

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION

(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)

FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

ROCKBRIDGE COUNTY

REGIONAL JAIL COMMISSION

**(A COMPONENT UNIT OF THE
COUNTY OF ROCKBRIDGE, VIRGINIA)**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

**ROCKBRIDGE COUNTY
REGIONAL JAIL COMMISSION
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

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

COMMISSION MEMBERS

Chairman

Mr. Ed Hosken
County of Rockbridge

Vice Chairman

Mr. Jim Halasz
City of Lexington

Mr. Steve Funkhouser, Sheriff
County of Rockbridge and City of Lexington

Mr. Randy Hamilton, Sheriff
City of Buena Vista

Mr. Spencer Suter
County of Rockbridge

Mr. George Hayfield, Mayor
Town of Glasgow

Mr. Jason Tyree, City Manager
City of Buena Vista

Mr. Jared Jenkins, Legal Counsel

Col. Derek Almarode, Superintendent

Maj. Donald Moran, Chief Correctional Officer

Cap. Melinda Newcomb, Chief of Jail Operations

Lt. Chad Hamilton, Chief of Inmate Services

Lt. Kathy Painter, Chief of Security

Mrs. Ashley Knox, Secretary

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-3
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements	
Exhibit 1 Statement of Net Position	4
Exhibit 2 Statement of Activities	5
Fund Financial Statements	
Exhibit 3 Balance Sheet	6
Exhibit 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	7
Exhibit 5 Statement of Revenues, Expenditures and Changes in Fund Balance.....	8
Exhibit 6 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	9
Exhibit 7 Statement of Fiduciary Net Position – Fiduciary Funds.....	10
Exhibit 8 Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	11
Notes to Financial Statements	12-39
REQUIRED SUPPLEMENTARY INFORMATION:	
Exhibit 9 Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Operating Fund	40-41
Exhibit 10 Schedule of Commission's Proportionate Share of the Net Pension Liability - Pension Plan	42
Exhibit 11 Schedule of Employer Contributions – Pension Plan	43
Exhibit 12 Notes to Required Supplementary Information - Pension Plan	44
Exhibit 13 Schedule of Commission's Share of Net OPEB Liability – Group Life Insurance (GLI) Plan.....	45
Exhibit 14 Schedule of Employer Contributions – Group Life Insurance (GLI) Plan	46
Exhibit 15 Notes to the Required Supplementary Information – Group Life Insurance (GLI) Plan.....	47
Exhibit 16 Schedule of Changes in Total OPEB Liability and Related Ratios – Medical, Dental, and Prescription Insurance	48

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED):	
Exhibit 17 Notes to Required Supplementary Information – Medical, Dental, and Prescription Insurance	49
OTHER SUPPLEMENTARY INFORMATION:	
Exhibit 18 Combining Balance Sheet – Nonmajor Special Revenue Funds	50
Exhibit 19 Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Special Revenue Funds	51
COMPLIANCE:	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	52-53



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

**TO THE BOARD OF THE ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)
LEXINGTON, VIRGINIA**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Rockbridge County Regional Jail Commission (a component unit of the County of Rockbridge, Virginia) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the aggregate remaining fund information of Rockbridge County Regional Jail Commission (a component unit of the County of Rockbridge, Virginia), as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2021, the Commission adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 1 to the financial statements, in 2021 the Commission restated beginning balances to reflect the requirements of GASB Statement No. 84. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and schedules related to pension and OPEB funding on pages 40-41 and 42-49 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. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Other Matters (continued):

Supplementary and Other Information

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

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 February 14, 2022, on our consideration of Rockbridge County Regional Jail Commission'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 Rockbridge County Regional Jail Commission'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 Rockbridge County Regional Jail Commission's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Staunton, Virginia
February 14, 2022

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 1

Statement of Net Position
June 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents, restricted	\$ 40,139
Receivables:	
Accounts receivable	16,360
Due from other governmental units	504,902
Capital assets (net of accumulated depreciation):	
Buildings and system	2,428,978
Machinery and equipment	236,001
Total assets	<u>\$ 3,226,380</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	\$ 602,852
OPEB related items	52,132
Total deferred outflows of resources	<u>\$ 654,984</u>
LIABILITIES	
Accounts payable	\$ 103,833
Due to Rockbridge County	91,199
Long-term liabilities:	
Due within one year	56,039
Due in more than one year	1,802,176
Total liabilities	<u>\$ 2,053,247</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 85,622
OPEB related items	8,255
Total deferred inflows of resources	<u>\$ 93,877</u>
NET POSITION	
Investment in capital assets	\$ 2,664,979
Unrestricted	(930,739)
Total net position	<u><u>\$ 1,734,240</u></u>

