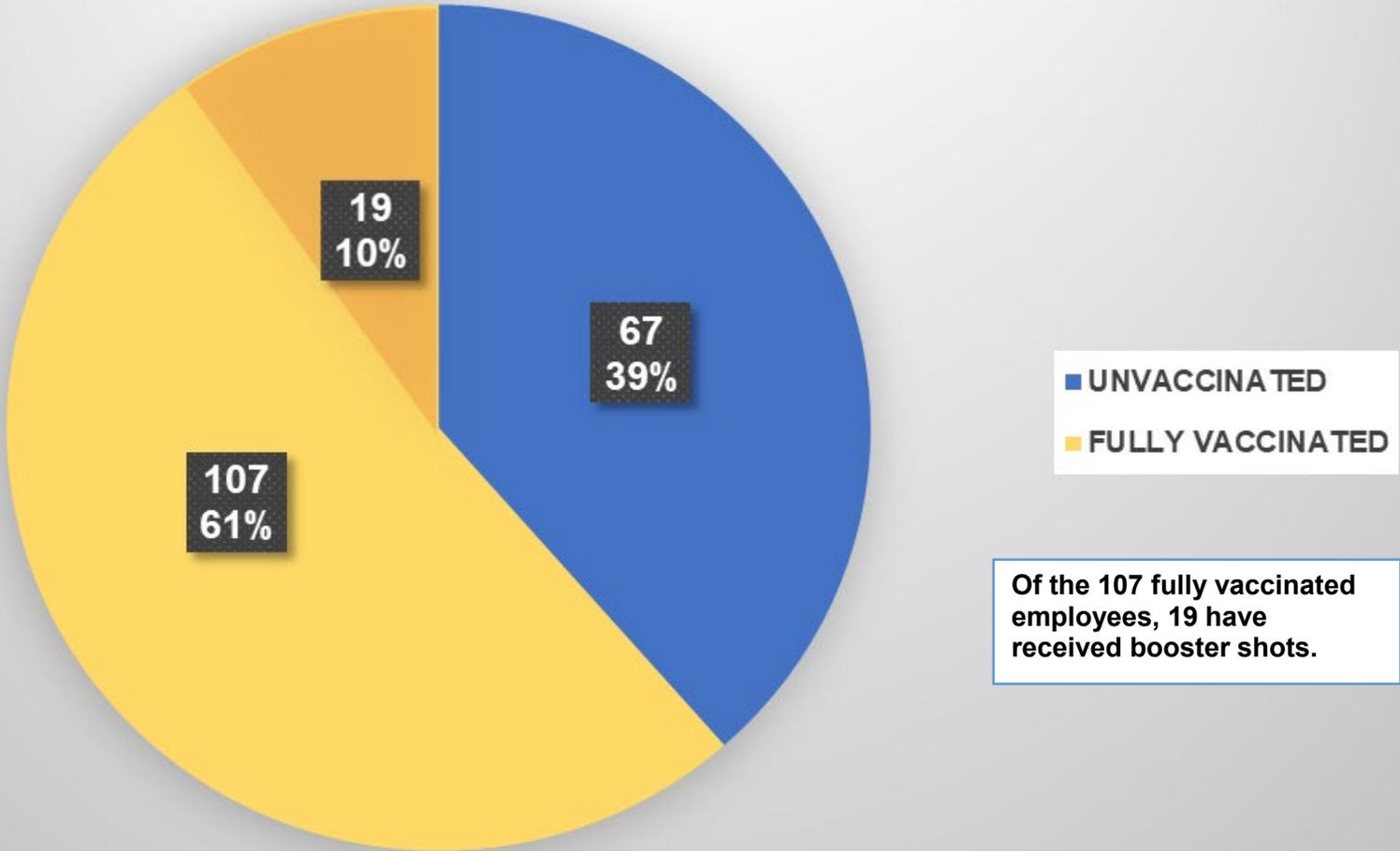
ACTION OFFICER: J. L. Newton, CJM
Superintendent

EXECUTIVE SUMMARY #ES-2021-078

**Inmate Vaccination Stats
through 11/29/2021
748 Total Population**



**Employee Vaccination Stats
through 11/29/2021
174 Total Employees**



Of the 107 fully vaccinated employees, 19 have received booster shots.

