PIEDMONT REGIONAL JAIL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2015

Donald Hunter, Superintendent

Jail Board Members and Alternates

County	Members	Alternates
Amelia	Jim Bennett Ricky Walker, Sheriff	Taylor Harvie James I. Moler, Chief Deputy
Buckingham	Frank M. Knott, Jr. William Kidd, Sheriff	Rebecca Carter Roger Jamerson, Captain
Cumberland	Parker Wheeler Darrell Hodges, Sheriff	Vivian Giles Wade Stimpson
Lunenburg	Edward Pennington Arthur Townsend, Sheriff	Tracy Gee Donald J. Penland
Nottoway	Ronald E. Roark Larry Parrish, Sheriff	John N. Procise Carlton Abernathy, Jr., Chief Deputy
Prince Edward	James Garnett, Jr. Wesley Reed, Sheriff	Wade Bartlett David Wilmoth

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE PIEDMONT REGIONAL JAIL BOARD FARMVILLE, VIRGINIA

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Piedmont Regional Jail, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Piedmont Regional Jail's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of Piedmont Regional Jail, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 11 to the financial statements, in 2015, the Jail adopted new accounting guidance, GASB Statement Nos. 68 Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 and 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules related to pension funding on pages 3-6 and 36-38 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 opinions on the financial statements that collectively comprise Piedmont Regional Jail's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2015, on our consideration of Piedmont Regional Jail'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 Piedmont Regional Jail's internal control over financial reporting and compliance.

Robinson, Faren, Cox Associates Charlottesville, Virginia November 13, 2015

Management's Discussion and Analysis Year Ended June 30, 2015

This management's discussion and analysis of the Piedmont Regional Jail's financial performance provides an overview of the Jail's financial activities for the fiscal year ended June 30, 2015. Please read this information in conjunction with the Jail's financial statements, which follow this section.

Financial Highlights

The Jail's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$2,038,485 (net position). This reflects an increase of \$564,726 over the prior year, not including the restatement of \$1,933,507.

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 following:

- 1. Statement of Net Position
- 2. Statement of Revenues, Expenses, and Changes in Net Position
- 3. Statement of Cash Flows
- 4. Statement of Fiduciary Net Position
- 5. Notes to the financial statements

This report also contains required and other supplementary information in addition to the basic financial statements themselves.

The financial statements are designed to provide readers with a broad overview of the Jail's finances, in a manner similar to a private-sector business. The accrual basis of accounting is used to prepare the financial statements.

The statement of net position presents information on all of the Jail's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the net difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Jail is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information showing the results of operations during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The statement of cash flows presents the flow of cash resources into and out of the Jail during the year (from operations, financing, and other sources) and how those funds were applied (payment of expenses, repayment of debt, etc.).

The statement of fiduciary net position presents the balances of funds held on behalf of others. These funds are not reflected with other Jail activity because the resources of those funds are not available to support the Jail's own programs.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for pension funding progress and other supplementary information for budgetary comparison information, changes in assets and liabilities of agency funds, and other miscellaneous information.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Jail's financial position. In this case, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,038,485 at the close of the most recent fiscal year. Based on actual activity, the financial position of the Jail has improved. This is evidenced by increased liquidity, with a quick ratio (current assets/current liabilities) of 2.9:1 compared to that of 2.3:1 a year ago. However, net position shows a drastic decrease due to the implementation of GASB 68. This implementation resulted in the reporting of deferred outflows of resources as well as the reporting of deferred inflows of resources and net pension liability. Information for 2014 was not available in this year of implementation; therefore, no restatements were made to those balances.

Condensed Statement of Net Position

	_	2015	 2014
Current and other assets Capital assets	\$	1,555,380 3,218,284	\$ 1,323,956 3,022,643
Total assets	\$	4,773,664	\$ 4,346,599
Deferred outflows of resources	\$	508,194	\$ -
Long-term liabilities Current liabilities	\$	2,096,292 539,431	\$ 355,225 584,108
Total liabilities	\$	2,635,723	\$ 939,333
Deferred inflows of resources	\$	607,650	\$ -
Net position: Investment in capital assets Unrestricted	\$_	3,218,284 (1,179,799)	3,022,643 384,623
Total net position	\$	2,038,485	\$ 3,407,266

At the end of the current fiscal year, the Jail's investment in capital assets was \$3,218,284. The Jail uses these capital assets to provide incarceration services to participating localities and other governmental entities; therefore, these assets are not available for future spending. Although the Jail's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Change in Net Position: The Jail's net position increased by \$564,726 (without consideration of the GASB 68 implementation restatement).

Financial Analysis (continued)

A comparative analysis of information is presented below:

Condensed Statement of Revenues, Expenses, and Change in Net Position

	_	2015	 2014
Operating revenues Operating expenses	\$	10,766,564 10,215,314	\$ 10,042,301 9,817,650
Net operating income (loss)	\$_	551,250	\$ 224,651
Nonoperating revenues, net	\$_	7,976	\$ 22,089
Capital contributions	\$_	5,500	\$ 2,500
Change in net position	\$_	564,726	\$ 249,240
Net position, beginning of year Restatement for GASB 68	\$	3,407,266 (1,933,507)	\$ 3,158,026
Net position, beginning of year, as restated	\$_	1,473,759	\$ 3,158,026
Net position, end of year	\$_	2,038,485	\$ 3,407,266

Operating revenues are defined as charges for services to participant localities and outside localities and the federal government based on the number of days that inmates are housed. Operating revenues also include grants received from the Compensation Board to help defray salary costs and other expenses. Telephone commissions, work release fees, weekender fees, home electronic monitoring fees, and other miscellaneous revenues are also reported as operating revenues.

Operating expenses are comprised of the direct expenses of operating the jail. These include salaries and benefits, contractual services and other related operating costs (please reference the schedule of revenues and expenses for a complete breakdown of these charges).

Nonoperating revenues (expenses) consist of interest earnings, rental income, gains or losses on the disposal of capital assets, and interest expense. There was no interest expense in 2015.

Operating revenues increased \$724,263 in 2015. This reflects the increase in the number of inmates housed at the facility during the year. It also reflects the additional revenues from participating localities paying for their incarceration services. Early in fiscal year 2014, the Compensation Board approved a partial exemption from the Federal Inmate Cost Recovery for a defined number of federal inmates housed per day in the Jail. This resulted in increased State funding for the Jail. Spending also increased due to the increase in population and a new medical services contract as reflected in the \$397,664 increase in operating expenses. The cost for inmate medical care continues to increase and is nearly impossible to predict from year to year.

Financial Analysis (continued)

Cash Flows: A comparative analysis of information is presented below:

Condensed Statement of Cash Flows

	 2015	2014
Cash flows provided (used) by operating activities	\$ 532,485 \$	144,067
Cash flows provided (used) by noncapital financing activities	4,800	4,800
Cash flows provided (used) by capital and related financing activities	(394,769)	(42,813)
Cash flows provided (used) by investing activities	 124	141
Net increase (decrease) in cash and cash equivalents	\$ 142,640 \$	106,195
Cash and cash equivalents, beginning of year	 460,242	354,047
Cash and cash equivalents, end of year	\$ 602,882 \$	460,242

Cash flows from operating activities are comprised of operating revenues combined with expenses for personnel, benefits and payments to operating suppliers. The increase in revenues from participating localities resulted in positive cash flows from operating activities. Management continues to actively work with other parties to provide additional housing to achieve greater capacity.