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

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 2

Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for	Operating	Governmental	Regional Jail Commission
		Services	Grants and	Activities	Total
			Contributions		
Governmental activities:					
Public safety	\$ 5,316,463	\$ 3,033,824	\$ 2,141,595	\$ (141,044)	\$ (141,044)
Total governmental activities	\$ 5,316,463	\$ 3,033,824	\$ 2,141,595	\$ (141,044)	\$ (141,044)
General revenues:					
Unrestricted revenues from use of					
money and property				\$ 52	\$ 52
Miscellaneous				113,439	113,439
Total general revenues				\$ 113,491	\$ 113,491
Change in net position				\$ (27,553)	\$ (27,553)
Net position - beginning, as restated				1,761,793	1,761,793
Net position - ending				\$ 1,734,240	\$ 1,734,240

FUND FINANCIAL STATEMENTS

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 3

Balance Sheet
June 30, 2021

	<u>Operating Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents, restricted	\$ -	\$ 40,139	\$ 40,139
Accounts receivable	16,360	-	16,360
Due from governmental units (Note 5)	504,902	-	504,902
	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ 521,262	\$ 40,139	\$ 561,401
	<u> </u>	<u> </u>	<u> </u>
LIABILITIES			
Accounts payable	\$ 103,833	\$ -	\$ 103,833
Due to Rockbridge County	91,199	-	91,199
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	\$ 195,032	\$ -	\$ 195,032
	<u> </u>	<u> </u>	<u> </u>
FUND BALANCE			
Assigned for future appropriation by board	\$ 326,230	\$ -	\$ 326,230
Assigned for benefit of inmates	-	38,610	38,610
Assigned for benefit of employees	-	1,529	1,529
	<u> </u>	<u> </u>	<u> </u>
Total fund balance	\$ 326,230	\$ 40,139	\$ 366,369
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balance	\$ 521,262	\$ 40,139	\$ 561,401
	<u> </u>	<u> </u>	<u> </u>

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

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 4

**Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2021**

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances per Exhibit 3 - Balance Sheet		\$	366,369
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Buildings and system	\$	2,428,978	
Machinery and equipment		<u>236,001</u>	
			2,664,979
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items	\$	602,852	
OPEB related items		<u>52,132</u>	
			654,984
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.			
Compensated absences	\$	(224,156)	
Net pension liability		(1,437,802)	
Net OPEB liability		<u>(196,257)</u>	
			(1,858,215)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(85,622)	
OPEB related items		<u>(8,255)</u>	
			<u>(93,877)</u>
Net position of governmental activities		\$	<u><u>1,734,240</u></u>

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

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 5

Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2021

	<u>Operating Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues:			
Revenue from use of money and property	\$ 52	\$ -	\$ 52
Charges for services	3,033,824	-	3,033,824
Canteen sales	-	111,880	111,880
Miscellaneous	119	1,440	1,559
Intergovernmental	<u>2,141,595</u>	<u>-</u>	<u>2,141,595</u>
Total revenues	\$ <u>5,175,590</u>	\$ <u>113,320</u>	\$ <u>5,288,910</u>
Expenditures:			
Public Safety:			
Personnel costs	\$ 1,828,751	\$ -	\$ 1,828,751
Fringe benefits	744,988	-	744,988
Contractual services	827,661	64,288	891,949
Other charges	1,548,499	31,259	1,579,758
Capital outlay	<u>218,211</u>	<u>16,015</u>	<u>234,226</u>
Total expenditures	\$ <u>5,168,110</u>	\$ <u>111,562</u>	\$ <u>5,279,672</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 7,480	\$ 1,758	\$ 9,238
Fund balance, beginning of year, as restated	<u>318,750</u>	<u>38,381</u>	<u>357,131</u>
Fund balance, end of year	\$ <u><u>326,230</u></u>	\$ <u><u>40,139</u></u>	\$ <u><u>366,369</u></u>

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

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 6

**Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balance of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2021**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	9,238
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period.

Capital outlays	\$	171,610	
Depreciation expense		<u>(205,281)</u>	
			(33,671)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Change in compensated absences	\$	32,328	
Change in pension related items		(93,842)	
Change in OPEB related items		<u>58,394</u>	
			<u>(3,120)</u>

Change in net position of governmental activities	\$	<u><u>(27,553)</u></u>
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The notes to financial statements are an integral part of this statement.