2,338 Inmates asked if COVID-19
vaccinated 3/03/2021-11/29/2021

ANSWERED YES
16%

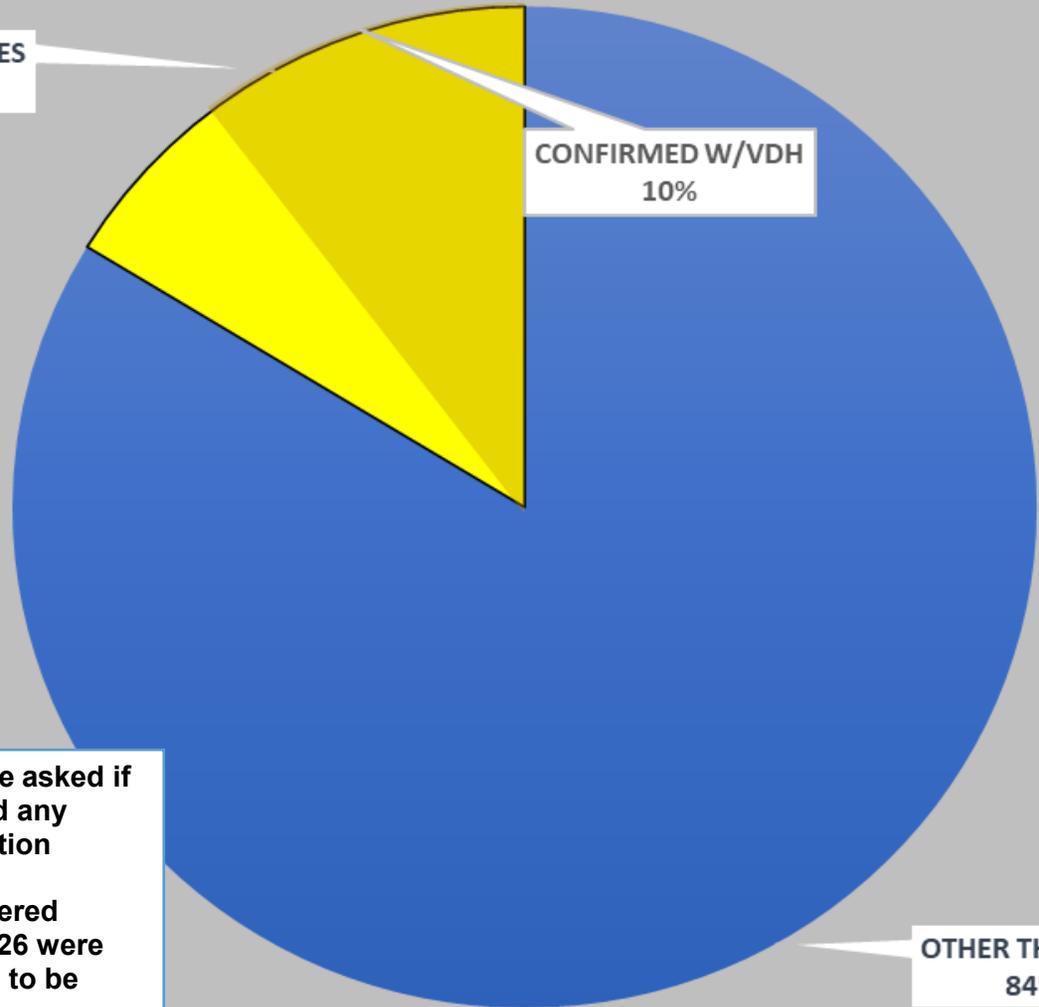
CONFIRMED W/VDH
10%

OTHER THAN YES
84%

2,338 Inmates were asked if
they have received any
COVID-19 vaccination

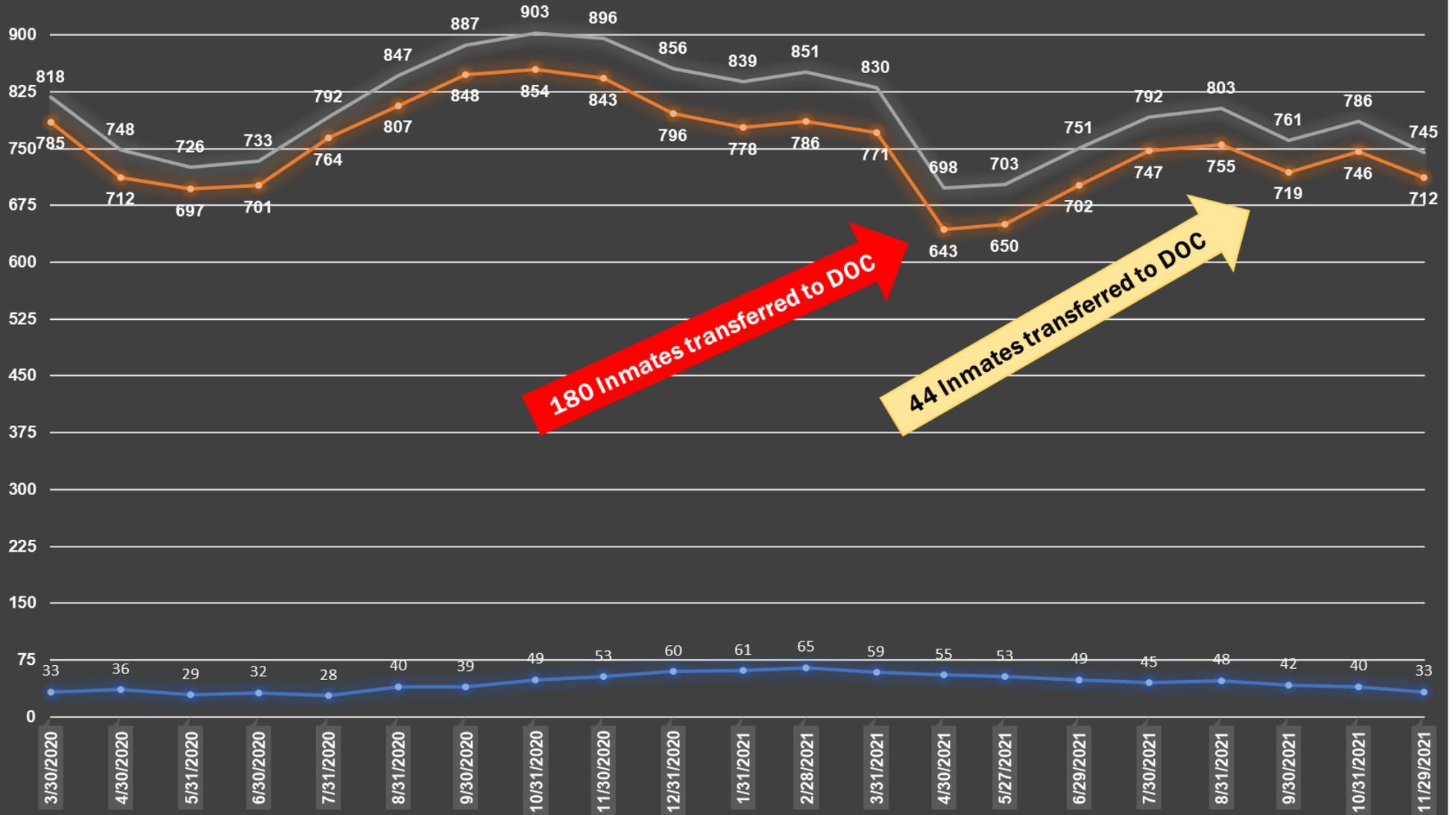
381 Inmates answered
"YES", of those, 226 were
confirmed by VDH to be
vaccinated

■ OTHER THAN YES ■ ANSWERED YES



MRRJ Population Trends 03/16/2020 - 11/29/2021

HEM In House TOTAL



180 Inmates transferred to DOC

44 Inmates transferred to DOC

Middle River Regional Jail
Executive Summary
December 1, 2021

SUBJECT: Middle River Regional Jail Authority (Renovation)

Background: The Middle River Regional Jail Authority (MRRJA) [original members Staunton, Waynesboro & Augusta County] began operation in 2006 with a rated capacity of 396 beds. In 2015 the City of Harrisonburg and Rockingham County joined the Authority with no additional space added to MRRJA.