Cash flows from capital and related financing activities include the purchase of capital assets and principal and interest payments on debt. The Jail presently has no outstanding debt as loans were paid off in fiscal year 2014. Capital improvements largely offset the increase in cash flows from operating activities.

Cash flows from investing activities include interest and investment earnings. The decrease in interest income is related to a decrease in balances held in interest bearing accounts.

Capital Asset and Debt Administration

<u>Capital assets</u> - The Jail's investment in capital assets as of June 30, 2015 amounted to \$3,218,284 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, other improvements, vehicles, and equipment. The investment in capital assets increased \$195,641 during the year. Additions of \$408,171 during the year include a \$206,268 security system upgrade; three vehicles, including a van and two cars; a donated pickup truck; a pressure fryer; a scissor lift (to be shared with the Juvenile Detention Center); Trane AC units, a double-deck convection over; a body orifice security scanner; and other items. CIP represents professional fees to perform a study on an expansion to the booking/intake area. Depreciation recorded in the current year totaled \$212,530.

Additional information on the Jail's capital assets can be found in Note 6 of this report.

<u>Long-term debt</u> - At the end of the current fiscal year, the Jail had no outstanding debt. However, there are long-term liabilities related to pensions and compensated absences.

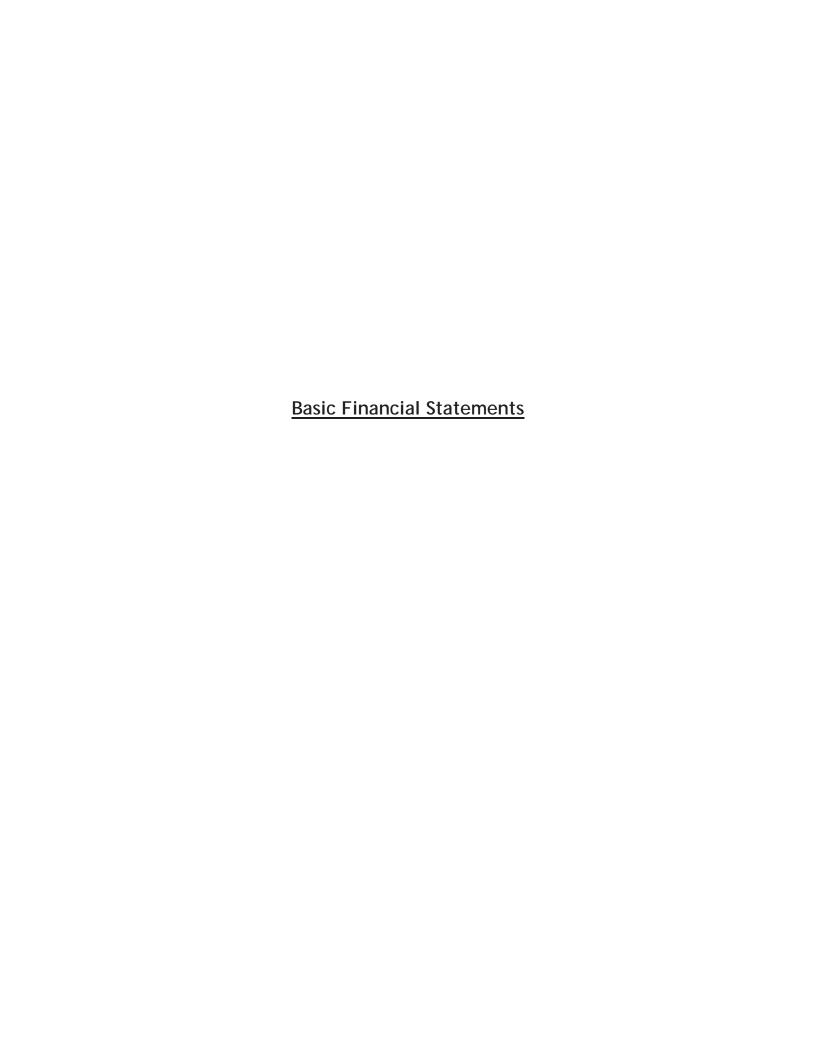
Additional information on the Jail's long-term liabilities can be found in Notes 7 and 8 of this report.

SUMMARY

As demonstrated above, the financial position of the Piedmont Regional Jail is measured in terms of resources (assets) we own and obligations (liabilities) we owe on a given date. Fiscal year 2013 proved to be financially trying but 2014 and 2015 have seen an improvement. Every effort is being made to increase the Jail's population with increased focus on contracts from other states. Management will continue to focus its efforts in this regard to lessen the burden to be assumed by participating localities.

Requests for Information

This financial report is designed to provide a general overview of the Piedmont Regional Jail's finances for all those with an interest in the Jail's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Superintendent, P.O. Drawer 388, or Rte. 676 Industrial Park Rd., Farmville, Virginia 23901.



Statement of Net Position As of June 30, 2015

ASSETS	_	Operating
Current Assets:		
Cash and cash equivalents	\$	602,882
Accounts receivable		23,973
Due from agency funds		2,548
Due from other governmental units		888,040
Prepaid items	_	37,937
Total current assets	\$	1,555,380
Noncurrent Assets:		
Capital assets (net of accumulated depreciation):		
Land	\$	12,554
Construction in progress		69,000
Buildings and improvements		2,674,079
Other improvements		18,279
Furniture and equipment		381,981
Vehicles		62,391
Total noncurrent assets	\$ _	3,218,284
Total assets	\$ _	4,773,664
	_	
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions subsequent to measurement date	\$ <u>_</u>	508,194
LIABILITIES		
Current Liabilities:		
Accounts payable	\$	499,421
Accrued liabilities		(2,357)
Compensated absences, current portion		42,367
Total current liabilities	\$ _	539,431
Noncurrent Liabilities:		
Compensated absences, net of current portion	\$	381,307
Net pension liability		1,714,985
Total noncurrent liabilities	\$ _	2,096,292
Total liabilities	\$	2,635,723
	· -	,,,,,,
DEFERRED INFLOWS OF RESOURCES		
Items related to measurement of net pension liability	\$ _	607,650
NET POSITION		
Investment in capital assets	\$	3,218,284
Unrestricted		(1,179,799)
Total net position	\$ -	2,038,485
rotal not position	Ψ=	2,000,700

Statement of Revenues, Expenses and Changes in Net Position For the Year Ended June 30, 2015

On another Bassacce	_	Operating
Operating Revenues: Charges for services Intergovernmental Telephone commission Medical and pharmacy reimbursement Work release fees/ week-enders Home electronic monitoring Miscellaneous Total operating revenues	\$ \$ - \$_	6,458,778 3,601,437 140,783 259,998 116,862 106,523 82,183
Operating Expenses: Personnel costs Fringe benefits Medical service provider Contractual services Other charges Depreciation	\$	4,300,029 1,320,004 1,331,039 157,999 2,893,713 212,530
Total operating expenses	\$_	10,215,314
Operating income (loss)	\$_	551,250
Nonoperating Revenues (Expenses): Interest income Rental income Gain (Loss) on disposal of capital assets Net nonoperating revenues (expenses) Income (loss) before capital contributions	\$ _ \$_ \$	124 4,800 3,052 7,976 559,226
Capital Contributions: Capital contributions	- \$	5,500
Change in net position	\$ \$	564,726
Net position, beginning of year Restatement for GASB 68	\$ _	3,407,266 (1,933,507)
Net position, beginning of year, as restated	\$	1,473,759
Net position, end of year	\$_	2,038,485

