

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

ALBERTA, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FOR THE YEARS ENDED JUNE 30, 2014
AND 2013**

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

ALBERTA, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FOR THE YEARS ENDED JUNE 30, 2014
AND 2013**

**CRYSTAL WILLETT
SUPERINTENDENT**

**BRENT WRIGHT
DEPUTY SUPERINTENDENT**

**JENNIFER DERRENBACKER, CPA
FINANCE DIRECTOR**

INTRODUCTORY SECTION

MEHERRIN RIVER REGIONAL JAIL AUTHORITY COMPREHENSIVE ANNUAL FINANCIAL REPORT

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MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Serving the following
Localities:
Brunswick County
Dinwiddie County
Mecklenburg County

Crystal L. Willett
Superintendent

9000 Boynton Plank Road
Alberta, VA 23821
(434) 949-6700
(434) 949-0180 Fax

September 19, 2014

The Honorable Members of the
Meherrin River Regional Jail Authority Board
Alberta, VA 23821

Dear Authority Board Members:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Meherrin River Regional Jail Authority (Jail Authority) for the fiscal years ended June 30, 2014 and 2013. The report was prepared by the Superintendent and the Finance Director, who assume full responsibility for the accuracy, completeness, and fairness of information. We believe the financial information, as presented, is accurate in all material respects and that it is presented in a manner designed to fairly set forth the financial position and results of operations as measured by the financial activity of the Jail Authority's Enterprise Funds. This letter should be read in conjunction with the *Management's Discussion and Analysis*, which can be found in the Financial Section of the report.

PROFILE OF THE ORGANIZATION

The Jail Authority, a political subdivision of the Commonwealth of Virginia, was authorized by Chapter 726 of the 1990 Acts of the General Assembly of Virginia. The participating jurisdictions of the Authority are the Counties of Brunswick, Dinwiddie and Mecklenburg. The Authority is governed by a nine-member board comprised of three members from each locality.

The general purpose of the Jail Authority is to maintain and operate a regional jail facility to meet the needs of the participating jurisdictions. The main facility has 697-beds, consisting of 596 general-purpose beds, a 32-bed work release center, a 6-bed medical housing unit, a 12-bed center for inmate intake, a 12-bed center for transport inmates, a 5-bed center for inmate classification, and 34 special management cells. The satellite facility has 107-beds, consisting of 68 general-purpose beds, a 24-bed work release center, a 4-bed medical housing unit, a 7-bed center for inmate intake, and 4 special management cells.

The legislation that created the Jail Authority requires there be a service agreement between the Jail Authority and its participating jurisdictions. The service agreement is a long-term contract regulating usage of the Jail Authority and establishing payment terms applicable to participating jurisdictions. It guarantees that the facility will be used and provides a basis for the issuance of revenue bonds to fund the final design and construction of the Jail. The board members of the Jail Authority signed the Service Agreement on April 3, 2008. The service agreement was amended on July 1, 2010.

The payments by the participating jurisdictions are subject to the appropriation of funds for such purpose by the governing bodies of the participating jurisdictions.

ECONOMIC CONDITIONS

Serving the member jurisdictions as Meherrin River Regional Jail Authority does, the overall inmate population is indirectly related to the populations of these localities: Brunswick County, Dinwiddie County and Mecklenburg County are all areas that are continually experiencing growth and increased development. This, in turn, serves as an indicator for the number of persons likely to be incarcerated from those jurisdictions.

Brunswick County's population growth rate is projected to decrease by -1.39% with a total population of 17,191 estimated for 2020. This percentage is skewed due to a prison closing during the study period and is not reflective of the actual population. Brunswick County is in fact expected to have an increase in population due to increased development in the county. Dinwiddie County's population growth rate is expected to be approximately 5.50%, with a total population of 29,542 estimated for 2020. Mecklenburg County's population growth rate is expected to be approximately 0.46%, with a total population of 32,877 estimated for 2020.

The inmate population for the past year was 395. Projections for the upcoming fiscal year are 445 and by the 2016 fiscal year, we anticipate an inmate population of approximately 450.

MAJOR ACCOMPLISHMENTS AND INITIATIVES

Over the past year, many accomplishments were realized within Meherrin River Regional Jail Authority. The financial statements were converted into a Comprehensive Annual Financial Report and received the "Certificate of Achievement for Excellence in Financial Reporting" on March 13, 2014. An operating reserve fund, rate stabilization fund, and capital reserve fund were established from the significant savings recognized in the previous year from the operational budget as well as construction savings.

The Meherrin River Regional Jail Authority implemented a new visitation option, Internet Visitation, for the offenders, their families and legal counsel. This option offers more flexibility for the families and legal counsel in regards to traveling and being able to visit from the comfort of their homes. This new service is intended to be more convenient for visitors while generating revenue to the Jail and allowing staff to focus on other areas of security. In addition, the Authority received recognition of their LEED certificate. The Jail is performing better than the national average in regards to energy and water performance.

The staff of Meherrin River Regional Jail Authority works hard each year to give back to the communities. Over the course of the past year the charitable and community based outreach activities have helped make the facility shine amongst the citizens of our user jurisdictions. Our participation with Mecklenburg Sheriff's Office Cops and Kids program was a huge success again this year. During the holiday season, our staff worked with Social Services in each locality to donate items to families in need of assistance. Our staff are also active participants in coordinating and participating with Special Olympics. We have found these programs to be a great success while allowing us to give back to the citizens of our user jurisdictions and shed a positive light on our organization.

FINANCIAL INFORMATION AND CONTROLS

The Jail Authority is required to undergo an annual 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 *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. The Jail Authority's management is responsible for establishing and maintaining internal controls sufficient to ensure safeguarding of jail assets. In developing and evaluating the Jail's accounting system, consideration is given to the adequacy of internal controls. Internal controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of an internal control structure should not exceed the benefits likely to be derived, and therefore, management must continuously evaluate the benefits of various controls given the related costs of implementation.

All internal control evaluations occur within the above framework. We believe that the Jail Authority's internal controls adequately safeguard assets and provide reasonable assurance for proper recording of financial transactions.

In addition to the internal controls described above, budgetary controls are also established to ensure compliance with annual operating budgets approved by the Jail Board. Monthly reports containing comparisons between actual and budget and current and prior year amounts are prepared and presented to jail management and the Board.

The Jail Authority usually initiates its annual operating budget preparations in September of each fiscal year (July 1 through June 30). The Finance Director, with input from other departments, prepares a draft budget for the Finance Committee to review. After the Finance Committee's review and approval, a final budget is submitted to the Jail Authority on or before January 1st of each year. According to the service agreement, the budget must be adopted by the Board no later than June 30th of each year.

RELEVANT FINANCIAL POLICIES

The Jail Authority established several restricted funds as a result of significant savings recognized during construction as well as savings during the previous year from the operational budget.

A total of \$2,419,720 was recognized from construction savings. Of this amount, \$900,771 was used to establish an Operating Reserve Fund as required by the Authority's service agreement. The service agreement requires that an Operating Reserve Fund be equal to not less than 60 days of the Authority's projected annual budget for each year less debt service or such other amount as is required by the provisions of such obligations. A Capital Reserve Fund in the amount of \$815,821 was also established with savings recognized during construction. The Capital Reserve Fund was established to be used in future years to replace capital assets such as vehicles, significant building improvements, etc. thus preventing an increase in the Authority's operating budget.

The FY 2013 year-end true-up with member jurisdictions resulted in an additional \$107,074 due to the Jail as a result of actual population figures being higher than the population amount anticipated in the budget. With these additional funds, the Authority established a Rate Stabilization Fund which was created to prevent large increases in the per diem rate during years when there are significant budget shortfalls.

INDEPENDENT AUDIT

The certified public accounting firm of Robinson, Farmer, Cox Associates has audited the June 30, 2014 financial statements. Their opinion on the financial statements is presented in the financial section of this report.

ACKNOWLEDGMENTS

The preparation of this report could not be accomplished without the efficient and dedicated efforts of the employees of the Meherrin River Regional Jail Authority.

Further appreciation is extended to each member of the Jail Authority for their continued interest, dedication, and support.

