

November 12, 2025

To the Board
Middle River Regional Jail Authority
Staunton, Virginia

In connection with our audit of the financial statements of the Middle River Regional Jail Authority (Authority) for the year ended June 30, 2025, we have the following comments and suggestions for your consideration.

GASB 101 Implementation and Year-End Leave Reporting

GASB Statement No. 101 provides updated guidance for reporting compensated absences, such as vacation, sick leave, and other paid time off. The new standard emphasizes recognizing leave that employees have earned and are likely to use or be paid for.

To help ensure accurate reporting under GASB 101, we recommend the Authority run a full report of total leave balances at the end of each fiscal year. This will help confirm that the amounts recorded for compensated absences are complete. Coordinating with human resources and payroll personnel to verify leave data and ensuring any related payroll costs are included will support compliance with the new standard.

New GASB Pronouncements

At June 30, 2025, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the Authority. The statements which might impact the Authority are as follows:

GASB Statement No. 103, *Financial Reporting Model Improvements*

This Statement will improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

Statement No. 103 will be effective for the Authority beginning with its year ending June 30, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*

This objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This statement requires certain types of capital assets to be disclosed separately in the capital assets not disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnership and Availability Payment Arrangements*, should be disclosed separately by major class of underlying assets in capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

Statement No. 104 will be effective for the Authority beginning with its year ending June 30, 2026.

Middle River Regional Jail Authority
November 12, 2025

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

If you have any questions concerning any of these items or if we can be of further assistance, please contact us. We thank you for the opportunity to conduct your audit for the year ended June 30, 2025 and express our appreciation to everyone for their cooperation during this engagement.

PBMares, LLP

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