Statement of Cash Flows For the Year Ended June 30, 2015

Cash flows from operating activities:		
Receipts from customers	\$	10,710,865
Payments to suppliers		(4,430,324)
Payments to and for employees	_	(5,748,056)
Total cash flows provided by (used for) operating activities	\$ _	532,485
Cash flows from noncapital financing activities: Rental income	\$	4,800
Total cash flows provided by (used for) noncapital financing activities	\$	4,800
Cash flows from capital and related financing activities: Purchase of capital assets Sale of capital assets Capital contributions - PJDC 1/2 cost of scissor lift	\$	(405,421) 7,902 2,750
Total cash flows provided by (used for) capital and related financing activities	\$	(394,769)
Cash flows from investing activities:		
Interest income	\$	124
Total cash flows provided by (used for) investing activities	\$	124
Net increase (decrease) in cash and cash equivalents	\$	142,640
Cash and cash equivalents, beginning of year	_	460,242
Cash and cash equivalents, end of year	\$	602,882
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss) Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	\$	551,250
Depreciation		212,530
Pension contributions subsequent to measurement date Pension expense per GASB 68 calculation Changes in assets and liabilities:		(508,194) 389,128
Accounts receivable Due from other funds Due from other governmental units Prepaid items Accounts payable Accrued expenses Compensated absences	_	(2,335) (2,548) (50,814) (37,937) (30,424) (17,150) 28,979
Total cash flows provided by (used for) operating activities	\$	532,485
Noncash investing, capital, and financing activities: Contributions of capital assets from Prince Edward County	\$	2,750

FIDUCIARY FUNDS

Statement of Fiduciary Net Position As of June 30, 2015

	_	Agency Funds
ASSETS		
Cash	\$	418,553
LIABILITIES Accounts payable	\$	82,392
Due to operating fund		2,548
Amounts held for inmate benefits		332,030
Amounts held for employee benefits		1,583
Total liabilities	\$	418,553

Notes to Financial Statements As of June 30, 2015

NOTE 1 - FINANCIAL REPORTING ENTITY:

The Counties of Amelia, Buckingham, Cumberland, Lunenburg, Nottoway and Prince Edward entered into an agreement dated January 1, 1986, for the purpose of cooperatively establishing and administering the Piedmont Regional Jail. The Board is governed by two members (including the sheriff) from each of the participating localities and conforms to the statutory provisions of the *Code of Virginia* (1950) as amended. The Jail is considered to be a Jointly Governed Organization of the above localities because each locality is equally represented on the Board. However, the localities do not retain an ongoing financial interest or responsibility.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the principal ongoing operations. The principal operating revenues are charges for services. Operating expenses include the cost of providing services and comprise administrative and depreciation expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The General Fund is the primary operating fund of the Jail and accounts for all revenues and expenses applicable to the general operations of the Jail. Additionally, the Jail reports agency funds, which account for assets held by the Jail as an agent or custodian of individuals, private organizations, other governmental units or other funds. The inmate account, employee account, and commissary account are the Jail's agency funds.

B. Cash and Cash Equivalents:

The Jail's cash and cash equivalents (including cash in custody of fiscal agent) consist of cash on hand and demand deposits.

C. Investments:

Investments are reported at fair value. The Jail has no investments as of June 30, 2015.

D. Accounts Receivable:

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

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

E. Capital Assets:

To the extent the Jail's capitalization threshold of \$5,000 is met, capital outlays are recorded as capital assets and depreciated over their estimated useful lives on a straight-line basis. Construction-in-progress is depreciated upon project completion.

The following estimated useful lives are used to depreciate assets:

Buildings and improvements 30-40 years
Other improvements 15 years
Vehicles, furniture, and other equipment 5-20 years

All purchased capital assets are valued at historical cost. Donated capital assets are valued at their estimated fair market value on the date donated.

F. Deferred Outflows/Inflows of Resources:

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Jail has one type of item that qualifies for reporting in this category. Certain items related to the measurement of the net pension liability are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan investments. For more detailed information on these items, reference the pension note.

G. Compensated Absences:

The Jail's employees earn annual leave (vacation pay) in varying amounts and can accumulate annual leave based on length of service. All employees earn the same sick pay rate regardless of the length of service. Maximum annual leave accumulation hours are the hours allowable at the time of separation or at the end of any calendar year. Employees terminating their employment are paid, by the Jail, their accumulated annual leave up to the maximum limit. Unused sick leave is not paid at the date of separation. The liabilities for annual and sick leave have been recorded in accordance with the provisions of GASB No. 16, Accounting for Compensated Absences. Accordingly, the amount of annual leave recognized as expense is the amount earned during the year.

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

H. Pensions:

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

I. 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.

J. Net Position Flow Assumption:

Sometimes the Jail 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 Jail's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

K. 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.

L. Budgets and Budgetary Accounting:

A budget is prepared for informational and fiscal planning purposes. None of the participating entities are required to approve the budget. The budget is adopted as a planning document and is not a legal control on expenses. The budget is prepared on the same basis of accounting as the actual amounts in the financial statements.

NOTE 3 - FISCAL AGENT:

The Treasurer of the County of Nottoway, Virginia is the fiscal agent for Piedmont Regional Jail.

NOTE 4 - DEPOSITS AND INVESTMENTS:

Deposits:

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

Investments:

Statutes authorize the Jail 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).

The Jail had no such investments at the end of the fiscal year.

NOTE 5 - DUE FROM OTHER GOVERNMENTAL UNITS:

Per Diem and medical/pharmacy reimbursement:	
Culpeper County	\$ 93,303
Powhatan County	40,149
Rockbridge Regional Jail	4,451
Meal reimbursement:	
Piedmont Juvenile Detention Center	3,691
Due from Commonwealth of Virginia:	
Compensation Board	509,874
Department of Corrections	5,664
Due from Federal Government:	
Bureau of Prisons - North Carolina	113,436
US Marshals - East North Carolina	82,723
US Marshals - Middle North Carolina	 34,750
Total due from other governmental units	\$ 888,041

NOTE 6 - CAPITAL ASSETS:

The following is a summary of changes in capital assets during the year:

		Balance July 1,						Balance June 30,
	_	2014		Increases		Decreases	_	2015
Capital assets not being depreciated:	Φ.	10 554	Φ.		Φ.	,	Φ.	10 554
Land Construction in progress	\$ -	12,554 -	, >	69,000	\$	- <u>;</u>	۵ -	12,554 69,000
Total capital assets not being depreciated	\$_	12,554	\$	69,000	\$		\$_	81,554
Capital assets being depreciated:	\$	E EEO 04E	ф		φ	,	ተ	F FF0 04F
Buildings and improvements Other improvements	Ф	5,558,945 34,274		-	\$	- ;	\$	5,558,945 34,274
Furniture and equipment		750,411		301,271		_		1,051,682
Vehicles	_	339,557		37,900		20,636	_	356,821
Total capital assets being depreciated	\$_	6,683,187	\$	339,171	\$	20,636	\$_	7,001,722
Accumulated depreciation:								
Buildings and improvements	\$	2,744,317	\$	140,549	\$	- 5	\$	2,884,866
Other improvements		13,710		2,285		-		15,995
Furniture and equipment		631,801		37,900		-		669,701
Vehicles	-	283,270		31,796	-	20,636	_	294,430
Total accumulated depreciation	\$_	3,673,098	\$	212,530	\$	20,636	\$_	3,864,992
Total capital assets being depreciated, net	\$_	3,010,089	\$	126,641	\$.		\$_	3,136,730
Net capital assets	\$_	3,022,643	\$	195,641	\$		\$_	3,218,284

Depreciation amounted to \$212,530 at June 30, 2015.