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 7

Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2021

	Inmate Benefits Fund
	<hr/>
ASSETS	
Cash and cash equivalents	\$ <u><u>13,137</u></u>
NET POSITION	
Restricted for inmates	\$ <u><u>13,137</u></u>

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

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 8

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

	Inmate Benefits Fund
	<hr/>
ADDITIONS	
Contributions:	
Inmate deposits	\$ 222,260
Total additions	\$ <u>222,260</u>
DEDUCTIONS	
Canteen payments	\$ 217,459
Paid to inmates	<u>3,583</u>
Total deductions	\$ <u>221,042</u>
Net increase (decrease) in fiduciary net position	\$ 1,218
Net position, beginning of year, as restated	<u>11,919</u>
Net position, end of year	\$ <u><u>13,137</u></u>

NOTES TO FINANCIAL STATEMENTS

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Organization and Purpose:

The Cities of Lexington and Buena Vista and Rockbridge County entered into a Service Contract dated February 19, 1985, 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 within its region who participate in the Commission, which was created by Resolution of the participating local governments. Rockbridge County shall appoint one member, the City of Lexington shall appoint one member, and the City of Buena Vista shall appoint one member (all of which shall be a resident of either Goshen or Glasgow). In addition to locality appointed members, the Sheriff of each participating locality is required to be appointed.

B. Financial Reporting Entity:

A separate report is prepared for the County of Rockbridge, Virginia which includes all agencies, boards, commissions, and authorities over which the County exercises or has the ability to exercise oversight. The Commission is a component unit of the County of Rockbridge, Virginia and is included in the financial statements of the County.

C. Government-wide and Fund Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Commission does not have any business-type activities to report.

The statement of net position is designed to display the financial position of the primary government (governmental activities). Governments will report all capital assets in the government-wide statement of net position and will report depreciation expense, the cost of “using up” capital assets, in the statement of activities. The net position of a government will be broken down into three categories – 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities – The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government’s functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

C. Government-wide and Fund Financial Statements: (Continued)

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Budgetary comparison schedules – Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Governments provide budgetary comparison information in their annual reports, including the original budget and a comparison of financial budget and actual results.

D. Measurement Focus, Basis of Accounting, and Financial Statements Presentation:

The Commission's government-wide financial statements (i.e., the statement of net position and the statement of activities) are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety) which is otherwise being supported by general government revenues (certain intergovernmental revenues, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety) or a business-type activity.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Commission's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Measurement Focus, Basis of Accounting, and Financial Statements Presentation: (Continued)

In the fund financial statements, financial transactions and accounts of the Commission are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The Commission reports the following governmental funds.

a. General Fund

The General Fund is the primary operating fund of the Commission. This fund is used to account for and report all financial resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from, state and federal distributions, charges for service, and interest income.

b. Special Revenue Funds

Special revenue funds account for and report the proceeds of the specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Commission reports nonmajor special revenue funds consisting of the Canteen and Employee Funds.

2. Fiduciary Funds (Trust and Custodial Funds)

Fiduciary Funds (Trust and Custodial Funds) account for assets held by the Commission in a trustee capacity or a custodian for individuals, private organizations, other governmental units, or other funds. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements. The Inmate Benefits Fund is a custodial fiduciary fund.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance:

1. Cash and Cash Equivalents:

The Commission's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Use of Estimates:

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

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance:
(Continued)

4. Capital Assets:

Capital assets, which include property, plant, and equipment are reported in the governmental activities' columns in the financial statements. Capital assets are defined by the Commission as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. All assets, other than buildings, are depreciated using the straight-line method over a life of five years. Buildings are depreciated over a life of 40 years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

5. Accounts Receivable:

Accounts receivables are reported at book value utilizing the direct write-off method for uncollectible accounts. Uncollected balances have not been significant and no allowance for uncollectible accounts is recorded.

6. Net Position:

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance:
(Continued)

7. Deferred Outflows/Inflows of Resources:

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

In addition to liabilities, the statement of financial 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has one type of item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension liability and net OPEB liabilities. For more detailed information on these items, reference the related notes.

8. Compensated Absences:

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net Position. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

9. Fund Balance:

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance – amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation:

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance:
(Continued)

9. Fund Balance (Continued):

- Assigned fund balance – amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority; Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

When fund balance resources are available for a specific purpose in more than one classification, it is the Commission's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The Commission establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Commission through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

F. Pensions:

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

G. Other Postemployment Benefits (OPEB):

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

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

G. Other Postemployment Benefits (OPEB):

Medical, Dental, and Prescription Insurance – Pay as You Go Program:

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined based on an actuarial valuation. Benefit payments are recognized when due and payable in accordance with the benefit terms.

H. Adoption of Accounting Principles:

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

	Government-wide Financial Statements	Fund Financial Statements		
		Canteen Fund	Employee Fund	Fiduciary Funds Inmate Benefits
Net Position/Fund Balance as reported at June 30, 2020	\$ 1,723,412	\$ -	\$ -	\$ -
To reclassify funds previously reported as agency funds, as required due to implementation	38,381	35,642	2,739	11,919
Net Position/Fund Balance as restated at June 30, 2020	\$ <u>1,761,793</u>	\$ <u>35,642</u>	\$ <u>2,739</u>	\$ <u>11,919</u>

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 2—DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

Statutes authorize the Commission and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard and Poor’s; or F-1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP). The Commission had no investments at the end of the fiscal year.