Respectfully submitted,



Crystal Willett
Superintendent



Jennifer Derrenbacher, CPA
Finance Director

MEHERRIN RIVER REGIONAL JAIL AUTHORITY
Year Ended June 30, 2014

Officers

Chairman	Sheriff Brian K. Roberts Brunswick County Sheriff
Vice-Chairman	W. Kevin Massengill Dinwiddie County Administrator
Secretary	Evans D. Tanner Mecklenburg County Board of Supervisors

Other Members

Charlette T. Woolridge, Brunswick County Administrator
Bernard L. Jones, Brunswick County Board of Supervisors
Sheriff “Duck” Adams, Dinwiddie County Sheriff
William D. Chavis, Dinwiddie County Board of Supervisors
Sheriff R. W. “Bobby” Hawkins, Mecklenburg County Sheriff
H. Wayne Carter, III, Mecklenburg County Administrator

Counsel

William H. Hefty, Esq.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Meherrin River Regional Jail
Authority, Virginia**

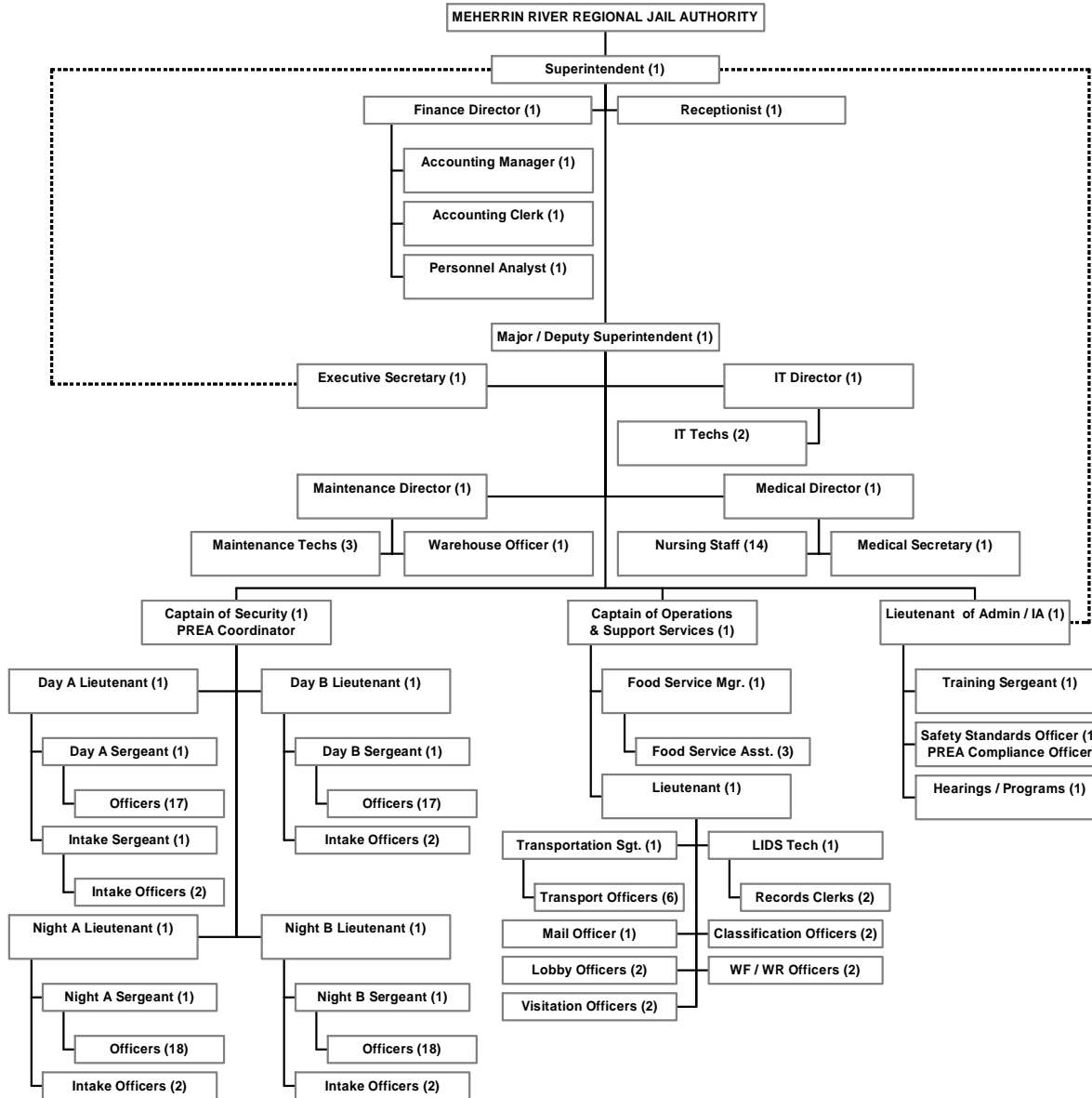
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

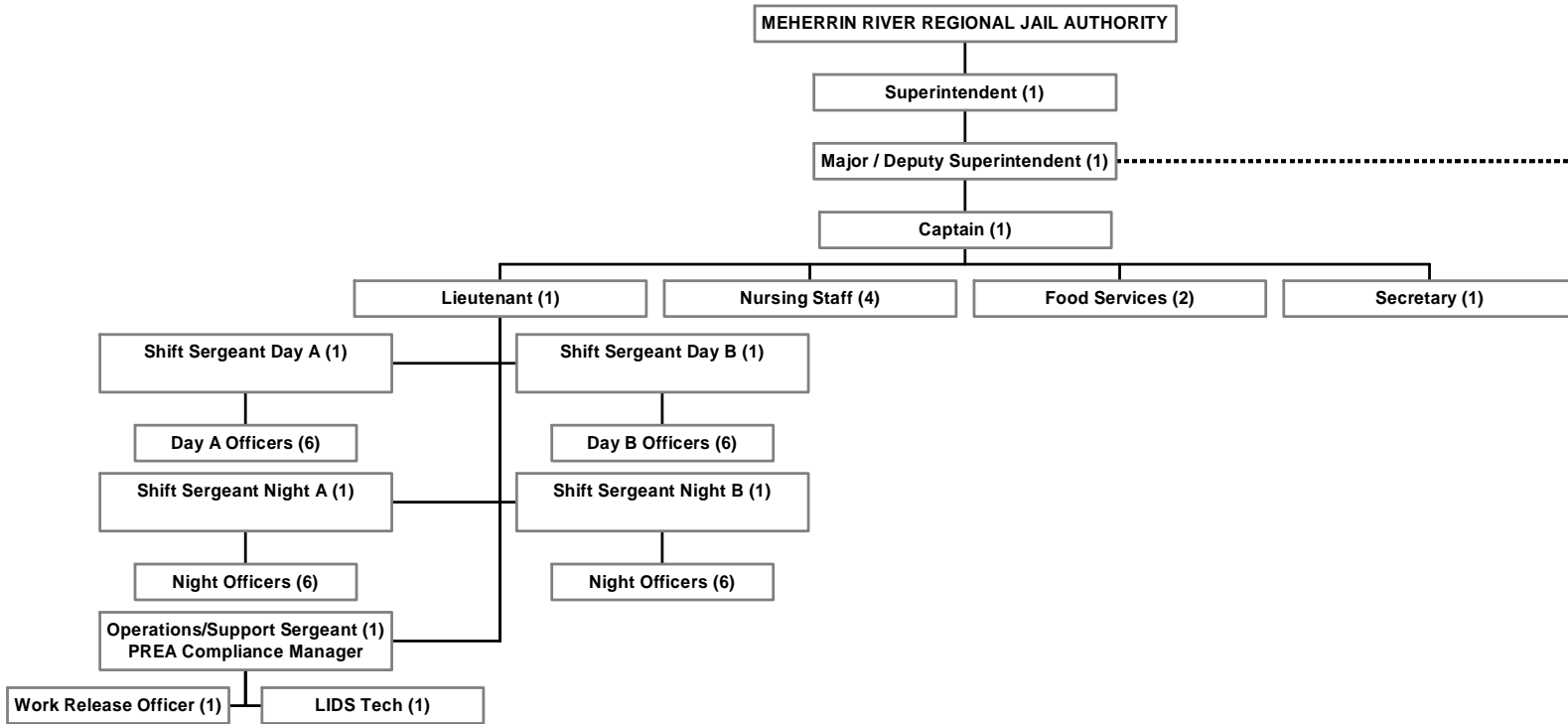
Executive Director/CEO

Meherrin River Regional Jail – Alberta

Organizational Structure



Meherrin River Regional Jail - Mecklenburg Organizational Structure



FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

**To the Members of
Meherrin River Regional Jail Authority
Alberta, Virginia**

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Meherrin River Regional Jail Authority, as of and for the year ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise Meherrin River Regional Jail Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Meherrin River Regional Jail Authority, as of June 30, 2014 and 2013, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-8 and schedules of pension and OPEB funding progress on page 33 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Meherrin River Regional Jail Authority's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2014, on our consideration of Meherrin River Regional Jail Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Meherrin River Regional Jail Authority's internal control over financial reporting and compliance.

Robinson, Farmer, Co. Associates
Charlottesville, Virginia
September 19, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

The financial statements of Meherrin River Regional Jail Authority include all business activities and include notes to the financial statements that explain and provide detailed data on information in the financial statements.

The following is management's discussion and analysis of the Jail Authority's financial performance for the years ended June 30, 2014 and 2013. It should be read in conjunction with the letter of transmittal in the Introductory Section, the Jail Authority's financial statements and supplemental information included in the Financial Section and financial performance in the Statistical Section.

FINANCIAL HIGHLIGHTS

Fiscal Year 2014:

- The Jail's net position increased \$29,003,858 in FY 2014.
- Total revenues, including capital contributions, of the Jail for FY 2014 were \$44,552,729.
- Total expenses of the Jail for FY 2014 were \$15,548,871.

Fiscal Year 2013:

- The Jail's net position increased \$1,555,135 in FY 2013.
- Total revenues, including capital contributions, of the Jail for FY 2013 were \$14,856,569.
- Total expenses of the Jail for FY 2013 were \$13,301,434.

The Jail Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The financial statements are prepared on the accrual basis, recognizing revenue when earned and expenses when incurred, and include all of the business activities of the Jail Authority. See notes to financial statements for a summary of significant accounting policies.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Jail's basic financial statements. The Jail's basic financial statements consist of the statement of net position, the statement of revenues, expenses and changes in net position, and the statement of cash flows. The first two statements report the Jail's net position and how it has changed. Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Jail's financial condition.