In addition, the Jail leases a copier. The agreement is for 36 months and payments are approximately \$295 per month.

NOTE 7 - COMPENSATED ABSENCES:

In accordance with GASB Statement 16, *Accounting for Compensated Absences*, the Jail accrued the liability arising from outstanding compensated absences. The Jail has outstanding vacation and compensation time pay totaling \$423,674 at June 30, 2015. Of this amount 10% or \$42,367 is estimated as a current obligation.

Balance, June 30, 2014	\$ 394,695
Increase (Decrease)	28,979
Balance, June 30, 2015	\$ 423,674

NOTE 8 - PENSION PLAN:

Plan Description

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

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	About Plan 2 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 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.	About the Hybrid Retirement Plan 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 Plan 1 and 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.

RETII	REMENT PLAN PROVISIONS (CONTIN	UED)
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		 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.
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013. 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 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.	Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible 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.	Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Political subdivision employees* • Members in Plan 1 or 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. *Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	*Non-Eligible Members (Cont.) Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but 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.	Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.	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.

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
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.	Creditable Service Same as Plan 1.	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 Contributions Component: Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
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.	Vesting Same as Plan 1.	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. Plan 1 or 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 Contributions 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 contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make.

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	Vesting (Cont.) Defined Contributions Component: (Cont.) 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. • 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.
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.	Calculating the Benefit See definition under Plan 1.	Calculating the Benefit Defined Benefit Component: See definition under Plan 1

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Calculating the Benefit (Cont.) 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.	Calculating the Benefit (Cont.)	Calculating the Benefit (Cont.) 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.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	Service Retirement Multiplier VRS: 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. Sheriffs and regional jail superintendents: Same as Plan 1. Political subdivision hazardous duty employees: Same as Plan 1.	Service Retirement Multiplier Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. Sheriffs and regional jail superintendents: Not applicable. Political subdivision hazardous duty employees: Not applicable. Defined Contribution Component: Not applicable.

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Normal Retirement Age VRS: Age 65. Political subdivisions hazardous duty employees: Age 60.	Normal Retirement Age VRS: Normal Social Security retirement age. Political subdivisions hazardous duty employees: Same as Plan 1.	Normal Retirement Age Defined Benefit Component: VRS: Same as Plan 2. Political subdivisions hazardous duty employees: Not applicable. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90. Political subdivisions hazardous duty employees: Same as Plan 1.	Earliest Unreduced Retirement Eligibility Defined Benefit Component: VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. Political subdivisions hazardous duty employees: Not applicable. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.	Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.	Earliest Reduced Retirement Eligibility Defined Benefit Component: VRS: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Earliest Reduced Retirement Eligibility (Cont.)	Earliest Reduced Retirement Eligibility (Cont.)	Earliest Reduced Retirement Eligibility (Cont.)
Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.	Political subdivisions hazardous duty employees: Same as Plan 1.	Political subdivisions hazardous duty employees: Not applicable. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.
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%. 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.	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%. Eligibility: Same as Plan 1	Cost-of-Living Adjustment (COLA) in Retirement Defined Benefit Component: Same as Plan 2. Defined Contribution Component: Not applicable. Eligibility: Same as Plan 1 and Plan 2.

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Cost-of-Living Adjustment (COLA) in Retirement (Cont.)	Cost-of-Living Adjustment (COLA) in Retirement (Cont.)	Cost-of-Living Adjustment (COLA) in Retirement (Cont.)
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.	Exceptions to COLA Effective Dates: Same as Plan 1	Exceptions to COLA Effective Dates: Same as Plan 1 and Plan 2.

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
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. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	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. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	Disability Coverage Employees of political subdivisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
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 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.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service Defined Benefit Component: Same as Plan 1, with the following exceptions: Hybrid Retirement Plan members are ineligible for ported service. The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. Defined Contribution Component: Not applicable.

NOTE 8 - PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	25
Inactive members: Vested inactive members	9
Non-vested inactive members	105
Inactive members active elsewhere in VRS	78
Total inactive members	192
Active members	113
Total covered employees	330

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the <u>Code of Virginia</u>, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been 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 5.00% member contribution. This could be phased in over a period of 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.

The Jail's contractually required contribution rate for the year ended June 30, 2015 was 13.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Jail were \$508,194 and \$543,881 for the years ended June 30, 2015 and June 30, 2014, respectively.

Notes to Financial Statements As of June 30, 2015 (continued)

NOTE 8 - PENSION PLAN: (CONTINUED)

Net Pension Liability

The Jail's net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation 2.5%

Salary increases, including inflation 3.5% - 5.35%

Investment rate of return 7.0%, net of pension plan investment

expense, including inflation*

Mortality rates: 14% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

^{*} Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Notes to Financial Statements As of June 30, 2015 (continued)

NOTE 8 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees (Continued)

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Actuarial Assumptions - Public Safety Employees

The total pension liability for Public Safety employees in the Jail's Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation 2.5%

Salary increases, including inflation 3.5% - 4.75%

Investment rate of return 7.0%, net of pension plan investment

expense, including inflation*

^{*} Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Notes to Financial Statements As of June 30, 2015 (continued)

NOTE 8 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions - Public Safety Employees (Continued)

Mortality rates: 60% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
*Ex	8.33%		

^{*} Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Jail Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	 Increase (Decrease)					
	 Total		Plan		Net	
	Pension		Fiduciary		Pension	
	Liability		Net Position		Liability	
	 (a)	_	(b)	_	(a) - (b)	
Balances at June 30, 2013	\$ 10,907,277	\$_	8,429,889	\$	2,477,388	
Changes for the year:						
Service cost	\$ 618,910	\$	-	\$	618,910	
Interest	748,633		-		748,633	
Contributions - employer	-		543,881		(543,881)	
Contributions - employee	-		231,309		(231, 309)	
Net investment income	-		1,361,667		(1,361,667)	
Benefit payments, including refunds						
of employee contributions	(425,042)		(425,042)		-	
Administrative expenses	-		(6,982)		6,982	
Other changes	 -		71		(71)	
Net changes	\$ 942,501	\$	1,704,904	\$	(762,403)	
Balances at June 30, 2014	\$ 11,849,778	\$	10,134,793	\$	1,714,985	

Notes to Financial Statements As of June 30, 2015 (continued)

NOTE 8 - PENSION PLAN: (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Jail using the discount rate of 7.00%, as well as what the Jail's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

		Rate	
	(6.00%)	(7.00%)	(8.00%)
Jail Net Pension Liability	3,450,305	1,714,985	286,457

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

For the year ended June 30, 2015, the Jail recognized pension expense of \$389,128. At June 30, 2015, the Jail reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	_	Deferred Outflows of Resources	 Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$	-	\$ 607,650
Employer contributions subsequent to the measurement date	_	508,194	
Total	\$_	508,194	\$ 607,650

Notes to Financial Statements As of June 30, 2015 (continued)

NOTE 8 - PENSION PLAN: (CONTINUED)

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

\$508,194 reported as deferred outflows of resources related to pensions resulting from the Jail's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30		
2017	ф	(151 012)
2016	\$	(151,912)
2017		(151,912)
2018		(151,912)
2019		(151,914)

NOTE 9 - RISK MANAGEMENT:

The Jail is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Jail carries insurance.

The Jail is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

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

The Jail continues to carry commercial insurance for all other risks of losses. For the previous three fiscal years, settled claims from these risks have not exceeded commercial coverage.