NOTE 3—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

The following procedures are used by the Commission in establishing the budgetary data reflected in the financial statements:

1. Prior to February 1, the Superintendent submits to the Commission a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
3. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The appropriation for each department or category can be revised only by the Commission. The Commission is authorized to transfer budget amounts within line items.
4. Formal budgetary integration is employed as a management control device during the year for the Commission (a component unit of the County of Rockbridge, Virginia).
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30 for all Funds.
7. All budgetary data presented in the accompanying financial statements is the adjusted budget as provided by the Commission.

NOTE 4—FISCAL AGENT:

The Treasurer of the County of Rockbridge, Virginia is the fiscal agent for the Rockbridge County Regional Jail Commission (a component unit of the County of Rockbridge, Virginia).

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 5—DUE FROM OTHER GOVERNMENTAL UNITS:

A summary of funds due from other governmental units is summarized below:

Commonwealth of Virginia	\$	218,072
Other localities:		
City of Buena Vista		102,675
County of Rockbridge		160,863
City of Lexington		23,292
Total	\$	<u>504,902</u>

NOTE 6—CAPITAL ASSETS:

A summary of capital assets is summarized below:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital Assets Being Depreciated:				
Jail facility	\$ 6,036,798	\$ -	\$ -	\$ 6,036,798
Food service equipment	78,311	-	-	78,311
Washers/dryers	11,985	16,015	-	28,000
Telephone system	10,994	-	-	10,994
Other equipment	252,646	155,595	(19,064)	389,177
Subtotal Capital Assets Being Depreciated	\$ 6,390,734	\$ 171,610	\$ (19,064)	\$ 6,543,280
Accumulated Depreciation:				
Jail facility	\$ (3,450,569)	\$ (157,251)	\$ -	\$ (3,607,820)
Food service equipment	(73,940)	(1,028)	-	(74,968)
Washers/dryers	(11,985)	(2,650)	-	(14,635)
Telephone system	(10,994)	-	-	(10,994)
Other equipment	(144,596)	(44,352)	19,064	(169,884)
Total Accumulated Depreciation	\$ (3,692,084)	\$ (205,281)	\$ 19,064	\$ (3,878,301)
Net Capital Assets	\$ 2,698,650	\$ (33,671)	\$ -	\$ 2,664,979

Depreciation expense for the fiscal year totaled \$205,281.

NOTE 7—COMPENSATED ABSENCES:

The Commission accrues the liability arising from compensated absences. No benefits or pay is received for unused sick leave upon termination. The Commission has outstanding accrued vacation pay totaling \$224,156 at June 30, 2021.

NOTE 8—LONG-TERM OBLIGATIONS:

	Beginning Balance, July 1, 2020	Increases	Decreases	Ending Balance, June 30, 2021	Current Portion
Net OPEB liabilities	\$ 233,694	\$ 64,965	\$ 102,402	\$ 196,257	\$ -
Net pension liability	1,191,515	768,505	522,218	1,437,802	-
Compensated absences	256,484	31,793	64,121	224,156	56,039
Total long-term obligations	\$ 1,681,693	\$ 865,263	\$ 688,741	\$ 1,858,215	\$ 56,039

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 9—PENSION PLAN:

Plan Description

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

Benefit Structures

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below:

- A. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- B. Employees with a membership date from July 1, 2010, to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010, and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- C. Non-hazardous duty employees with a membership date on or after January 1, 2014, are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014, with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 9—PENSION PLAN: (CONTINUED)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation, and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation, and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation, and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Contributions

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

The Commission's contractually required employer contribution rate for the year ended June 30, 2021, was 15.22% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Commission were \$246,411 and \$205,930 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability

At June 30, 2021, the Commission reported a liability of \$1,437,802 for its proportionate share of the net pension liability. The Commission's net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The Commission's proportionate share of the same was calculated using contributions as of June 30, 2020, and 2019 as a basis for allocation. At June 30, 2020 and 2019, the Commissions proportion was 21.7655% and 21.8788%, respectively.

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 9—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees

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

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

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

Mortality rates:

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

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 9—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

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

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

All Others (Non 10 Largest) – Hazardous Duty:

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

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 9—PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment 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 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%.