The following table summarizes the net position of the Jail at June 30, 2014 and 2013:

NET POSITION	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 10,367,803	\$ 8,243,333
Capital assets, net	64,763,956	66,288,427
Total assets	<u>75,131,759</u>	<u>74,531,760</u>
Long-term liabilities, net	41,813,692	42,736,075
Other liabilities	3,780,702	31,262,178
Total liabilities	<u>45,594,394</u>	<u>73,998,253</u>
Net position:		
Net investment in capital assets	28,143,944	241,136
Unrestricted	1,393,421	292,371
Total net position	<u>29,537,365</u>	<u>533,507</u>

FY 2013 was the first year of operations and no other data is available.

Overall net position increased 5,536.45 % in 2014, with unrestricted net position increasing 376.59 % for 2014.

The large increase in net position in FY 2014 is primarily due to a \$30,417,889 state reimbursement which reimbursed the Authority 50% of the cost to build the facility. The state reimbursement was used to pay off \$29,320,000 in interim financing causing an especially large decrease in liabilities.

REVENUES

Operating and nonoperating revenues and capital contributions for the Jail Authority totaled \$44,552,729 for the year ended June 30, 2014, which equates to a \$29,696,160 increase over fiscal year 2013. Of this total, per-diem billings to member jurisdictions totaled \$4,200,622 or 34.25 percent of total operating revenues. Per-diem billings to non-member jurisdictions totaled \$153,975 and accounted for 1.25 percent of total operating revenues. The revenues received from the state totaled \$7,366,903 or 60 percent of total operating revenues. Inmate and other revenues totaled \$544,956 or 4.5 percent of total operating revenues.

A summary of revenues for the years ended June 30, 2014 and 2013 is presented in the following computation:

<u>REVENUE SOURCE</u>	<u>2014</u>	<u>2013</u>
Operating Revenue:		
Member Jurisdictions		
Brunswick County	\$ 1,269,013	\$ 1,774,801
Dinwiddie County	794,993	1,071,699
Mecklenburg County	2,136,616	2,427,718
Subtotal	<u>4,200,622</u>	<u>5,274,218</u>
State Share of Jail Operations		
Compensation Board	<u>7,366,903</u>	<u>6,639,914</u>
Subtotal	<u>7,366,903</u>	<u>6,639,914</u>
Charges for Services		
Work Release	48,542	27,975
Weekender Fees	17,904	13,227
Home Incarceration	11,173	15,827
Medical Co-Pays	6,588	9,031
Daily Fees	153,601	182,959
Phone Commission	288,763	310,874
Internet Visitation	5,075	-
Bed Rentals	153,975	-
Miscellaneous Revenue	13,310	120,926
Subtotal	<u>698,931</u>	<u>680,819</u>
Total Operating Revenue	<u>12,266,456</u>	<u>12,594,951</u>
Nonoperating Revenues:		
Local Share of Debt Service	1,527,662	-
Interest Income	311,939	-
Total Nonoperating Revenue	<u>1,839,601</u>	<u>-</u>
Capital Contributions:		
Member Contributions	28,783	1,905,081
State Reimbursement	30,417,889	-
Brunswick County IDA	-	356,537
Subtotal	<u>30,446,672</u>	<u>2,261,618</u>
Total Revenue	<u>\$ 44,552,729</u>	<u>\$ 14,856,569</u>

EXPENSES

Operating expenses totaled \$13,776,861 for the year ended June 30, 2014. Of this amount, salaries and employee benefits totaled \$7,918,752, medical services and supplies totaled \$2,155,802, and food service and supplies totaled \$628,475.

Operating expenses totaled \$13,301,434 for the year ended June 30, 2013. Of this amount, salaries and employee benefits totaled \$7,694,359, medical services and supplies totaled \$1,799,969, and food service and supplies totaled \$612,681.

Summary data for the years ended June 30, 2014 and 2013 are presented in the following computation:

EXPENSE CLASSIFICATION

	<u>2014</u>	<u>2013</u>
Operating Expenses:		
Salaries and Wages	\$ 5,591,719	\$ 5,400,890
Fringe Benefits	2,327,033	2,293,469
Contractual Services	74,462	61,531
Medical Services and Supplies	2,155,802	1,799,969
Materials and Supplies	746,491	886,208
Food Services and Supplies	628,475	612,681
Utilities	676,408	680,614
Depreciation	1,576,471	1,566,072
	<hr/>	<hr/>
Total Operating Expenses	13,776,861	13,301,434
Nonoperating Expenses:		
Interest Expense	1,772,010	-
	<hr/>	<hr/>
Total Nonoperating Expense	1,772,010	-
	<hr/>	<hr/>
Total Expense	\$ 15,548,871	\$ 13,301,434

SUMMARY OF OPERATIONS & CHANGE IN NET POSITION

Net Position increased by \$29,003,858 for the year ended June 30, 2014. This amount includes \$67,591 in nonoperating revenues and expenses and \$30,446,672 in capital contributions.

Summary data is presented in the following computation:

SUMMARY OF OPERATIONS & CHANGE IN NET POSITION

	<u>2014</u>	<u>2013</u>
Operating:		
Revenues	\$ 12,266,456	\$ 12,594,951
Expenses	13,776,861	13,301,434
Net operating income (loss)	<u>(1,510,405)</u>	<u>(706,483)</u>
Nonoperating:		
Revenues	1,839,601	-
Expenses	1,772,010	-
Net nonoperating income (loss)	<u>67,591</u>	<u>-</u>
Total net income (loss) before capital contributions	(1,442,814)	(706,483)
Capital contributions	30,446,672	2,261,618
Increase (decrease) in net position	<u>29,003,858</u>	<u>1,555,135</u>
Net position, beginning of year	533,507	(1,021,628)
Net position, end of year	<u>\$ 29,537,365</u>	<u>\$ 533,507</u>

FINANCIAL ANALYSIS OF JAIL FUNDS

The financial statements are prepared on the accrual basis, recognizing revenue when earned and expenses when incurred, and include all of the business activities of the Jail Authority.

Jail operations ended fiscal year 2014 with a \$29,003,858 increase in total net position. Net position increased \$1,555,135 in fiscal year 2013. The increase in fiscal year 2014 net position is primarily due to receiving a \$30,417,889 state reimbursement which reimbursed the Authority 50% of the cost to build the facility.

The authority established an Operating Reserve Fund totaling \$900,771, as required by its service agreement. A Rate Stabilization Fund in the amount of \$107,074 was also established. Proceeds from VRA Bonds remaining after construction are considered restricted cash and may only be used for capital assets or debt service. These proceeds totaling \$815,821 were used to establish a Capital Reserve Fund.

The Jail's cash position remains strong with \$5,342,495 in unrestricted funds.

DEBT ADMINISTRATION

The Jail Authority had total long-term debt outstanding of \$42,313,408 on June 30, 2014. This amount is comprised of a Series 2010 VRA bond. This bond was issued to fund the acquisition, construction and equipping of the Jail. For more detailed information on long-term debt activity refer to Note 5 of the notes to these financial statements.

CAPITAL ASSETS

Capital assets with a unit cost of \$5,000 or more are capitalized and depreciated over their useful lives using the straight-line method. As of June 30, 2014, capital assets, accumulated depreciation and depreciation expense totaled \$68,152,110, \$3,388,153 and \$1,576,471, respectively. For more detailed information on capital assets activity refer to Note 4 of the notes to these financial statements.

JAIL AUTHORITY'S PER DIEM RATES

The debt service component and the operating component of the per diem charge is invoiced quarterly by the Jail Authority in advance of service and is payable no later than the last day of the first month of each calendar quarter. The Member Jurisdictions agree to pay their ratable share of the per diem charge as budgeted by the Authority in accordance with the percentages established annually, notwithstanding the actual number of inmates committed or expected to be committed to the system, subject to a fiscal year-end adjustment to reflect annual use of the system. The operational per diem rates were \$29.95, and \$34.61 for 2014 and 2013, respectively. The debt service per diem rates were \$9.73, and \$0, for 2014 and 2013, respectively. There was not a debt service component of the per diem charge in fiscal year 2013 because all interest was capitalized.

REQUEST FOR INFORMATION

This financial report is designed to provide interested parties with a general overview of the Jail Authority's finances. Should you have any questions about this report or need additional information, please contact the Finance Director, 9000 Boydton Plank Road, Alberta, VA 23821.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Statements of Net Position

June 30, 2014 and 2013

ASSETS	<u>2014</u>	<u>2013</u>
Current assets:		
Cash and cash equivalents	\$ 5,342,495	\$ 4,710,561
Accounts receivable	90,730	24,065
Prepaid expense	64,536	-
Due from localities	442,195	570,130
Due from state	682,008	298,500
Cash held for employees - restricted	124	-
Cash held for inmates - restricted	<u>178,319</u>	<u>108,045</u>
Total current assets	<u>\$ 6,800,407</u>	<u>\$ 5,711,301</u>
Noncurrent assets:		
Restricted cash and cash equivalents	\$ 815,821	\$ -
Investments	2,751,575	2,532,031
Capital assets:		
Land	\$ 1,061,626	\$ 1,061,626
Other capital assets, net of accumulated depreciation	<u>63,702,330</u>	<u>65,226,801</u>
Net capital assets	<u>\$ 64,763,956</u>	<u>\$ 66,288,427</u>
Total noncurrent assets	<u>\$ 68,331,352</u>	<u>\$ 68,820,458</u>
Total assets	<u>\$ 75,131,759</u>	<u>\$ 74,531,760</u>