NOTE 10 - LITIGATION:

At June 30, 2015, there were no matters of litigation involving the Jail which would materially affect the Jail 's financial position should any court decisions on pending matters not be favorable.

Notes to Financial Statements As of June 30, 2015 (continued)

NOTE 11 - ADOPTION OF ACCOUNTING PRINCIPLES:

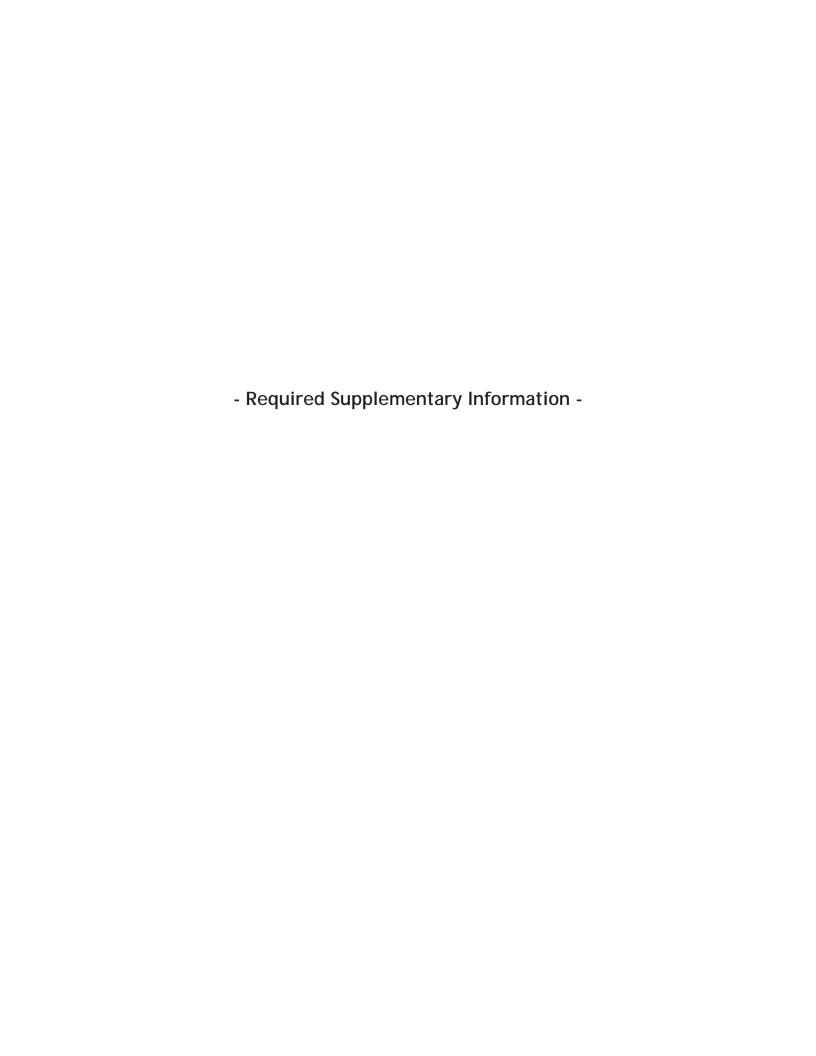
Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68:

The Authority implemented the financial reporting provisions of the above Statements for the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expenses related to pensions. Note disclosure and required supplementary information requirements about pensions are also addressed. The requirements of these Statements will improve financial reporting by improving accounting and financial reporting by state and local governments for pensions. The implementation of these Statements resulted in a \$1,933,507 restatement of net position.

NOTE 12 - SUBSEQUENT EVENTS:

In July 2015, the Department of Corrections approved the booking/intake expansion project for a 50/50 match. The project is estimated to cost \$4,200,000.

Also in July 2015, the Jail received a payment of \$300,000 from ITI-GTL for the advance payment of phone commission.



Schedule of Components of and Changes in Net Pension Liability and Related Ratios For the Year Ended June 30, 2015

		2014
Total pension liability		
Service cost	\$	618,910
Interest		748,633
Benefit payments, including refunds of employee contributions		(425,042)
Net change in total pension liability	\$	942,501
Total pension liability - beginning		10,907,277
Total pension liability - ending (a)	\$	11,849,778
Plan fiduciary net position		
Contributions - employer	\$	543,881
Contributions - employee		231,309
Net investment income		1,361,667
Benefit payments, including refunds of employee contributions		(425,042)
Administrative expense		(6,982)
Other		71
Net change in plan fiduciary net position	\$	1,704,904
Plan fiduciary net position - beginning		8,429,889
Plan fiduciary net position - ending (b)	\$	10,134,793
Jail's net pension liability - ending (a) - (b)	\$	1,714,985
Plan fiduciary net position as a percentage of the total pension liability		85.53%
Covered-employee payroll	\$	3,825,657
Jail's net pension liability as a percentage of	7	-,-20,00.
covered-employee payroll		44.83%
5575.54 5p.5555 paj. 5		11.55%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Schedule of Employer Contributions For the Year Ended June 30, 2015

			(Contributions ir Relation to	1		Employer's	Contributions as a % of
	Co	ontractually		Contractually		Contribution	Covered	Covered
		Required		Required		Deficiency	Employee	Employee
	C	ontribution		Contribution		(Excess)	Payroll	Payroll
Date		(1)		(2)		(3)	 (4)	(5)
2015	\$	508,194	\$	508,194	\$	-	\$ 3,764,719	13.50%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Notes to Required Supplementary Information For the Year Ended June 30, 2015

Changes of benefit terms - There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability



Schedule of Revenues, Expenses, and Changes in Net Position Budget and Actual For the Year Ended June 30, 2015

								Variance with Final Budget-
	_	Budgete	d A			Actual		Positive
Operating revenues:	_	Original		Final	_	Amounts	_	(Negative)
Local revenue:								
Charges to governmental entities	\$	6,190,906	\$	6,190,906	\$	6,458,778	\$	267,872
Medical and pharmacy reimbursement	•	156,254	*	156,254	•	259,998	*	103,744
Work release fees/ week-enders		98,500		98,500		116,862		18,362
Home electronic monitoring		100,000		100,000		106,523		6,523
Telephone commission		125,000		125,000		140,783		15,783
Other income		25,667		25,667		82,183		56,516
Total local revenue	\$	6,696,327	\$	6,696,327	\$	7,165,127	\$	468,800
Intergovernmental:								
Revenue from the Commonwealth:								
Categorical aid:								
Compensation Board	\$	3,375,140	\$	3,375,140	\$	3,601,437	\$	226,297
Total revenue from the Commonwealth	\$	3,375,140		3,375,140		3,601,437		226,297
Total operating revenues	\$	10,071,467	\$	10,071,467	\$	10,766,564	\$	695,097
	-	,,	- ' -		· —	,,	_	
Operating expenses:	ф	4 1/2 27/	ф	4 4/0 07/	ф	4 200 020	ф	(107.750)
Salaries	\$	4,162,276	\$	4,162,276	>	4,300,029	\$	(137,753)
Employee fringe benefits		1,478,433		1,478,433		1,320,004		158,429
Advertising		5,000		5,000		4,760		240
Dues and memberships Books and subscriptions		2,200 100		2,200 100		3,056		(856) 100
Uniforms		20,000		20,000		20,105		(105)
In-Service training		43,125		43,125		45,810		(2,685)
Food supplies		750,000		750,000		780,583		(30,583)
Kitchen supplies		17,500		17,500		18,327		(827)
Janitorial and laundry supplies		40,000		40,000		37,792		2,208
Maintenance contracts		8,000		8,000		8,663		(663)
Maintenance - buildings and grounds		120,000		120,000		78,016		41,984
Medical service provider		1,298,973		1,298,973		1,331,039		(32,066)
Medical and pharmacy supplies		488,345		488,345		674,261		(185,916)
Postage		4,800		4,800		5,145		(345)
Office supplies		20,000		20,000		32,137		(12,137)
Office equipment		3,000		3,000		5,095		(2,095)
Physician and dentist, etc.		163,105		163,105		228,300		(65,195)
Printing and copying		5,000		5,000		3,250		1,750