On December 3, 2019 the MRRJA Board of Directors approved the submission of a Community Based Corrections Plan (CBCP) to the Commonwealth of Virginia Board of Corrections (later renamed by action of the Virginia Legislature the Commonwealth of Virginia Board of Local and Regional Jails).

Commonwealth of Virginia Board of Local and Regional Jails (VBLRJ) met September 16, 2020 to review the proposed project to add 400 beds to MRRJA at a cost of up to \$96,501,722 with 25% (\$24,125,430) eligible for Commonwealth reimbursement. The expansion project was approved unanimously by the VBLRJ.

The MRRJA met June 1, 2021 and passed a motion to approve renovation and adding additional support services space to MRRJ. The motion did not include adding any general population inmate beds. The motion required verification with the VBLRJs that the modified project still qualified for 25% support from the Commonwealth

Discussion:

MRRJ staff worked with Moseley Architects to update the MRRJA CBCP based on the motion passed June 1, 2021.

The VBLRJ met November 17, 2021 to review the modified MRRJA CBCP. The modified plan did not include adding any new additional general population inmate beds. The modified CBCP was approved unanimously by the VBLRJ.

Recommendation: None.

Enclosure: CBCP Square footage comparison (Motion vs Updated CBCP)

Prepared by: J. Newton, CJM
Superintendent

ES-2021-077

Enclosure

SUBJECT: Middle River Regional Jail Authority (Renovation)

December 1, 2021

MRRJ Staff identified an issue with the square footage noted in the motion passed by the MRRJA Board June 1, 2021. The estimated square footage in the motion had been taken from draft renderings as opposed to the Program in the CBCP.

MRRJ Staff worked with Moseley Architects to correct the estimated square footage in the updated CBCP that was submitted to the Commonwealth of Virginia Board of Local and Regional Jails for approval.

It is important to noted that the estimated square for each functional area is subject to change and is likely to change during the construction design phase of the project. These estimates are intended to provide some idea of the actual space to be constructed.

June 1, 2021 Motion		Updated Community Based Corrections Plan	
Renovation	Square Footage	Renovation	Square Footage
Water Heater	Entire Facility	Water Heater	Entire Facility
Lighting	Entire Facility	Lighting	Entire Facility
Lobby Security	Approx. 150 Sq Ft	Lobby Security	Approx. 150 Sq Ft
Professional Visitation	Approx. 1,576 Sq Ft	Professional Visitation	Approx. 1,272 Sq Ft
Mental Health Office	Approx. 2,891 Sq Ft	Mental Health Office	Approx. 2,296 Sq Ft
		Inmate Food Service	Approx. 932 Sq Ft
Total	Approx. 4,617 Sq Ft	Total	Approx. 4,650 Sq Ft
New Support Services	Square Footage	New Support Services	Square Footage
Inmate Medical Unit	Approx. 13,500 Sq Ft	Inmate Medical Unit	Approx. 9,708 Sq Ft
Inmate Laundry	Approx. 2,100 Sq Ft	Inmate Laundry	Approx. 3,854 Sq Ft
Administrative Offices	Approx. 6,200 Sq Ft	Administrative Offices	Approx. 3,144 Sq Ft
Inmate Food Service	Approx. 3,100 Sq Ft	Inmate Food Service	Approx. 3,696 Sq Ft
Warehouse	Approx. 4,200 Sq Ft	Warehouse	Approx. 4,199 Sq Ft
Total	Approx. 29,100 Sq Ft	Total	Approx. 24,601 Sq Ft

RESOLUTION CONSENTING TO THE PROPOSAL BY MIDDLE RIVER REGIONAL JAIL AUTHORITY TO CONSTRUCT CAPITAL IMPROVEMENTS TO ITS JAIL FACILITIES AND TO ISSUE DEBT TO FINANCE THE COSTS OF SUCH IMPROVEMENTS AND THE RELATED COSTS OF ISSUANCE AND FINANCING