LIABILITIES AND NET POSITION

Liabilities:		
Current liabilities:		
Accounts payable	\$ 217,022	\$ 135,184
Due to localities	1,405,188	463,056
Due to members	474,092	502,875
Compensated absences	64,854	46,963
Current portion of long-term debt	986,845	29,427,279
Interest payable	454,258	578,776
Cash held for employees	124	-
Cash held for inmates	<u>178,319</u>	<u>108,045</u>
Total current liabilities	<u>\$ 3,780,702</u>	<u>\$ 31,262,178</u>
Noncurrent liabilities:		
Bonds payable, net of current portion	\$ 41,326,563	\$ 42,313,409
Compensated absences, net of current portion	469,629	422,666
Net OPEB obligation	<u>17,500</u>	<u>-</u>
Total noncurrent liabilities	<u>\$ 41,813,692</u>	<u>\$ 42,736,075</u>
Total liabilities	<u>\$ 45,594,394</u>	<u>\$ 73,998,253</u>
Net position:		
Net investment in capital assets	\$ 28,143,944	\$ 241,136
Unrestricted	<u>1,393,421</u>	<u>292,371</u>
Total net position	<u>\$ 29,537,365</u>	<u>\$ 533,507</u>

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating revenues:		
Charges for services	\$ 685,621	\$ 559,893
Local share of jail operations	4,200,622	5,274,218
State share of jail operations	7,366,903	6,639,914
Miscellaneous	<u>13,310</u>	<u>120,926</u>
Total operating revenues	<u>12,266,456</u>	<u>12,594,951</u>
Operating expenses:		
Personnel	5,591,719	5,400,890
Fringes	2,327,033	2,293,469
Contractual	2,230,265	1,861,500
Other charges	2,051,373	2,179,504
Depreciation	<u>1,576,471</u>	<u>1,566,072</u>
Total operating expenses	<u>13,776,861</u>	<u>13,301,434</u>
Net operating income (loss)	<u>(1,510,405)</u>	<u>(706,483)</u>
Nonoperating revenues (expenses):		
Local Share of Debt Service	1,527,662	-
Interest and investment earnings	311,939	-
Interest expense	<u>(1,772,010)</u>	<u>-</u>
Net nonoperating revenues (expenses)	<u>67,591</u>	<u>-</u>
Income (loss) before contributions	(1,442,814)	(706,483)
Capital Contributions:		
Member Contributions-Boydton	28,783	1,905,081
State Reimbursement	30,417,889	-
Brunswick County IDA	<u>-</u>	<u>356,537</u>
Total capital contributions	<u>30,446,672</u>	<u>2,261,618</u>
Change in net position	29,003,858	1,555,135
Net position, beginning of year	<u>533,507</u>	<u>(1,021,628)</u>
Net position, end of year	\$ <u>29,537,365</u>	\$ <u>533,507</u>

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY
Statements of Cash Flows
Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Charges for services	\$ 632,267	\$ 656,754
Revenue from localities	5,241,906	5,670,019
Revenue from state	6,983,395	6,341,414
Payments to suppliers	(4,264,337)	(3,909,969)
Payments to employees	<u>(7,836,396)</u>	<u>(7,293,732)</u>
Net cash provided by (used for) operating activities	<u>756,834</u>	<u>1,464,485</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Capital contributions	28,783	2,261,618
Local share of debt service	1,527,662	-
Principal paid on capital debt	(29,320,000)	-
Interest paid on capital debt	(2,003,808)	(2,503,152)
Additions to construction in progress	-	(10,313,364)
State reimbursement	30,417,889	-
Purchase of capital assets	<u>(52,000)</u>	<u>(1,068,470)</u>
Net cash provided by (used for) capital & related financing activities	<u>598,526</u>	<u>(11,623,369)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and investment earnings	<u>92,395</u>	<u>(104,248)</u>
Net cash provided by (used for) investing activities	<u>92,395</u>	<u>(104,248)</u>
Net increase (decrease) in cash and cash equivalents	1,447,755	(10,263,131)
Cash and cash equivalents at beginning of year	<u>4,710,561</u>	<u>14,765,196</u>
Cash and cash equivalents at end of year	<u>\$ 6,158,316</u>	<u>\$ 4,710,561</u>

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY
Statements of Cash Flows
Years Ended June 30, 2014 and 2013

<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u> <u>TO NET CASH PROVIDED BY OPERATING</u> <u>ACTIVITIES:</u>	<u>2014</u>	<u>2013</u>
Operating Income (Loss)	\$ (1,510,405)	\$ (706,483)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	1,576,471	1,566,072
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(66,665)	(24,065)
Prepaid expense	(64,536)	-
Due from localities	127,935	(570,130)
Due from state	(383,508)	(298,500)
Increase (decrease) in:		
Accounts payable	81,839	131,034
Due to localities/members	913,349	965,931
Compensated absences	64,854	400,627
Net OPEB obligation	17,500	-
Net cash provided by (used for) operating activities	<u>\$ 756,834</u>	<u>\$ 1,464,485</u>

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements

June 30, 2014 and 2013

NOTE 1 – BASIS OF PRESENTATION:

The Financial Reporting Entity

The Brunswick-Dinwiddie-Mecklenburg Regional Jail Authority was created pursuant to Article 3.1, Chapter 3, Title 53.1, Code of Virginia (1950), as amended by resolutions duly adopted by the governing bodies of the Counties of Brunswick, Dinwiddie, and Mecklenburg for the purpose of developing a new regional jail to be operated on behalf of the Member Jurisdictions by the Authority. On June 24, 2008, the Authority's name was changed to the Meherrin River Regional Jail Authority. The Board is governed by three members (including the County Administrator and Sheriff) from each of the participating localities and conforms to the statutory provisions of the Code of Virginia (1950), as amended. The Authority is considered to be a Jointly Governed Organization of the above localities because each locality is equally represented on the Board. Construction of the main facility in Alberta, Virginia was completed in early July 2012 at which time the participating localities began sending inmates to the facility. In addition, construction of the satellite facility in Boydton, Virginia was completed in January 2013. The Authority is responsible for operational and debt services costs. Operational costs are paid quarterly and a true-up is done at year end based on actual inmate populations for each locality. The regional jail bills each locality a per diem rate based upon the number of inmates sent to the facility. The per diem rates include components for both operating and debt service expenses.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Meherrin River Regional Jail Authority conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Basis of Accounting:

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

Operating revenues and expenses are defined as those items that result from providing services and include all transactions and events which are not capital and related financing, noncapital financing or investing activities. Nonoperating revenues are defined as grants, investment and other income. Nonoperating expenses are defined as capital and noncapital related financing and other expenses.

B. Cash and Cash Equivalents:

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

For the purposes of the statement of cash flows, the Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Restricted cash represents proceeds from a VRA Bond that are remaining after construction. These proceeds may only be used for capital assets or debt service.

C. Investments:

Investments are stated at fair value.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements

June 30, 2014 and 2013

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

D. Capital Assets:

Capital assets are recorded at cost. Donated capital assets are recorded at their estimated fair market value at the date of gift. The Authority's capitalization threshold is \$5,000.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Costs of construction include legal, bond and loan closing costs, plus interest costs less interest earned on construction funds during the period of construction.

Depreciation is provided using the straight-line method over the estimated useful lives of each asset class as follows:

Buildings and improvements	50 years
Land improvements	20 years
Equipment, furniture and fixtures	5 to 20 years
Vehicles	5 years
Intangibles	5 years

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

E. 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.

F. Bond Premium:

A premium of \$2,295,640 resulted from the issuance of bonds in association with the financing of jail construction. The premium is being amortized using the effective interest method over the life of the bond issue of 30 years. Amortization for FY 2014 totaled \$107,279. The balance of the unamortized bond premium at June 30, 2014 is \$1,898,408.

G. Net Position:

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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements

June 30, 2014 and 2013

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

H. Net position flow assumption:

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

I. Vacation, Sick, and Holiday Leave:

Jail Authority employees will earn vacation and sick leave in varying amounts on a semi-monthly basis, based upon length of service. Annual carryover limitations apply to vacation hours but not to sick leave. Employees are compensated for unused vacation and sick leave upon separation, retirement or death based upon years of service and are limited to a maximum dollar amount. Holidays earned by an employee, classified as essential personnel, will be those days specified by the Meherrin River Regional Jail Authority to be taken. All non-essential personnel, as designated by the Superintendent, will take the thirteen scheduled holidays granted per year unless ordered otherwise.

J. Budget:

The Superintendent must submit a balanced budget to the Jail Authority on or before January 1st each year. The budget denotes per diem rates charged to member jurisdictions, and line item revenues and expenses. The Jail Authority must adopt a final budget on or before June 30th each year.

K. Risk Management:

The Jail Authority’s risk management program involves maintaining comprehensive insurance coverage and identifying and monitoring loss exposure. The Jail Authority’s comprehensive property, boiler and machinery, automobile, business interruption, inland marine and worker’s compensation insurance is provided through the Virginia Association of Counties (VACO). The purpose of the association is to create and administer group self-insurance pools for political subdivisions of the Commonwealth of Virginia pursuant to the authority provided in Chapter 11.1 of Title 15.1 of the Code of Virginia. The association is managed by a seven member supervisory Board, who is elected by members at their annual meeting. Annual rates are based on estimated claims and reserve requirements. Pool deficits, should they materialize, will be eliminated through the levying of an additional assessment upon association members.

General liability and faithful performance of duty bond coverages are provided by the Commonwealth of Virginia, Department of General Services, and Division of Risk Management. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 3 – 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

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements

June 30, 2014 and 2013

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED):

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. Accordingly, all deposits are considered fully collateralized.