Schedule of Revenues, Expenses, and Changes in Net Position Budget and Actual Year Ended June 30, 2015 (Continued)

Operating expenses: (Continued) Final Amounts (Negative) Professional services \$ 1111,200 \$ 1111,200 \$ 118,920 \$ (7,720) Freight/delivery 4,900 4,900 4,200 6,94 Telephone 559,799 59,799 57,399 2,400 Repairs and maintenance 47,000 48,000 7,701 299 Vehicle supplies 95,000 95,000 83,728 11,272 Security supplies 10,000 10,000 11,037 (1,037) Extermination 1,000 10,000 525 475 Miscellaneous 10,799 10,799 9,354 1,445 Travel and lodging 7,000 7,000 7,137 (137) Propane 76,000 76,000 79,895 3,895 Electricity/heating 150,000 150,000 140,024 9,976 Water/sewer 290,443 290,443 300,526 (10,083) Insurance 200,538 200,538 147,497 <td< th=""><th></th><th></th><th>Budgeted</th><th>Δn</th><th>nounts</th><th>Actual</th><th>Variance wi Final Budge Positive</th><th></th></td<>			Budgeted	Δn	nounts	Actual	Variance wi Final Budge Positive	
Operating expenses: (Continued) 111,200 \$ 111,200 \$ 118,920 \$ (7,720) Professional services \$ 111,200 \$ 111,200 \$ 118,920 \$ (7,720) Freight/delivery 4,900 4,900 4,206 694 Telephone 59,799 59,799 57,399 2,400 Repairs and maintenance 8,000 8,000 7,701 299 Vehicle supplies 95,000 95,000 83,728 11,272 Security supplies 10,000 10,000 11,037 (1,037) Extermination 1,000 1,000 525 475 Miscellaneous 10,799 10,799 9,354 1,445 Travel and lodging 7,000 7,000 7,500 7,900 7,900 7,900 7,900 7,900 1,137 (137) 1737 1137 1137 1137 1137 1137 1137 1137 1137 1137 1137 1137 1137 1137 1137 1137 1137 1137 1137<		_		7 (1)
Professional services \$ 111,200 \$ 111,200 \$ 118,920 \$ (7,720) Freight/delivery 4,900 4,900 4,206 694 7000 7,000 7,309 2,400 7,000 38,015 8,985 7,999 5,7399 2,400 7,000 38,015 8,985 7,990 7,000 7,000 38,015 8,985 7,990 7,000 7,000 83,728 11,272 7,200 7,000	Operating expenses: (Continued)	_	<u> </u>	_			(1911 1)	
Telephone 59,799 59,799 57,399 2,400 Repairs and maintenance 47,000 47,000 38,015 8,985 Radio maintenance 8,000 8,000 7,701 299 Vehicle supplies 95,000 95,000 83,728 11,272 Security supplies 10,000 10,000 11,037 (1,037) Extermination 1,000 1,000 525 475 Miscellaneous 10,799 10,799 9,354 1,445 Travel and lodging 7,000 7,000 7,900 7,377 (137) Propane 76,000 76,000 79,895 (3,895) Electricity/heating 150,000 150,000 140,024 9,976 Water/sewer 290,443 290,443 300,526 (10,083) Insurance 200,538 200,538 147,497 53,041 Refuse collection 6,700 6,700 8,133 (1,473) Other inmate expenses 8,500 8,500 9,973 <td>, ,</td> <td>\$</td> <td>111,200</td> <td>\$</td> <td>111,200 \$</td> <td>118,920</td> <td>\$ (7,72</td> <td>20)</td>	, ,	\$	111,200	\$	111,200 \$	118,920	\$ (7,72	20)
Repairs and maintenance 47,000 47,000 38,015 8,985 Radio maintenance 8,000 8,000 7,701 299 Vehicles supplies 95,000 95,000 83,728 11,272 Security supplies 10,000 10,000 11,037 (1,037) Extermination 1,000 1,000 525 475 Miscellaneous 10,799 10,799 9,354 1,445 Travel and lodging 7,000 7,000 7,137 (137) Propane 76,000 76,000 79,895 (3,895) Electricity/heating 150,000 150,000 140,024 9,976 Water/sewer 290,443 290,443 300,526 (10,083) Insurance 200,538 200,538 147,497 53,041 Refuse collection 6,700 6,700 8,173 (14,73) Home electronic monitoring expenses 21,969 21,969 34,391 (12,422) Other inmate expenses 8,500 8,500 9,	Freight/delivery		4,900		4,900	4,206	69	94
Radio maintenance 8,000 8,000 7,701 299 Vehicle supplies 95,000 95,000 83,728 11,272 Security supplies 10,000 10,000 11,037 (1,037) Extermination 1,000 1,000 525 475 Miscellaneous 10,799 10,799 9,354 1,445 Travel and lodging 7,000 7,000 7,137 (137) Propane 76,000 76,000 79,895 (3,895) Electricity/heating 150,000 150,000 140,024 9,976 Water/sewer 290,443 290,443 300,526 (10,083) Insurance 200,538 200,538 147,497 53,041 Refuse collection 6,700 6,700 8,173 (1,473) Home electronic monitoring expenses 21,969 21,969 34,391 (12,422) Other inmate expenses 8,500 8,500 9,973 (1,473) Capital outlays 319,374 319,374 29,715 </td <td>Telephone</td> <td></td> <td>59,799</td> <td></td> <td>59,799</td> <td>57,399</td> <td>2,40</td> <td>00</td>	Telephone		59,799		59,799	57,399	2,40	00
Vehicle supplies 95,000 95,000 83,728 11,272 Security supplies 10,000 10,000 11,037 (1,037) Extermination 1,000 1,000 525 475 Miscellaneous 10,799 10,799 9,354 1,445 Travel and lodging 7,000 7,000 7,137 (137) Propane 76,000 76,000 79,895 (3,895) Electricity/heating 150,000 150,000 140,024 9,976 Water/sewer 290,443 290,443 300,526 (10,083) Insurance 200,538 200,538 147,497 53,041 Refuse collection 6,700 6,700 8,173 (1,473) Home electronic monitoring expenses 21,969 21,969 34,391 (12,422) Other inmate expenses 8,500 8,500 9,973 (1,473) Capital outlays 319,374 319,374 29,715 289,659 Contingencies 18,188 18,188 18,19	Repairs and maintenance		47,000		47,000	38,015	8,98	35
Security supplies 10,000 10,000 11,037 (1,037) Extermination 1,000 1,000 525 475 Miscellaneous 10,799 10,799 9,354 1,445 Travel and lodging 7,000 7,000 7,137 (137) Propane 76,000 76,000 79,895 (3,895) Electricity/heating 150,000 150,000 140,024 9,976 Water/sewer 290,443 290,443 300,526 (10,083) Insurance 200,538 200,538 147,497 53,041 Refuse collection 6,700 6,700 8,173 (1,473) Home electronic monitoring expenses 21,969 21,969 34,391 (12,422) Other immate expenses 8,500 8,500 9,973 (1,473) Capital outlays 319,374 319,374 29,715 289,659 Contingencies 18,188 18,188 18,196 (8) Depreciation - - - - </td <td>Radio maintenance</td> <td></td> <td>8,000</td> <td></td> <td>8,000</td> <td>7,701</td> <td>29</td> <td>99</td>	Radio maintenance		8,000		8,000	7,701	29	99