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 9—PENSION PLAN: (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes, and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Commission was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2020, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	Rate		
	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
Commission's proportionate share of the County's Retirement Plan Net Pension Liability (Asset)	\$ 2,445,192	\$ 1,437,802	\$ 595,451

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

For the year ended June 30, 2021, the Commission recognized pension expense of \$335,161. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 9—PENSION PLAN: (CONTINUED)

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

At June 30, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 58,771	\$ 35,575
Change in assumptions	97,415	-
Net difference between projected and actual earnings on pension plan investments	200,255	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	50,047
Employer contributions subsequent to the measurement date	<u>246,411</u>	<u>-</u>
Total	<u>\$ 602,852</u>	<u>\$ 85,622</u>

\$246,411 reported as deferred outflows of resources related to pensions resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30

2022	\$ 64,994
2023	90,995
2024	48,575
2025	66,255
2026	-
Thereafter	-

Information about the VRS Political Subdivision Retirement Plan is also 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 <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

Plan Description

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

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured plan, it is not included as part of the GLI Plan OPEB.

The specific information for GLI Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute 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.

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED):

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021, was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the entity were \$8,994 and \$8,930 for the years ended June 30, 2021, and June 30, 2020, respectively.

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

At June 30, 2021, the Commission reported a liability of \$139,257 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020, and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.008360% as compared to 0.00766% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$7,259. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 8,932	\$ 1,251
Net difference between projected and actual earnings on GLI OPEB plan investments	4,183	-
Change in assumptions	6,964	2,908
Changes in proportionate share	7,609	-
Employer contributions subsequent to the measurement date	8,994	-
Total	<u>\$ 36,682</u>	<u>\$ 4,159</u>

\$8,994 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2022	\$ 4,045
2023	5,227
2024	6,116
2025	5,932
2026	1,985
Thereafter	224

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

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

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

Net GLI OPEB Liability

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

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

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

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance, and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined 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.

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
Commission's proportionate share of the GLI Plan				
Net OPEB Liability	\$	183,064	\$ 139,257	\$ 103,682

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan'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 at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 11—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN):

Plan Description

In addition to the OPEB benefits described in Note 10, the Commission participates in a single-employer defined benefit healthcare plan, the County of Rockbridge OPEB Plan. Several entities participate in the defined benefit healthcare plan through the County of Rockbridge and the participating entities report their proportionate information on the basis of a cost-sharing plan. The plan provides post-employment health care benefits to all eligible permanent employees who meet the requirements under the County's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits are provided to eligible retirees include Medical, Dental, and Prescription insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses, and dependents of eligible retirees. All permanent employees of the Commission who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits if they have at least 5 years of service with the Commission.

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 11—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN):
(CONTINUED)

Plan Membership

At July 1, 2020 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	<u>36</u>
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Contributions

The Commission does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County of Rockbridge Board. The Commission paid \$1,000 for OPEB as the benefits came due during the year ended June 30, 2021.

Total OPEB Liability

The Commission's total OPEB liabilities were measured as of July 1, 2020. The total OPEB liabilities were determined by an actuarial valuation as of July 1, 2020.

Actuarial Assumptions

The total OPEB liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	2.5% per year
Discount Rate	The discount rate has been set to equal 2.45%

Mortality rates for Active employees and healthy retirees were based on the RPH-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2020.

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

Discount Rate

The discount rate has been set to 2.45% and represents the Municipal GO AA 20-year yield curve rate as of July 1, 2020.

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 11—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN):
(CONTINUED)

Changes in Total OPEB Liability

		Commission
		<u>Total OPEB Liability</u>
Balances at June 30, 2019	\$	109,000
Changes for the year:		
Service cost		9,000
Interest		4,000
Difference between expected and actual experience		(68,000)
Changes in assumptions		4,000
Benefit payments		(1,000)
Net changes	\$	<u>(52,000)</u>
Balances at June 30, 2020	\$	<u><u>57,000</u></u>

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

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

Rates		
<u>1% Decrease</u> <u>(1.45%)</u>	<u>Current Discount</u> <u>Rate (2.45%)</u>	<u>1% Increase</u> <u>(3.45%)</u>
\$ 62,618	\$ 57,000	\$ 52,084

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

The following presents the total OPEB liability of the Commission, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

Rates		
Healthcare Cost		
<u>1% Decrease</u> <u>(5.00% decreasing</u> <u>to 4.00%)</u>	<u>Trend</u> <u>(6.00% decreasing</u> <u>to 5.00%)</u>	<u>1% Increase</u> <u>(7.00% decreasing</u> <u>to 6.00%)</u>
\$ 51,148	\$ 57,000	\$ 64,140

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 11—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

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

For the year ended June 30, 2021, the Commission recognized OPEB expense in the amount of \$1,000. At June 30, 2021, deferred outflows of resources or deferred inflows of resources related to Pay as You Go OPEB plan are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,554	\$ 2,809
Changes in assumptions	4,214	1,287
Employer contributions subsequent to the measurement date	4,682	-
Total	<u>\$ 15,450</u>	<u>\$ 4,096</u>