Investments:

Statutes authorize the Authority to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Change in Fair Value of Investments:

Fair value at 12/31/14	\$ 2,751,575
Add: Proceeds for investments sold	-
Less: Cost of Investments purchased	-
Less: Fair value at 12/31/13	<u>2,532,031</u>
Change in fair value of investments	<u>\$ 219,544</u>

Credit Risk of Investments:

The authority does not have a policy related to the credit risk of investments.

Credit Risk of Debt Securities:

The Authority's rated debt investments as of June 30, 2014 were rated by Moody's and the ratings are presented below using Moody's rating scale.

<u>Rated Debt Investments Value</u>	<u>Fair Quality Ratings</u>
	<u>AAA</u>
U. S. Treasury Bonds and Notes	\$ 2,751,575
State Non-Arbitrage Pool	<u>1,126,499</u>
Total	<u>\$ 3,878,074</u>

Interest Rate Risk:

The Authority does not have a policy related to interest rate risk.

<u>Investment Maturities (in years)</u>		
	<u>Fair Value</u>	<u>7 Years</u>
U. S. Treasury Securities	\$ <u>2,751,575</u>	\$ <u>2,751,575</u>

External Investment Pool:

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). The fair value of the positions in SNAP is the same as the values of the pool shares. The Authority does not have a policy related to investment-related risk associated with SNAP.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements

June 30, 2014 and 2013

NOTE 4 – CAPITAL ASSETS:

The following is a summary of changes in capital assets for the years ended June 30, 2014 and 2013:

June 30, 2014:	Balance		Balance	
	June 30, 2013	Increases	Decreases	June 30, 2014
Capital assets not being depreciated:				
Land	\$ 1,061,626	\$ -	\$ -	\$ 1,061,626
Total capital assets not being depreciated	\$ 1,061,626	\$ -	\$ -	\$ 1,061,626
Capital assets being depreciated:				
Land/site improvements - fencing	\$ 20,504	\$ -	\$ -	\$ 20,504
Buildings and improvements	65,022,465	-	-	65,022,465
Equipment, furniture, fixtures	1,151,181	-	-	1,151,181
Vehicles	534,080	-	-	534,080
Total capital assets being depreciated	\$ 67,038,484	\$ 52,000	\$ -	\$ 67,090,484
Less: Accumulated depreciation				
Land/site improvements - fencing	\$ 2,050	\$ 1,025	\$ -	\$ 3,075
Buildings and improvements	1,301,283	1,301,283	-	2,602,566
Equipment, furniture, fixtures	175,520	94,897	-	270,417
Vehicles	211,954	106,816	-	318,770
Intangibles	120,876	72,450	-	193,326
Total accumulated depreciation	\$ 1,811,682	\$ 1,576,471	\$ -	\$ 3,388,153
Net capital assets being depreciated	\$ 65,226,801	\$ (1,524,471)	\$ -	\$ 63,702,330
Total capital assets	\$ 66,288,427	\$ (1,524,471)	\$ -	\$ 64,763,956

June 30, 2013	Balance		Balance	
	June 30, 2012	Increases	Decreases	June 30, 2013
Capital assets not being depreciated:				
Land	\$ 1,061,626	\$ -	\$ -	\$ 1,061,626
Construction in progress (Jail)	50,104,658	2,678,089	52,782,747	-
Construction in progress (Satellite Facility)	4,379,066	7,832,852	12,211,918	-
Total capital assets not being depreciated	\$ 55,545,350	\$ 10,510,941	\$ 64,994,665	\$ 1,061,626
Capital assets being depreciated:				
Land/site improvements - fencing	\$ 20,504	\$ -	\$ -	\$ 20,504
Buildings and improvements	-	65,022,465	-	65,022,465
Equipment, furniture, fixtures	989,736	161,445	-	1,151,181
Vehicles	525,692	8,388	-	534,080
Intangibles	294,123	16,130	-	310,253
Total capital assets being depreciated	\$ 1,830,055	\$ 65,208,429	\$ -	\$ 67,038,484
Less: Accumulated depreciation				
Land/site improvements - fencing	\$ 1,025	\$ 1,025	\$ -	\$ 2,050
Buildings and improvements	-	1,301,283	-	1,301,283
Equipment, furniture, fixtures	80,623	94,897	-	175,520
Vehicles	105,138	106,816	-	211,954
Intangibles	58,825	62,051	-	120,876
Total accumulated depreciation	\$ 245,611	\$ 1,566,071	\$ -	\$ 1,811,682
Net capital assets being depreciated	\$ 1,584,444	\$ 63,642,357	\$ -	\$ 65,226,801
Total capital assets	\$ 57,129,794	\$ 74,153,298	\$ 64,994,665	\$ 66,288,427

Reconciliation of Net Investment in Capital Assets:

Net Capital Assets	\$ 64,763,956
Less: Outstanding Bonds	(42,313,408)
Add: Unspent Proceeds	3,559,598
Add: Proceeds Spent on Operations	2,133,798
Net Investment in Capital Assets	\$ 28,143,944

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements

June 30, 2014 and 2013

NOTE 5 – LONG-TERM OBLIGATIONS:

The following is a summary of changes in long-term obligations for the years ended June 30, 2014 and 2013:

June 30, 2014:	Balance		Issuances		Reductions		Balance		Due Within	
	June 30, 2013						June 30, 2014		One Year	
Notes payable:										
Grant anticipation note, series 2010	\$	23,310,000	\$	-	\$	23,310,000	\$	-	\$	-
SunTrust note, series 2011		<u>6,010,000</u>		-		<u>6,010,000</u>		-		-
Total Notes payable	\$	29,320,000	\$	-	\$	29,320,000	\$	-	\$	-
Bonds payable:										
Revenue Bond, series 2010	\$	40,415,000	\$	-	\$	-	\$	40,415,000	\$	880,000
Add:										
Unamortized Bond Premium		<u>2,005,688</u>		-		<u>107,279</u>		<u>1,898,408</u>		<u>106,845</u>
Total Bonds payable	\$	42,420,688	\$	-	\$	107,279	\$	42,313,408	\$	986,845
Compensated absences		469,629		429,975		365,121		534,483		64,854
Net OPEB obligation		-		25,700		8,200		17,500		-
Total Long-Term Obligations	\$	<u>72,210,317</u>	\$	<u>455,675</u>	\$	<u>29,800,600</u>	\$	<u>42,865,391</u>	\$	<u>1,051,699</u>

June 30, 2013	Balance		Issuances		Reductions		Balance		Due Within	
	June 30, 2012						June 30, 2013		One Year	
Notes payable:										
Grant anticipation note, series 2010	\$	23,310,000	\$	-	\$	-	\$	23,310,000	\$	23,310,000
SunTrust note, series 2011		<u>6,010,000</u>		-		-		<u>6,010,000</u>		<u>6,010,000</u>
Total Notes payable	\$	29,320,000	\$	-	\$	-	\$	29,320,000	\$	29,320,000
Bonds payable:										
Revenue Bond, series 2010	\$	40,415,000	\$	-	\$	-	\$	40,415,000	\$	-
Add:										
Unamortized Bond Premium		<u>2,112,967</u>		-		<u>107,279</u>		<u>2,005,688</u>		<u>107,279</u>
Total Bonds payable	\$	42,527,967	\$	-	\$	107,279	\$	42,420,688	\$	107,279
Compensated absences		69,002		667,378		266,751		469,629		46,963
Total Long-Term Obligations	\$	<u>71,916,969</u>	\$	<u>667,378</u>	\$	<u>374,030</u>	\$	<u>72,210,317</u>	\$	<u>29,474,242</u>

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending	Revenue Bonds	
	Principal	Interest
June 30,		
2015	880,000	1,809,675
2016	1,355,000	1,792,138
2017	930,000	1,770,341
2018	952,500	1,746,856
2019	980,000	1,721,232
2020-2024	5,445,000	8,091,630
2025-2029	6,610,000	6,976,488
2030-2034	8,450,000	5,205,230
2035-2039	10,950,000	2,771,470
2040-2041	<u>3,862,500</u>	<u>268,970</u>
Total	<u>\$ 40,415,000</u>	<u>\$ 32,154,030</u>

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements

June 30, 2014 and 2013

NOTE 5 – LONG-TERM OBLIGATIONS: (CONTINUED)

Details of long-term obligations are as follows:

	<u>Total</u>
Bonds Payable:	
\$40,415,000 VRA bonds for jail construction, Series 2010, issued August 18, 2010, interest at rates ranging from 3.104% to 5.00%, maturing in various semi-annual installments ranging from \$901,160 to \$1,788,515 through April 1, 2015 and then quarterly installments ranging from \$674,682 to \$898,080 thereafter through October 10, 2040.	\$ 40,415,000
Add: Unamortized bond premium	<u>1,898,408</u>
Total bonds payable	\$ <u>42,313,408</u>
Compensated Absences	\$ 534,483
Net OPEB obligation	\$ <u>17,500</u>
Total long-term obligations	\$ <u><u>42,865,391</u></u>

NOTE 6 – CONTRIBUTIONS FROM OTHERS:

The member localities of Brunswick County, Dinwiddie County, and Mecklenburg County contributed \$2,493,477 for the construction of the Mecklenburg satellite facility. The remaining balance of \$474,092 is shown as Due to Members on the Statement of Net Position.

The member localities of Brunswick County, Dinwiddie County, and Mecklenburg County contributed \$1,527,662 for debt service during FY 2014.