WHEREAS, the County of Augusta, Virginia (“Augusta”), the City of Staunton, Virginia (“Staunton”), and the City of Waynesboro, Virginia (“Waynesboro”) (together, the “Original Member Jurisdictions”), established the Middle River Regional Jail Authority (the “Jail Authority”) pursuant to the provisions of Section 53.1-95.2 of the Code of Virginia of 1950, as amended (the “Virginia Code”), to provide for the financing, construction, equipping, operation and maintenance of the Middle River Regional Jail (the “Jail”);

WHEREAS, the City of Harrisonburg, Virginia (“Harrisonburg”), and the County of Rockingham, Virginia (“Rockingham”) (together, the “Additional Member Jurisdictions”), became additional member jurisdictions of the Jail Authority, and together with the Original Member Jurisdictions and the Jail Authority, entered into an amended Service Agreement dated as of July 1, 2015 (the “Service Agreement”), to set forth the terms under which the Jail will be operated and maintained for the benefit of the Original Member Jurisdictions and the Additional Member Jurisdictions (collectively, the “Member Jurisdictions”);

WHEREAS, the board of the Jail Authority (the “Jail Board”) adopted a motion on June 1, 2021, (a) approving various capital improvements to the existing facilities of the Jail (including water heater upgrades, lighting upgrades, improved lobby security area, additional space for professional visitation and renovations to mental health office space) and various capital improvements to provide additional facilities for the Jail (including additional square footage for an inmate medical unit, inmate laundry, and administrative, foodservice and warehouse purposes) (collectively, the “Project”) and (b) approving the incurrence of debt (such debt, including bond anticipation notes and bonds, referred to herein as the “Jail Bonds”) in an amount necessary to fund \$14.5 million in project costs plus issuance, financing (including capitalized interest), debt service reserve and operating reserve costs;

WHEREAS, the Service Agreement provides that the Jail Authority may not physically expand the Jail or incur additional notes or bonds without the consent of the governing bodies of at least four-fifths of the Member Jurisdictions;

NOW, THEREFORE, BE IT RESOLVED BY THE [BOARD OF SUPERVISORS/CITY COUNCIL] OF THE [COUNTY/CITY OF _____], VIRGINIA, THAT:

1. Consistent with the purposes and intent of the Service Agreement, it is found and determined that it will be in the best interests of [Augusta/Harrisonburg/Rockingham/Staunton/Waynesboro] for the Jail Authority to undertake the Project and to issue Jail Bonds in an amount necessary to fund \$14.5 million in Project costs plus issuance, financing (including capitalized interest), debt service reserve and operating reserve costs. The [Board of Supervisors/Council] hereby consents to such Project and the issuance by the Jail Authority of such Jail Bonds.

2. All actions previously taken, or requested to be taken, by representatives or agents of [Augusta/Harrisonburg/Rockingham/Staunton/Waynesboro] in furtherance of the Jail Authority's financing plan to undertake the Project and issue the Jail Bonds are hereby ratified, approved and authorized.

3. This resolution shall take effect immediately.

The undersigned Clerk of the [City Council/Board of Supervisors] of _____, Virginia, hereby certifies that the foregoing constitutes a true and correct extract from the minutes of a meeting of the [City Council/Board of Supervisors] held on _____, 2021, and of the whole thereof so far as applicable to the matters referred to in such extract. I hereby further certify that such meeting was a regularly scheduled meeting and that, during the consideration of the foregoing resolution, a quorum was present.

Members present at the meeting were: _____.

Members absent from the meeting were: _____.

Members voting in favor of the foregoing resolution were: _____.

Members voting against the foregoing resolution were: _____.

Members abstaining from voting on the foregoing resolution were: _____.

WITNESS MY HAND and the seal of the [City/County] of _____, Virginia, this ___ day of _____, 2021.