\$4,682 reported as deferred outflows of resources related to OPEB resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the fiscal year ended June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources to the Pay as You Go OPEB Plan will be recognized in the OPEB expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	
2022	\$ 585
2023	585
2024	1,756
2025	2,341
2026	1,405
Thereafter	-

NOTE 12—AGGREGATION OF OPEB PLANS

	<u>Deferred Outflows</u>		<u>Deferred Inflows</u>		<u>Net OPEB Liability</u>		<u>OPEB Expense</u>
VRS OPEB Plans:							
Group Life Insurance Program (Note 10)	\$ 36,682	\$	4,159	\$	139,257	\$	7,259
Medical, Dental, and Prescription Insurance (Note 11)	15,450		4,096		57,000		1,000
Totals	<u>\$ 52,132</u>	\$	<u>8,255</u>	\$	<u>196,257</u>	\$	<u>8,259</u>

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 13—COVID-19 PANDEMIC SUBSEQUENT DISCLOSURE:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the Rockbridge Regional Jail Commission, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the Commission is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

NOTE 14—UPCOMING GASB PRONOUNCEMENTS:

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

Statement No. 92, Omnibus 2020, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021

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

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

REQUIRED SUPPLEMENTARY INFORMATION

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 9

Schedule of Revenues, Expenditures and Changes in Fund Balance --
Budget and Actual - Operating Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
Revenues:				
Revenue from local sources:				
Interest	\$ 235	\$ 235	\$ 52	\$ (183)
Work release	46,720	46,720	636	(46,084)
Trust work program	8,760	8,760	318	(8,442)
Other localities	2,814,939	2,814,939	2,884,766	69,827
Inmate phone system	68,004	68,004	92,307	24,303
Refund and rebates	3,000	3,000	119	(2,881)
H.E.M. program	11,680	11,680	9,655	(2,025)
Daily inmate housing fee	54,750	54,750	37,094	(17,656)
Inmate processing fee	5,000	5,000	3,760	(1,240)
Co-payment and medical services	10,800	10,800	5,288	(5,512)
Total revenue from local sources	\$ 3,023,888	\$ 3,023,888	\$ 3,033,995	\$ 10,107
Intergovernmental:				
Revenue from local governments:				
Capital contributions from local governments	\$ -	\$ -	\$ 64,878	\$ 64,878
Total revenue from local governments	\$ -	\$ -	\$ 64,878	\$ 64,878
Revenue from the Commonwealth:				
Categorical aid:				
Reimbursement of salaries and fringes	\$ 1,573,673	\$ 1,573,673	\$ 1,602,192	\$ 28,519
Reimbursement of office expenses	79,597	79,597	101,218	21,621
Adult confinement	262,800	262,800	251,083	(11,717)
Total revenue from the Commonwealth	\$ 1,916,070	\$ 1,916,070	\$ 1,954,493	\$ 38,423
Revenue from the Federal Government:				
Reimbursement for federal prisoners	\$ -	\$ -	\$ 159	\$ 159
Coronavirus emergency supplement program	-	-	43,926	43,926
Coronavirus relief funds	-	-	78,139	78,139
Total revenue from the Federal Government	\$ -	\$ -	\$ 122,224	\$ 122,224
Total revenues	\$ 4,939,958	\$ 4,939,958	\$ 5,175,590	\$ 235,632
Expenditures:				
Public Safety:				
Salaries	\$ 1,710,500	\$ 1,780,299	\$ 1,780,298	\$ 1
Overtime and other compensation	48,000	48,454	48,453	1
D Day compensation	7,300	7,300	6,560	740
Vehicle Allowance	5,000	5,000	4,833	167
FICA	135,467	135,013	134,345	668
VRS	256,534	258,881	258,880	1
VDLP	800	826	826	-
Hospitalization insurance	296,244	303,745	303,745	-
Group life insurance	9,103	9,185	9,184	1
Unemployment insurance	750	2,122	2,121	1
Workman's compensation	31,552	25,633	25,632	1
Line of duty	8,730	10,255	10,255	-
HSA administration fee	-	875	766	109
Medical services and supplies	100,000	105,780	102,971	2,809
Professional services	713,338	704,063	697,243	6,820
Maintenance buildings and grounds	67,000	78,169	76,349	1,820