	<u>Amount</u>
Member Contributions Boydton	\$ 28,783
Local Share of Debt Service	<u>1,527,662</u>
Total	\$ <u><u>1,556,445</u></u>

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements

June 30, 2014 and 2013

NOTE 7 – PENSION PLAN:

A. Plan Description

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

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

Within the VRS Plan, the System administers three different benefit plans for local government employees – Plan 1, Plan 2, and, Hybrid. Each plan has different eligibility and benefit structures as set out below:

VRS – PLAN 1

- 1. Plan Overview** - VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
- 2. Eligible Members** - Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
- 3. Hybrid Opt-In Election** - VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.

- 4. Retirement Contributions** - Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements

June 30, 2014 and 2013

NOTE 7 – PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

5. **Creditable Service** - Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
6. **Vesting** - Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

7. **Calculating the Benefit** - The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.

An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

8. **Average Final Compensation** - A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.
10. **Normal Retirement Age** - Age 65.
11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

12. **Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements

June 30, 2014 and 2013

NOTE 7 – PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

13. Cost-of-Living Adjustment (COLA) in Retirement - The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

14. Eligibility - For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

15. Exceptions to COLA Effective Dates - The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

16. Disability Coverage - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. Purchase of Prior Service - Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements

June 30, 2014 and 2013

NOTE 7 – PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

17. Purchase of Prior Service (Continued)

creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

VRS – PLAN 2

1. **Plan Overview** - VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
2. **Eligible Members** - Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
3. **Hybrid Opt-In Election** - VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.

4. **Retirement Contributions** – Same as VRS Plan 1–Refer to Section 4.
5. **Creditable Service** – Same as VRS Plan 1– Refer to Section 5.
6. **Vesting** – Same as VRS Plan 1–Refer to Section 6.
7. **Calculating the Benefit** – Same as VRS Plan 1–Refer to Section 7.
8. **Average Final Compensation** - A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements

June 30, 2014 and 2013

NOTE 7 – PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

VRS – PLAN 2 (CONTINUED)

9. **Service Retirement Multiplier** - Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.

10. **Normal Retirement Age** - Normal Social Security retirement age.

11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

12. **Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

13. **Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

14. **Eligibility** – Same as VRS Plan 1—Refer to Section 14.

15. **Exceptions to COLA Effective Dates** – Same as VRS Plan 1—Refer to Section 15.

16. **Disability Coverage** - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. **Purchase of Prior Service** – Same as VRS Plan 1—Refer to Section 17.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements

June 30, 2014 and 2013

NOTE 7 – PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN

1. **Plan Overview** - The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See “Eligible Members”)
 - The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.
 - The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
 - In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
2. **Eligible Members** - Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:
 - State employees*
 - School division employees
 - Political subdivision employees*
 - Judges appointed or elected to an original term on or after January 1, 2014
 - Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan’s effective date for opt-in members was July 1, 2014
3. ***Non-Eligible Members** - Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:
 - Members of the State Police Officers’ Retirement System (SPORS)
 - Members of the Virginia Law Officers’ Retirement System (VaLORS)
 - Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements

June 30, 2014 and 2013

NOTE 7 – PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

4. Retirement Contributions - A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

5. Creditable Service

Defined Benefit Component - Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Defined Contribution Component - Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

6. Vesting

Defined Benefit Component - Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined Contribution Component - Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements

June 30, 2014 and 2013

NOTE 7 – PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

6. **Vesting (Continued)**

- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required by law until age 70½.

7. **Calculating the Benefit**

Defined Benefit Component – Same as VRS Plan 1—Refer to Section 7.

Defined Contribution Component - The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

- ##### 8. **Average Final Compensation** – Same as VRS Plan 2—Refer to Section 8. It is used in the retirement formula for the defined benefit component of the plan.

- ##### 9. **Service Retirement Multiplier** - The retirement multiplier is 1.0%.

For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

10. **Normal Retirement Age**

Defined Benefit Component – Same as VRS Plan 2—Refer to Section 10.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

11. **Earliest Unreduced Retirement Eligibility**

Defined Benefit Component - Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

12. **Earliest Reduced Retirement Eligibility**

Defined Benefit Component - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements

June 30, 2014 and 2013

NOTE 7 – PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (Continued)

12. Earliest Reduced Retirement Eligibility (Continued)

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

13. Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component – Same as VRS Plan 2—Refer to Section 13.

Defined Contribution Component – Not Applicable

14. Eligibility – Same as VRS Plan 1 and VRS Plan 2—Refer to Section 14.

15. Exceptions to COLA Effective Dates - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 15.

16. Disability Coverage - Eligible political subdivision and school division members (including VRS Plan 1 and VRS Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. Purchase of Prior Service

Defined Benefit Component - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 17.

Defined Contribution Component - Not Applicable.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5%

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements

June 30, 2014 and 2013

NOTE 7 – PENSION PLAN: (CONTINUED)

B. Funding Policy (Continued)

member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the Authority is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Authority’s contribution rate for the fiscal year ended 2014 was 12.00% of annual covered payroll.

C. Annual Pension Cost

For fiscal year 2014, the Authority’s annual pension cost of \$652,266 was equal to the Jail Authority’s required and actual contributions.

Three-year Trend Information for the Authority (1)

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2014	\$ 652,266	100%	-
June 30, 2013	583,849	100%	-
June 30, 2012	77,560	100%	-

The FY 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the Authority’s assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period.

D. Funding Status and Progress

As of June 30, 2013, the most recent actuarial valuation date, the Authority’s plan was 132.34% funded. The actuarial accrued liability for benefits was \$679,140, and the actuarial value of assets was \$898,801, resulting in an unfunded actuarial accrued liability (UAAL) of (\$219,661). The covered payroll (annual payroll of active employees covered by the plan) was \$5,179,285 and ratio of the UAAL to the covered payroll was (4.24%).

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements

June 30, 2014 and 2013

NOTE 8 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS:

Meherrin River Regional Jail Retiree Medical Plan

A. Plan Description

The jail provides health insurance benefits to retired employees and their beneficiaries through an employer plan established July 1, 2013. This plan is limited to retirees that were hired on or before July 1, 2012, with a minimum retiree age of 55 and a minimum of 15 years of service. Retirees are responsible for paying 100% of their monthly premiums. Retirees will be covered based on the level of coverage they had while employed at the jail. The jail may change or terminate any portion of this plan at any time.

B. Funding Policy

The jail provides postemployment health insurance benefits to retirees, their spouses, and their dependents until the retiree reaches Medicare eligibility. Employees currently eligible to participate are the only persons that will ever meet the eligibility requirements.

The funding policy of the jail is to contribute the plan benefit claims for the fiscal year on a pay-as-you-go basis. This means that the employer share of net benefits is the difference between the expected benefit payments and the retiree contributions.

C. Annual OPEB cost and Net OPEB obligation

The year ended June 30, 2014 is the initial year for this OPEB plan. Accordingly, the annual OPEB cost is equal to the annual required contribution of \$25,700, as determined by an actuarial valuation performed at July 1, 2013. The end of the year net OPEB obligation is determined as follows:

Annual required contribution (ARC)	\$	25,700
Contributions made		<u>(8,200)</u>
Increase in net OPEB obligation		17,500
Net OPEB Obligation, Beginning of Year		<u>-</u>
Net OPEB Obligation, End of Year	\$	<u><u>17,500</u></u>

The jail's annual OPEB cost, percentage of OPEB cost contributed, and net postemployment benefit obligation for the plan for the current fiscal year ended June 30, 2014 (only available data as this is the initial plan year) is as follows:

<u>Annual OPEB cost</u>	<u>Percentage of OPEB cost contributed</u>	<u>Net OPEB obligation</u>
\$ 25,700	31.91%	\$ 17,500

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements

June 30, 2014 and 2013

NOTE 8 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS: (CONTINUED)

D. Funded status and funding progress

As of July 1, 2013, the most recent actuarial valuation date (the initial actuarial valuation for the plan), the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 240,400
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 240,400</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (annual payroll of active employees covered by the plan)	\$ 283,900
UAAL as a percentage of covered payroll	84.68%

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented immediately following the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

E. Actuarial methods and assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial calculations of the OPEB plan reflect a long-term perspective. Consistent with this perspective, actuarial valuations, after this initial year, will use actuarial methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The ARC for the plan's initial year was determined as part of the July 1, 2013 actuarial valuation using the following methods and assumptions:

Actuarial cost method	projected unit credit
Amortization method	level percentage over time, open
Remaining amortization period	20 years
Inflation rate	2.50%
Asset valuation method	no assets held in trust for this plan
Interest rate	4.00%
Healthcare cost trend rate	8.00%

MEHERRIN RIVER REGIONAL JAIL AUTHORITY

Notes to Financial Statements

June 30, 2014 and 2013

NOTE 9 – COMPENSATED ABSENCES:

Jail Authority employees are granted vacation and sick leave in varying amounts. In addition, certain employees accrue compensation time for overtime hours worked. In the event of termination, employees are reimbursed for their unused accumulated vacation and compensation time. The Authority had accrued \$534,483 as of June 30, 2014 as the liability arising from compensated absences.

The compensated absences liability for the Jail is accounted for using the LIFO basis which is under the assumption that the employees are taking time as it is earned, therefore the current portion to report as of June 30, 2014, was approximately \$64,854.

NOTE 10 – LITIGATION:

At June 30, 2014, there were no matters of litigation involving the Authority which would materially affect the Authority's financial position should any court decisions on pending matters not be favorable.