Clerk, [City Council/Board of Supervisors] of
_____, Virginia

[SEAL]

RESOLUTION CONSENTING TO THE PROPOSAL BY MIDDLE RIVER REGIONAL JAIL AUTHORITY TO CONSTRUCT CAPITAL IMPROVEMENTS TO ITS JAIL FACILITIES AND TO ISSUE DEBT TO FINANCE THE COSTS OF SUCH IMPROVEMENTS AND THE RELATED COSTS OF ISSUANCE AND FINANCING

WHEREAS, the County of Augusta, Virginia (“Augusta”), the City of Staunton, Virginia (“Staunton”), and the City of Waynesboro, Virginia (“Waynesboro”) (together, the “Original Member Jurisdictions”), established the Middle River Regional Jail Authority (the “Jail Authority”) pursuant to the provisions of Section 53.1-95.2 of the Code of Virginia of 1950, as amended (the “Virginia Code”), to provide for the financing, construction, equipping, operation and maintenance of the Middle River Regional Jail (the “Jail”);

WHEREAS, the City of Harrisonburg, Virginia (“Harrisonburg”), and the County of Rockingham, Virginia (“Rockingham”) (together, the “Additional Member Jurisdictions”), became additional member jurisdictions of the Jail Authority, and together with the Original Member Jurisdictions and the Jail Authority, entered into an amended Service Agreement dated as of July 1, 2015 (the “Service Agreement”), to set forth the terms under which the Jail will be operated and maintained for the benefit of the Original Member Jurisdictions and the Additional Member Jurisdictions (collectively, the “Member Jurisdictions”);

WHEREAS, the board of the Jail Authority (the “Jail Board”) adopted a motion on June 1, 2021, (a) approving various capital improvements to the existing facilities of the Jail (including water heater upgrades, lighting upgrades, improved lobby security area, additional space for professional visitation and renovations to mental health office space) and various capital improvements to provide additional facilities for the Jail (including additional square footage for an inmate medical unit, inmate laundry, and administrative, foodservice and warehouse purposes) (collectively, the “Project”) and (b) approving the incurrence of debt (such debt, including bond anticipation notes and bonds, referred to herein as the “Jail Bonds”) in an amount necessary to fund \$14.5 million in project costs plus issuance, financing (including capitalized interest), debt service reserve and operating reserve costs;

WHEREAS, the Service Agreement provides that the Jail Authority may not physically expand the Jail or incur additional notes or bonds without the consent of the governing bodies of at least four-fifths of the Member Jurisdictions;

NOW, THEREFORE, BE IT RESOLVED BY THE [BOARD OF SUPERVISORS/CITY COUNCIL] OF THE [COUNTY/CITY OF _____], VIRGINIA, THAT:

1. Consistent with the purposes and intent of the Service Agreement, it is found and determined that it will be in the best interests of [Augusta/Harrisonburg/Rockingham/Staunton/Waynesboro] for the Jail Authority to undertake the Project and to issue Jail Bonds in an amount necessary to fund \$14.5 million in Project costs plus issuance, financing (including capitalized interest), debt service reserve and operating reserve costs. The [Board of Supervisors/Council] hereby consents to such Project and the issuance by the Jail Authority of such Jail Bonds.

2. All actions previously taken, or requested to be taken, by representatives or agents of [Augusta/Harrisonburg/Rockingham/Staunton/Waynesboro] in furtherance of the Jail Authority's financing plan to undertake the Project and issue the Jail Bonds are hereby ratified, approved and authorized.

3. This resolution shall take effect immediately.

The undersigned Clerk of the [City Council/Board of Supervisors] of _____, Virginia, hereby certifies that the foregoing constitutes a true and correct extract from the minutes of a meeting of the [City Council/Board of Supervisors] held on _____, 2021, and of the whole thereof so far as applicable to the matters referred to in such extract. I hereby further certify that such meeting was a regularly scheduled meeting and that, during the consideration of the foregoing resolution, a quorum was present.

Members present at the meeting were: _____.

Members absent from the meeting were: _____.

Members voting in favor of the foregoing resolution were: _____.

Members voting against the foregoing resolution were: _____.

Members abstaining from voting on the foregoing resolution were: _____.

WITNESS MY HAND and the seal of the [City/County] of _____, Virginia, this ___ day of _____, 2021.

Clerk, [City Council/Board of Supervisors] of _____, Virginia

[SEAL]

MIDDLE RIVER REGIONAL JAIL AUTHORITY BOARD
MEETING DATES FOR 2022:

February 1, 2022

April 5, 2022

June 7, 2022

August 2, 2022

October 4, 2022

December 6, 2022

All meetings will be held at the Augusta County
Government Center, South Board Room at 2:00 p.m.