Extermination 1,000 1,000 525 475 Miscellaneous 10,799 10,799 9,354 1,445 Travel and lodging 7,000 7,000 7,137 (137) Propane 76,000 76,000 79,895 (3,895) Electricity/heating 150,000 150,000 140,024 9,976 Water/sewer 290,443 290,443 300,526 (10,083) Insurance 200,538 200,538 147,497 53,041 Refuse collection 6,700 6,700 8,173 (1,473) Home electronic monitoring expenses 21,969 21,969 34,391 (12,422) Other inmate expenses 8,500 8,500 9,973 (1,473) Capital outlays 319,374 319,374 29,715 289,659 Contingencies 18,188 18,188 18,188 18,188 18,196 (8) Depreciation - - - 212,530 (212,530) Net operating expenses	Vehicle supplies		95,000		95,000	83,728	11,27	72
Miscellaneous 10,799 10,799 9,354 1,445 Travel and lodging 7,000 7,000 7,137 (137) Propane 76,000 76,000 79,895 (3,895) Electricity/heating 150,000 150,000 140,024 9,976 Water/sewer 290,443 290,443 300,526 (10,083) Insurance 200,538 200,538 147,497 53,041 Refuse collection 6,700 6,700 8,173 (1,473) Home electronic monitoring expenses 21,969 21,969 34,391 (12,422) Other inmate expenses 8,500 8,500 9,973 (1,473) Capital outlays 319,374 319,374 29,715 289,659 Contingencies 18,188 18,188 18,196 (8) Depreciation 21,2530 (212,530) Total operating expenses 10,076,267 10,076,267 10,215,314 139,047 Net operating income (loss) 4,800 4,800 4,800							(1,03	37)
Travel and lodging Propane 7,000 7,000 7,137 (137) Propane 76,000 76,000 79,895 (3,895) Electricity/heating 150,000 150,000 140,024 9,976 Water/sewer 290,443 290,443 300,526 (10,083) Insurance 200,538 200,538 147,497 53,041 Refuse collection 6,700 6,700 8,173 (1,473) Home electronic monitoring expenses 21,969 21,969 34,391 (12,422) Other inmate expenses 8,500 8,500 9,973 (1,473) Capital outlays 319,374 319,374 29,715 289,659 Contingencies 18,188 18,188 18,196 (8) Depreciation - - 212,530 (212,530) Total operating expenses 10,076,267 10,076,267 10,215,314 (139,047) Net operating revenues (expenses): - - - 124 124 Rental income 4,8							47	75
Propane 76,000 76,000 79,895 (3,895) Electricity/heating 150,000 150,000 140,024 9,976 Water/sewer 290,443 290,443 300,526 (10,083) Insurance 290,538 200,538 147,497 53,041 Refuse collection 6,700 6,700 8,173 (1,473) Home electronic monitoring expenses 21,969 21,969 34,391 (12,422) Other inmate expenses 8,500 8,500 9,973 (1,473) Capital outlays 319,374 319,374 29,715 289,659 Contingencies 18,188 18,188 18,196 (8) Depreciation - - - 212,530 (212,530) Total operating expenses 10,076,267 10,076,267 10,215,314 (139,047) Net operating income (loss) \$ 4,800 4,800 551,250 556,050 Nonoperating revenues (expenses): \$ - \$ - \$ 124	Miscellaneous					9,354		
Total operating expenses 10,076,267 10,076,267 10,215,314 124 Rental income 4,800 4,800 Rental income 1,473 1,473,759 1,473,759 Rental income 1,473,759 1,473,759 1,473,759 Rental income 1,473,759 1,473,759 Rental income 1,473,759 1,473,759 1,473,759 Rental income 1,473,759 1,473,759 1,473,759 Rental income 1,473,75	5 5						·	-
Water/sewer Insurance 290,443 290,443 300,526 (10,083) Insurance 200,538 200,538 147,497 53,041 Refuse collection 6,700 6,700 8,173 (1,473) Home electronic monitoring expenses 21,969 21,969 34,391 (12,422) Other inmate expenses 8,500 8,500 9,973 (1,473) Capital outlays 319,374 319,374 29,715 289,659 Contingencies 18,188 18,188 18,196 (8) Depreciation - - - 212,530 (212,530) Total operating expenses 10,076,267 10,076,267 10,215,314 (139,047) Net operating income (loss) (4,800) (4,800) 551,250 556,050 Nonoperating revenues (expenses): - - 124 124 Rental income 4,800 4,800 4,800 - Gain (Loss) on disposal of capital assets - - 3,052 3,052 Net nonoper	·						·	-
Insurance 200,538 200,538 147,497 53,041 Refuse collection 6,700 6,700 8,173 (1,473) Home electronic monitoring expenses 21,969 21,969 34,391 (12,422) Other inmate expenses 8,500 8,500 9,973 (1,473) Capital outlays 319,374 319,374 29,715 289,655 Contingencies 18,188 18,188 18,196 (8) Depreciation 212,530 (212,530) Total operating expenses 10,076,267 10,076,267 10,215,314 (139,047) Net operating income (loss) (4,800) (4,800) (4,800) (551,250) 556,050 Nonoperating revenues (expenses): Interest income 4,800 4,800 4,800 - Gain (Loss) on disposal of capital assets 3,052 3,052 Net nonoperating revenues (expenses) 4,800 4,800 7,976 3,176 Capital contributions - - 5,500 5,500 Change in net position \$ - \$ - \$ - \$ 564,726 564,726 Net position, beginning of year, as restated - 1,473,759 1,473	3							
Refuse collection 6,700 6,700 8,173 (1,473) Home electronic monitoring expenses 21,969 21,969 34,391 (12,422) Other inmate expenses 8,500 8,500 9,973 (1,473) Capital outlays 319,374 319,374 29,715 289,659 Contingencies 18,188 18,188 18,196 (8) Depreciation - - - 212,530 (212,530) Total operating expenses \$ 10,076,267 \$ 10,076,267 \$ 10,215,314 \$ (139,047) Net operating income (loss) \$ (4,800) \$ (4,800) \$ 551,250 \$ 556,050 Nonoperating revenues (expenses): Interest income \$ - \$ - \$ 124 \$ 124 Rental income \$ 4,800 \$ 4,800 \$ 4,800 \$ - \$ 3,052 3,052 Net nonoperating revenues (expenses) \$ 4,800 \$ 4,800 \$ 7,976 \$ 3,176 Capital contributions \$ - \$ - \$ 5,500 \$ 5,500 Change in net position \$	Water/sewer						· ·	
Home electronic monitoring expenses 21,969 21,969 34,391 (12,422) Other inmate expenses 8,500 8,500 9,973 (1,473) Capital outlays 319,374 319,374 29,715 289,659 Contingencies 18,188 18,188 18,196 (8) Depreciation - - 212,530 (212,530) Total operating expenses 10,076,267 10,076,267 10,215,314 (139,047) Net operating income (loss) (4,800) (4,800) 551,250 556,050 Nonoperating revenues (expenses): 11,480 4,800 4,800 4,800 4,800 - 124 124 124 Rental income 4,800 4,800 4,800 - 3,052 3,052 3,052 3,052 3,052 3,052 3,052 3,176 Capital contributions - - - 5,500 5,500 5,500 5,500 5,500 5,500 5,500 5,500 5,500 5,500 5,500 5,500 5,500 <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>								