NOTE 11 – DUE FROM (TO) OTHER GOVERNMENTS:

Amounts due from (to) other governments at June 30, 2014 are as follows:

From (To) Virginia Compensation Board	\$	682,008
From (To) Member Jurisdictions		
Brunswick County-per diem		(508,195)
Dinwiddie County-per diem		(896,993)
Mecklenburg County-per diem		442,195
Member Contributions Boydton		<u>(474,092)</u>
		(1,437,085)
Total	\$	<u>(755,077)</u>

MEHERRIN RIVER REGIONAL JAIL AUTHORITY
Required Supplementary Information
June 30, 2014

Schedules of Pension and OPEB Funding Progress

Schedule of Pension Funding Progress-Virginia Retirement System (UNAUDITED):

	(a)	(b)	(b-a)	(a/b)	(c)	(b-a)/c
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2013	898,801	679,140	(219,661)	132.34%	5,179,285	(4.24%)
June 30, 2012	77,600	20,736	(56,864)	374.23%	1,214,630	(4.68%)

Note: Only two years of actuarial data is available.

Schedule of OPEB Funding Progress-Meherrin River Regional Jail Retiree Medical Plan (UNAUDITED):

	(a)	(b)	(b-a)	(a/b)	(c)	(b-a)/c
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2013	-	240,400	240,400	0.00%	283,900	84.68%

Note: The year ended June 30, 2014 is the initial year for this OPEB plan.

STATISTICAL INFORMATION

The statistical section is a required part of the Comprehensive Annual Financial Report (CAFR) per Governmental Accounting Standards Board Statement 44. The statistical section presents detailed information in ten-year trends, which assists users in utilizing the basic financial statements, notes to the basic financial statements, and requires supplementary information to assess the economic condition of an organization.

The statistical section is broken down into five categories; financial trend data, revenue capacity data, debt capacity data, demographic and economic information, and operating information.

The financial trend data is comprised of tables that show net position by component, changes in net position, operating expenses, other revenues and expenses, and operating revenues and expenses. The revenue capacity data looks at such things as operating revenues by source, revenue and billed inmate days by customer and largest revenue source. The debt capacity data shows outstanding debt by type and revenue bond coverage ratios. The demographic and economic information is comprised of number of inmates, principal employers, population, and unemployment rates by jurisdiction. The operating information contains tables for number of employees by activities and a listing of insurance coverage.

TABLE 1
MEHERRIN RIVER REGIONAL JAIL AUTHORITY
NET POSITION BY COMPONENT
Last Ten Fiscal Years

	<u>2014¹</u>	<u>2013</u>
Net investment in capital assets	\$ 28,143,944	\$ 241,136
Unrestricted	<u>1,393,421</u>	<u>292,371</u>
Total Net Position	<u>\$ 29,537,365</u>	<u>\$ 533,507</u>

NOTE: Meherrin River Regional Jail opened July 1, 2012.

¹ The large increase in net position in FY 2014 is primarily due to a \$30,417,889 state reimbursement which reimbursed the Authority 50% of the cost to build the facility. The state reimbursement was used to pay off \$29,320,000 in interim financing causing an especially large decrease in liabilities.

TABLE 2
MEHERRIN RIVER REGIONAL JAIL AUTHORITY
CHANGES IN NET POSITION
Last Ten Fiscal Years

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income (Loss)	Nonoperating Revenues	Nonoperating Expenses	Total Capital Contributions	Change In Net Position
2014	\$ 12,266,456	\$ 13,776,861	\$ (1,510,405)	\$ 1,839,601	\$ 1,772,010	\$ 30,446,672 ¹	\$ 29,003,858
2013	\$ 12,594,951	\$ 13,301,434	\$ (706,483)	\$ -	\$ -	\$ 2,261,618	\$ 1,555,135

NOTE: Meherrin River Regional Jail opened July 1, 2012

¹ The large increase in capital contributions in FY 2014 is primarily due to a \$30,417,889 state reimbursement which reimbursed the Authority 50% of the cost to build the facility. The state reimbursement was used to pay off \$29,320,000 in interim financing causing an especially large decrease in liabilities.

TABLE 3
MEHERRIN RIVER REGIONAL JAIL AUTHORITY
OPERATING EXPENSES
Last Ten Fiscal Years

Fiscal Year	Personnel	Fringe Benefits	Contractual Services	Other Operating Expenses and Supplies	Depreciation	Total Operating Expenses
2014	\$ 5,591,719	\$ 2,327,033	\$ 2,230,265	\$ 2,051,373	\$ 1,576,471	\$ 13,776,861
2013	\$ 5,400,890	\$ 2,293,469	\$ 1,861,500	\$ 2,179,504	\$ 1,566,072	\$ 13,301,434

NOTE: Meherrin River Regional Jail opened July 1, 2012.

TABLE 4
MEHERRIN RIVER REGIONAL JAIL AUTHORITY
OTHER REVENUES AND EXPENSES
Last Ten Fiscal Years

Fiscal Year	Nonoperating Revenues	Capital Contributions	Nonoperating Expenses	Total Other Revenues and Expenses
2014	\$ 1,839,601	\$ 30,446,672 ¹	\$ 1,772,010	\$ 30,514,263
2013	-	\$ 2,261,618	-	\$ 2,261,618

NOTE: Meherrin River Regional Jail opened July 1, 2012.

¹ The large increase in capital contributions in FY 2014 is primarily due to a \$30,417,889 state reimbursement which reimbursed the Authority 50% of the cost to build the facility. The state reimbursement was used to pay off \$29,320,000 in interim financing causing an especially large decrease in liabilities.

TABLE 5
MEHERRIN RIVER REGIONAL JAIL AUTHORITY
OPERATING REVENUES AND EXPENSES
Last Ten Fiscal Years

	<u>2014</u>	<u>2013</u>
Revenues:		
Member Jurisdictions	\$ 4,200,622	\$ 5,274,218
State Compensation Board	7,366,903	6,639,914
Telephone Commission	288,763	310,874
Daily Fees	153,601	182,959
Work Release	48,542	27,975
Weekender Fees	17,904	13,227
Home Incarceration	11,173	15,827
Medical Co-Pays	6,588	9,031
Internet Visitation	5,075	-
Bed Rentals	153,975	-
Miscellaneous	13,310	120,926
Total Revenues	<u>12,266,456</u>	<u>12,594,951</u>
Expenses:		
Salaries and benefits	7,918,752	7,694,359
Contractual services	74,462	61,531
Materials and supplies	746,491	886,208
Medical services and supplies	2,155,802	1,799,969
Food service and supplies	628,475	612,681
Utilities	676,408	680,614
Depreciation	1,576,471	1,566,072
Total expenses	<u>13,776,861</u>	<u>13,301,434</u>
Net operating income (loss)	<u>\$ (1,510,405)</u>	<u>\$ (706,483)</u>

NOTE: Meherrin River Regional Jail opened July 1, 2012.

TABLE 6
MEHERRIN RIVER REGIONAL JAIL AUTHORITY
OPERATING REVENUES BY SOURCE
Last Ten Fiscal Years

Fiscal Year	County of Brunswick	County of Dinwiddie	County of Mecklenburg	Other Governments	Other	Total
2014	\$ 1,269,013	\$ 794,993	\$ 2,136,616	\$ 7,366,903	\$ 698,931	\$ 12,266,456
2013	\$ 1,774,801	\$ 1,071,699	\$ 2,427,718	\$ 6,639,914	\$ 680,819	\$ 12,594,951

NOTE: Meherrin River Regional Jail opened on July 1, 2012.

TABLE 7
MEHERRIN RIVER REGIONAL JAIL AUTHORITY
REVENUES & BILLED INMATE DAYS - BY CUSTOMER
Last Ten Fiscal Years

Fiscal Year	Brunswick County			Dinwiddie County			Mecklenburg County		
	Revenue	Per Diem	Inmate Days Billed	Revenue	Per Diem	Inmate Days Billed	Revenue	Per Diem	Inmate Days Billed
2014	\$1,269,013	\$ 29.95	42,371	\$ 794,993	\$ 29.95	26,544	\$2,136,616	\$ 29.95	71,339
2013	\$1,774,801	\$ 34.61	51,280	\$1,071,699	\$ 34.61	30,965	\$2,427,718	\$ 34.61	70,145

NOTE: Meherrin River Regional Jail opened July 1, 2012.

TABLE 8
MEHERRIN RIVER REGIONAL JAIL AUTHORITY
LARGEST OPERATING REVENUE SOURCE
Current Year and Period Nine Years Ago

	<u>Fiscal Year 2014</u>		<u>Fiscal Year 2013</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
State Compensation Board	\$ 7,366,903	60.06%	\$ 6,639,914	52.72%
Mecklenburg County	2,136,616	17.42%	2,427,718	19.28%
Subtotal	9,503,519	77.48%	9,067,632	71.99%
Balance from other revenue sources	2,762,937	22.52%	3,527,319	28.01%
Grand Totals	<u>\$ 12,266,456</u>	<u>100.00%</u>	<u>\$ 12,594,951</u>	<u>100.00%</u>

The table includes the largest revenue sources required to reach 50 percent of the revenue base.

NOTE: Meherrin River Regional Jail opened July 1, 2012.

TABLE 9
MEHERRIN RIVER REGIONAL JAIL AUTHORITY
OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Revenue Bonds	Notes Payable	Total	Brunswick		Dinwiddie (1)		Mecklenburg	
				Annual Total Personal Income (2) (in thousands)	Annual Per Capita Personal Income (2)	Annual Total Personal Income (2) (in thousands)	Annual Per Capita Personal Income (2)	Annual Total Personal Income (2) (in thousands)	Annual Per Capita Personal Income (2)
2014	\$ 42,313,408	\$ -	\$ 42,313,408	\$ 497,900	\$ 29,271	\$ 3,138,193	\$ 40,521	\$ 1,055,313	\$ 33,239
2013	\$ 42,420,688	\$ 29,320,000	\$ 71,740,688	\$ 468,093	\$ 27,208	\$ 2,951,555	\$ 37,994	\$ 1,008,394	\$ 30,911

NOTE: Meherrin River Regional Jail opened July 1, 2012.