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 9

Schedule of Revenues, Expenditures and Changes in Fund Balance --
Budget and Actual - Operating Fund
For the Year Ended June 30, 2021 (Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
Expenditures: (Continued)				
Public Safety: (Continued)				
Maintenance agreements	\$ 53,100	\$ 53,100	\$ 53,018	\$ 82
Advertising	700	-	119	(119)
Jail physician fees	750	842	932	(90)
Fiscal agent fee	50,000	50,000	50,000	-
Trash and extermination	2,000	1,141	1,140	1
Printing and copying	-	152	152	-
Repairs, furniture and equipment	24,700	18,736	19,183	(447)
Electricity, natural gas and fuel	48,000	48,000	44,796	3,204
Fuel	25,000	25,000	23,508	1,492
Water and sewer	79,200	61,700	61,555	145
Telecommunications	17,000	17,000	17,909	(909)
Communications	7,750	7,750	6,547	1,203
Postage	1,200	1,700	1,443	257
Auto insurance	4,800	4,604	4,604	-
Insurance	6,250	6,250	6,250	-
Office supplies	14,300	9,300	9,027	273
Food supplies	314,400	233,500	236,918	(3,418)
Cleaning materials and supplies	20,000	37,723	34,649	3,074
Clothing and bedding inmates	18,000	18,715	15,024	3,691
Security supplies	22,000	22,000	21,509	491
Gas, oil, tires, and parts	12,500	12,500	10,537	1,963
Uniforms-staff	15,000	12,025	12,907	(882)
Photographic supplies	2,400	2,400	-	2,400
Kitchen supplies	14,000	12,913	13,420	(507)
Emergency housing	700,000	790,154	806,888	(16,734)
Travel	3,000	-	-	-
Continuing education and training	34,180	26,904	30,383	(3,479)
Sustenance and lodging	2,500	2,500	82	2,418
Dues and subscriptions	4,035	4,893	4,938	(45)
Purchase of maintenance equipment	4,000	5,362	5,298	64
Kitchen equipment	3,000	3,104	3,505	(401)
Capital Outlay	-	112,017	112,017	-
Capital Improvements	10,000	89,627	88,627	1,000
Security equipment	14,875	14,875	8,764	6,111
Contingencies	21,000	-	-	-
Total expenditures	\$ 4,939,958	\$ 5,182,087	\$ 5,168,110	\$ 13,977
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (242,129)	\$ 7,480	\$ 249,609
Fund balance, beginning of year	-	242,129	318,750	76,621
Fund balance, end of year	\$ -	\$ -	\$ 326,230	\$ 326,230

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 10

Schedule of Commission's Proportionate Share of the Net Pension Liability
For the Measurement Dates of June 30, 2014 through June 30, 2020

County of Rockbridge, VA Commission's Pension Plan (a cost-sharing multiple employer plan administered by the VRS)

Date (1)	Proportion of the Net Pension Liability (NPL) (2)	Proportionate Share of the NPL (3)	Covered Payroll (4)	Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (6)
2020	21.7655%	\$ 1,437,802	\$ 1,622,774	88.60%	82.77%
2019	21.8788%	1,191,515	1,552,742	76.74%	86.05%
2018	20.7327%	754,542	1,445,076	52.21%	89.82%
2017	23.3560%	900,708	1,506,551	59.79%	88.74%
2016	23.3000%	1,389,947	1,453,599	95.62%	82.17%
2015	23.7000%	1,116,180	1,430,478	78.03%	85.28%
2014	23.7000%	966,272	1,433,493	67.41%	86.62%

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

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 11

Schedule of Employer Contributions

Pension Plan

For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2021	\$ 246,411	\$ 246,411	\$ -	\$ 1,242,821	19.83%
2020	205,930	205,930	-	1,622,774	12.69%
2019	197,043	197,043	-	1,552,742	12.69%
2018	183,844	183,844	-	1,445,076	12.72%
2017	194,797	194,797	-	1,506,551	12.93%
2016	203,940	203,940	-	1,453,599	14.03%
2015	200,696	200,696	-	1,430,478	14.03%
2014	191,456	191,456	-	1,433,493	13.36%
2013	182,280	182,280	-	1,366,417	13.34%
2012	200,659	200,659	-	1,839,221	10.91%

Notes to Required Supplementary Information
Pension Plan
For the Year Ended June 30, 2021

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

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

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

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

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

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

ROCKBRIDGE REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 13

Schedule of Commission's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2020

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2020	0.008360% \$	139,257	\$ 1,717,308	8.11%	52.64%
2019	0.007660%	124,694	1,585,385	7.87%	52.00%
2018	0.008339%	126,590	1,584,362	7.99%	51.22%
2017	0.008270%	124,508	1,526,184	8.16%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

ROCKBRIDGE REGIONAL JAIL COMMISSION**Exhibit 14**

(A Component Unit of the County of Rockbridge, Virginia)

Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

For the Years Ended June 30, 2012 through June 30, 2021

Date	Contributions in Relation to Contractually Required Contribution					Contributions as a % of Covered Payroll
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)		
2021	\$ 8,994	\$ 8,994	\$ -	\$ 1,665,556		0.54%
2020	8,930	8,930	-	1,717,308		0.52%
2019	8,244	8,244	-	1,585,385		0.52%
2018	8,239	8,239	-	1,584,362		0.52%
2017	7,936	7,936	-	1,526,184		0.52%
2016	7,087	7,087	-	1,522,515		0.47%
2015	6,893	6,893	-	1,467,340		0.47%
2014	6,887	6,887	-	1,462,735		0.47%
2013	6,559	6,559	-	1,413,836		0.46%
2012	3,610	3,610	-	1,349,234		0.27%

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

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

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 16

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios-
 Medical, Dental, and Prescription Insurance
 For the Measurement Dates June 30, 2017 to June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability				
Service cost	\$ 9,000	8,000	\$ 7,000	\$ 7,000
Interest	4,000	4,000	4,000	4,000
Changes in assumptions	4,000	3,000	(8,000)	-
Differences between expected and actual experience	(68,000)	5,000	(16,000)	-
Benefit payments	<u>(1,000)</u>	<u>(6,000)</u>	<u>(6,000)</u>	<u>(5,000)</u>
Net change in total OPEB liability	\$ (52,000)	14,000	\$ (19,000)	\$ 6,000
Total OPEB liability - beginning	<u>109,000</u>	<u>95,000</u>	<u>114,000</u>	<u>108,000</u>
Total OPEB liability - ending	<u><u>\$ 57,000</u></u>	<u><u>109,000</u></u>	<u><u>\$ 95,000</u></u>	<u><u>\$ 114,000</u></u>
 Covered payroll	 \$ 1,242,821	 1,552,742	 \$ 1,445,076	 \$ 1,506,551
 Commission's total OPEB liability (asset) as a percentage of covered payroll	 4.60%	 7.02%	 6.57%	 7.57%

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

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 17

Notes to Required Supplementary Information
Medical, Dental, and Prescription Insurance
For the Year Ended June 30, 2021

Valuation Date: 7/1/2020
Measurement Date: 7/1/2020

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	2.45%
Inflation	2.50% per year
Healthcare Trend Rate	6.00% for fiscal year end 2021, decreasing 0.50% per year to an ultimate rate of 5.00%.
Salary Increase Rates	2.50%
Retirement Age	The average age at retirement is 62
Mortality Rates	Mortality is based on the RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2020

OTHER SUPPLEMENTARY INFORMATION

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 18

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2021

	Canteen Fund	Employee Fund	Total
ASSETS			
Assets:			
Cash and cash equivalents, restricted	\$ 38,610	\$ 1,529	\$ 40,139
Total assets	\$ 38,610	\$ 1,529	\$ 40,139
FUND BALANCE			
Assigned for benefit of inmates	\$ 38,610	\$ -	\$ 38,610
Assigned for benefit of employees	-	1,529	1,529
Total fund balance	\$ 38,610	\$ 1,529	\$ 40,139
Total fund balance	\$ 38,610	\$ 1,529	\$ 40,139

ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 19

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2021

	<u>Canteen Fund</u>	<u>Employee Fund</u>	<u>Total</u>
Revenues:			
Canteen sales	\$ 111,880	\$ -	\$ 111,880
Miscellaneous	<u>-</u>	<u>1,440</u>	<u>1,440</u>
Total revenues	\$ <u>111,880</u>	\$ <u>1,440</u>	\$ <u>113,320</u>
Expenditures:			
Public Safety:			
Contractual services	\$ 64,288	\$ -	\$ 64,288
Other charges	28,609	2,650	31,259
Capital outlay	<u>16,015</u>	<u>-</u>	<u>16,015</u>
Total expenditures	\$ <u>108,912</u>	\$ <u>2,650</u>	\$ <u>111,562</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 2,968	\$ (1,210)	\$ 1,758
Fund balance, beginning of year, as restated	<u>35,642</u>	<u>2,739</u>	<u>38,381</u>
Fund balance, end of year	\$ <u><u>38,610</u></u>	\$ <u><u>1,529</u></u>	\$ <u><u>40,139</u></u>

COMPLIANCE



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

**TO THE BOARD OF THE ROCKBRIDGE COUNTY REGIONAL JAIL COMMISSION
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)
LEXINGTON, VIRGINIA**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Rockbridge County Regional Jail Commission (a component unit of the County of Rockbridge, Virginia) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated February 14, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rockbridge County Regional Jail Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rockbridge County Regional Jail Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Rockbridge County Regional Jail Commission'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 combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rockbridge County Regional Jail Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Staunton, Virginia
February 14, 2022