(1) According to the U.S. Census Bureau, Dinwiddie is part of a Virginia combination area which includes Dinwiddie, Colonial Heights, and Petersburg. Separate estimates for Dinwiddie are not available.

(2) Information provided by the U.S. Census Bureau, Bureau of Economic Analysis.

TABLE 10
MEHERRIN RIVER REGIONAL JAIL AUTHORITY
REVENUE BOND COVERAGE
Last Ten Fiscal Years

Fiscal Year	Operating Revenues	Operating and Capital Expenses (1)	Available Unrestricted Net Position	Net Revenue Available for Debt Service	Principal	Interest (2)	Payments to Reserves	Total (3)	Bond Coverage
2014	\$ 12,266,456	\$ 12,200,390	\$ 1,393,421	\$ 1,459,487	\$ -	\$ 1,772,010	\$ -	\$ 1,772,010	82%
2013	\$ 12,594,951	\$ 11,735,362	\$ 292,371	\$ 1,151,960	\$ -	\$ -	\$ -	\$ -	N/A

NOTE: Meherrin River Regional Jail opened July 1, 2012.

- (1) Greater of budgeted or actual operating expenses, exclusive of depreciation.
- (2) Less amortization expense
- (3) There were no bond payments due in FY 2013 because all interest was capitalized during construction.

**TABLE 11
MEHERRIN RIVER REGIONAL JAIL AUTHORITY
INMATE BOOKING STATISTICS
Last Ten Fiscal Years**

<u>Jurisdiction</u>	<u>Fiscal Year</u>	<u>Average Daily Population</u>	<u>Average Length of Stay (Days)</u>	<u>Average Monthly Bookings</u>
Brunswick	2014	125	44	62
	2013	140	26	78
<u>Jurisdiction</u>	<u>Fiscal Year</u>	<u>Average Daily Population</u>	<u>Average Length of Stay (Days)</u>	<u>Average Monthly Bookings</u>
Dinwiddie	2014	84	55	49
	2013	85	23	56
<u>Jurisdiction</u>	<u>Fiscal Year</u>	<u>Average Daily Population</u>	<u>Average Length of Stay (Days)</u>	<u>Average Monthly Bookings</u>
Mecklenburg	2014	186	52	94
	2013	179	28	72
<u>Jurisdiction</u>	<u>Fiscal Year</u>	<u>Average Daily Population</u>	<u>Average Length of Stay (Days)</u>	<u>Average Monthly Bookings</u>
Other	2014	12	310	19
	2013	0	0	0

NOTE: Meherrin River Regional Jail opened July 1, 2012.

TABLE 12
MEHERRIN RIVER REGIONAL JAIL AUTHORITY
PRINCIPAL EMPLOYERS
CURRENT YEAR AND PERIOD NINE YEARS AGO

Brunswick County			Dinwiddie County			Mecklenburg County		
2014			2014			2014		
<u>Rank</u>	<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Employer</u>	<u>Employees</u>
1	Brunswick County School Board	250-499	1	WalMart	500-999	1	Mecklenburg County School Board	500-999
2	Geo Corrections & Detention Center	250-499	2	Central State Hospital	500-999	2	Community Memorial Health Center	500-999
3	Southside VA Community College	250-499	3	Southside VA Training Center	500-999	3	Jones Distribution Corp	250-499
4	Meherrin River Regional Jail	100-249	4	Amazon Com KYDC Inc.	500-999	4	Global Safety Textiles LLC	250-499
5	County of Brunswick	100-249	5	Dinwiddie County School Board	500-999	5	WalMart	250-499
6	Mr. Bults Inc.	100-249	6	Integrity Staffing Solutions	500-999	6	Peebles	100-249
7	Brunswick Academy	50-99	7	Chaparral	250-499	7	Food Lion	100-249
8	Hyponex Corporation	50-99	8	Dinwiddie Board of Supervisors	250-499	8	Monroe Tree Services Division	100-249
9	Melvin L. Davis Oil Company	50-99	9	Hiram W. Davis Medical Center	100-249	9	Lake Country Area Agency on Aging	100-249
10	Envoy of Lawrenceville	50-99	10	Tindall Concrete Products	100-249	10	County of Mecklenburg	100-249
2005			2005			2005		
<u>Rank</u>	<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Employer</u>	<u>Employees</u>
1	Brunswick County School Board	500-999	1	Southside VA Training Center	1000 & over	1	Mecklenburg County School Board	1000 & over
2	Brunswick Correctional Center	250-499	2	WalMart	1000 & over	2	Community Memorial Health Center	500-999
3	Wackenhut Corrections	250-499	3	Central State Hospital	500-999	3	Mcnaughton Apparel Group Inc.	250-499
4	Southside VA Community College	100-249	4	Dinwiddie County School Board	500-999	4	Peebles	250-499
5	Saint Paul's Collegge	100-249	5	Chaparral	250-499	5	WalMart	250-499
6	County of Brunswick	100-249	6	Tindall Concrete Products	100-249	6	Mecklenburg Correctional Center	250-499
7	Brick & Tile Corp. of Lawrenceville	100-249	7	Hiram W. Davis Medical Center	100-249	7	International Veneer Company	100-249
8	Mr. Bults Inc.	100-249	8	County of Dinwiddie	100-249	8	County of Mecklenburg	100-249
9	Ruxton Health of Lawrenceville	50-99	9	Philip Morris Products	100-249	9	Monroe Tree Services Division	100-249
10	Brunswick Box Company	50-99	10	Iluka Resources	100-249	10	Penmac Personnel Services	100-249

SOURCE: Virginia Employment Commission.

**TABLE 13
MEHERRIN RIVER REGIONAL JAIL AUTHORITY
DEMOGRAPHIC STATISTICS FOR MEMBER JURISDICTIONS
LAST TEN CALENDAR YEARS**

Calendar Year	Brunswick County		Dinwiddie County		Mecklenburg County	
	Population	Unemployment Rate	Population	Unemployment Rate	Population	Unemployment Rate
2004	17,981	6.80%	25,770	4.00%	32,547	6.90%
2005	17,981	5.80%	26,149	4.20%	32,554	6.20%
2006	18,011	5.20%	26,590	3.30%	32,642	5.30%
2007	17,823	5.00%	27,078	3.50%	32,823	5.00%
2008	17,791	6.10%	27,694	4.50%	32,920	5.70%
2009	17,507	11.60%	27,888	8.90%	32,815	11.50%
2010	17,421	12.10%	27,998	8.00%	32,672	11.70%
2011	17,133	10.70%	28,054	7.20%	32,583	11.00%
2012	17,010	10.70%	27,994	6.80%	31,749	10.10%
2013	17,434	9.10%	28,001	5.90%	32,727	9.20%

NOTE: Meherrin River Regional Jail opened July 1, 2012.

SOURCE: Provided by US Census Bureau, LAUS Unit, and Bureau of Labor Statistics.

TABLE 14
MEHERRIN RIVER REGIONAL JAIL AUTHORITY
NUMBER OF EMPLOYEES BY IDENTIFIABLE ACTIVITY
Last Ten Fiscal Years

	2014	2013
Civilian	14	16
Sworn Officers	147	143
Total Employees	161	159

NOTE: Meherrin River Regional Jail opened July 1, 2012.

TABLE 15
MEHERRIN RIVER REGIONAL JAIL AUTHORITY
SCHEDULE OF INSURANCE IN FORCE
As of June 30, 2014

Insurance Coverage	Insurance Company	Expiration Date	Coverage Limit	Deductible
Building & Personal Property	VACO	7/1/2014	As scheduled	\$ 1,000
Electronic Data Processing Equipment	VACO	7/1/2014	\$ 100,000	\$ 1,000
Earthquake/Flood	VACO	7/1/2014	As scheduled	\$ 25,000
Business Auto	VACO	7/1/2014	\$ 2,000,000	\$ 250
Schedule Equipment	VACO	7/1/2014	As scheduled	\$ 1,000
Boiler and Machinery	VACO	7/1/2014	As scheduled	\$ 1,000
Business Interruption and Extra Expense	VACO	7/1/2014	\$ 100,000	N/A
Workers Compensation	VACO	7/1/2014	\$ 1,000,000	N/A
Faithful Performance of Duty	VACO	7/1/2014	\$ 250,000	\$ 250
Line of Duty	VACO	7/1/2014	Statutory Limit	N/A
Bond *1	Division of Risk Management			
Constitutional Officer *1	Commonwealth of Virginia- Division of Risk Management	7/1/2014	\$ 1,000,000	\$ 1,000

N/A – Not Applicable

*1 – Provided by the Commonwealth of Virginia

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Members of Meherrin River Regional Jail Authority Alberta, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of Meherrin River Regional Jail Authority as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Meherrin River Regional Jail Authority's basic financial statements and have issued our report thereon dated September 19, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Meherrin River Regional Jail Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Meherrin River Regional Jail Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Meherrin River Regional Jail Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Meherrin River Regional Jail Authority'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 determination of financial statement amounts. 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, & Associates
Charlottesville, Virginia
September 19, 2014