Other inmate expenses 8,500 8,500 9,973 (1,473) Capital outlays 319,374 319,374 29,715 289,659 Contingencies 18,188 18,188 18,196 (8) Depreciation - - 212,530 (212,530) Total operating expenses \$ 10,076,267 \$ 10,076,267 \$ 10,215,314 \$ (139,047) Net operating income (loss) \$ (4,800) \$ (4,800) \$ 551,250 \$ 556,050 Nonoperating revenues (expenses): Interest income \$ - \$ - \$ 124 \$ 124 Rental income 4,800 4,800 4,800 4,800 - Gain (Loss) on disposal of capital assets - - 3,052 3,052 Net nonoperating revenues (expenses) \$ 4,800 \$ 4,800 \$ 7,976 \$ 3,176 Capital contributions \$ - \$ - \$ 5,500 \$ 5,500 Change in net position \$ - \$ - \$ 564,726 \$ 564,726 Net position, beginning of year, as restated - -							-	-
Capital outlays 319,374 319,374 29,715 289,659 Contingencies 18,188 18,188 18,196 (8) Depreciation - - 212,530 (212,530) Total operating expenses \$ 10,076,267 \$ 10,076,267 \$ 10,215,314 \$ (139,047) Net operating income (loss) \$ (4,800) \$ (4,800) \$ 551,250 \$ 556,050 Nonoperating revenues (expenses): Interest income \$ - \$ - \$ 124 \$ 124 Rental income 4,800 4,800 4,800 4,800 - - 3,052 3,052 Net nonoperating revenues (expenses) \$ 4,800 \$ 4,800 \$ 7,976 \$ 3,176 Capital contributions \$ - \$ - \$ 5,500 \$ 5,500 Change in net position \$ - \$ - \$ 564,726 \$ 564,726 Net position, beginning of year, as restated - - - 1,473,759 1,473,759	— ·							-
Contingencies Depreciation 18,188 18,188 18,196 (8) 212,530 (8) 212,530 (8) 212,530 (212,530) Total operating expenses \$ 10,076,267 \$ 10,076,267 \$ 10,215,314 \$ (139,047) Net operating income (loss) \$ (4,800) \$ (4,800) \$ 551,250 \$ 556,050 Nonoperating revenues (expenses): \$ - \$ - \$ \$ 124 \$ 12	·							-
Depreciation - - 212,530 (212,530) Total operating expenses \$ 10,076,267 \$ 10,076,267 \$ 10,215,314 \$ (139,047) Net operating income (loss) \$ (4,800) \$ (4,800) \$ 551,250 \$ 556,050 Nonoperating revenues (expenses): Interest income \$ - \$ - \$ 124 \$ 124 Rental income 4,800 4,800 4,800 4,800 - - 3,052 3,052 Net nonoperating revenues (expenses) \$ 4,800 \$ 4,800 \$ 7,976 \$ 3,176 Capital contributions \$ - \$ - \$ 5,500 \$ 5,500 Change in net position \$ - \$ - \$ 564,726 \$ 564,726 Net position, beginning of year, as restated - - - 1,473,759 1,473,759								
Total operating expenses \$ 10,076,267 \$ 10,076,267 \$ 10,215,314 \$ (139,047) Net operating income (loss) \$ (4,800) \$ (4,800) \$ 551,250 \$ 556,050 Nonoperating revenues (expenses): Interest income \$ - \$ - \$ 124 \$ 124 Rental income 4,800 4,800 4,800 - 3,052 Gain (Loss) on disposal of capital assets 3,052 3,052 Net nonoperating revenues (expenses) \$ 4,800 \$ 4,800 \$ 7,976 \$ 3,176 Capital contributions \$ - \$ - \$ 5,500 \$ 5,500 Change in net position \$ - \$ - \$ 1,473,759 1,473,759 Net position, beginning of year, as restated 1,473,759 1,473,759	<u> </u>		18,188		18,188			
Net operating income (loss) \$ (4,800) \$ (4,800) \$ \$ 551,250 \$ \$ 556,050 Nonoperating revenues (expenses): Interest income \$ - \$ - \$ 124 \$ 124 Rental income 4,800 4,800 4,800 4,800 - 3,052 4,800 - 3,052 Gain (Loss) on disposal of capital assets 3,052 3,052 Net nonoperating revenues (expenses) \$ 4,800 \$ 4,800 \$ 7,976 \$ 3,176 Capital contributions \$ - \$ - \$ 5,500 \$ 5,500 Change in net position \$ - \$ - \$ 564,726 \$ 564,726 Net position, beginning of year, as restated 1,473,759 1,473,759	Depreciation	_		_		212,530	(212,53	30)
Nonoperating revenues (expenses): Interest income \$ - \$ - \$ 124 \$ 124 Rental income 4,800 4,800 4,800 4,800 - 3,052 4,800 3,052 Gain (Loss) on disposal of capital assets 3,052 3,052 Net nonoperating revenues (expenses) \$ 4,800 \$ 4,800 \$ 7,976 \$ 3,176 Capital contributions \$ - \$ - \$ 5,500 \$ 5,500 Change in net position \$ - \$ - \$ 564,726 \$ 564,726 Net position, beginning of year, as restated 1,473,759 1,473,759	Total operating expenses	\$_	10,076,267	\$_	10,076,267 \$	10,215,314	(139,04	17)
Interest income \$ - \$ - \$ 124 \$ 124 Rental income 4,800 4,800 4,800 4,800 - 3,052 Gain (Loss) on disposal of capital assets 3,052 3,052 Net nonoperating revenues (expenses) \$ 4,800 \$ 4,800 \$ 7,976 \$ 3,176 Capital contributions \$ - \$ - \$ 5,500 \$ 5,500 Change in net position \$ - \$ - \$ 564,726 \$ 564,726 Net position, beginning of year, as restated 1,473,759 1,473,759	Net operating income (loss)	\$_	(4,800)	\$_	(4,800) \$	551,250	556,05	50
Net nonoperating revenues (expenses) \$ 4,800 \$ 4,800 \$ 7,976 \$ 3,176 Capital contributions \$ - \$ - \$ 5,500 \$ 5,500 Change in net position \$ - \$ - \$ 564,726 \$ 564,726 Net position, beginning of year, as restated 1,473,759 1,473,759	Interest income Rental income	\$		\$		4,800		-
Change in net position \$ - \$ - \$ 564,726 \$ 564,726 Net position, beginning of year, as restated 1,473,759 1,473,759		\$	4,800	- \$	4,800 \$	7,976		
Change in net position \$ - \$ - \$ 564,726 \$ 564,726 Net position, beginning of year, as restated 1,473,759 1,473,759	Capital contributions	\$	- (- \$	- \$	5,500	5,50	00
	Change in net position	\$	- (- \$	- \$	564,726	564,72	26
	Net position, beginning of year, as restated		-		-	1,473,759	1,473,75	59
	Net position, end of year	\$	- 5	\$_	- \$			

Note: Interest income and depreciation expense were not factored into the budget for fiscal year 2015.

AGENCY FUNDS

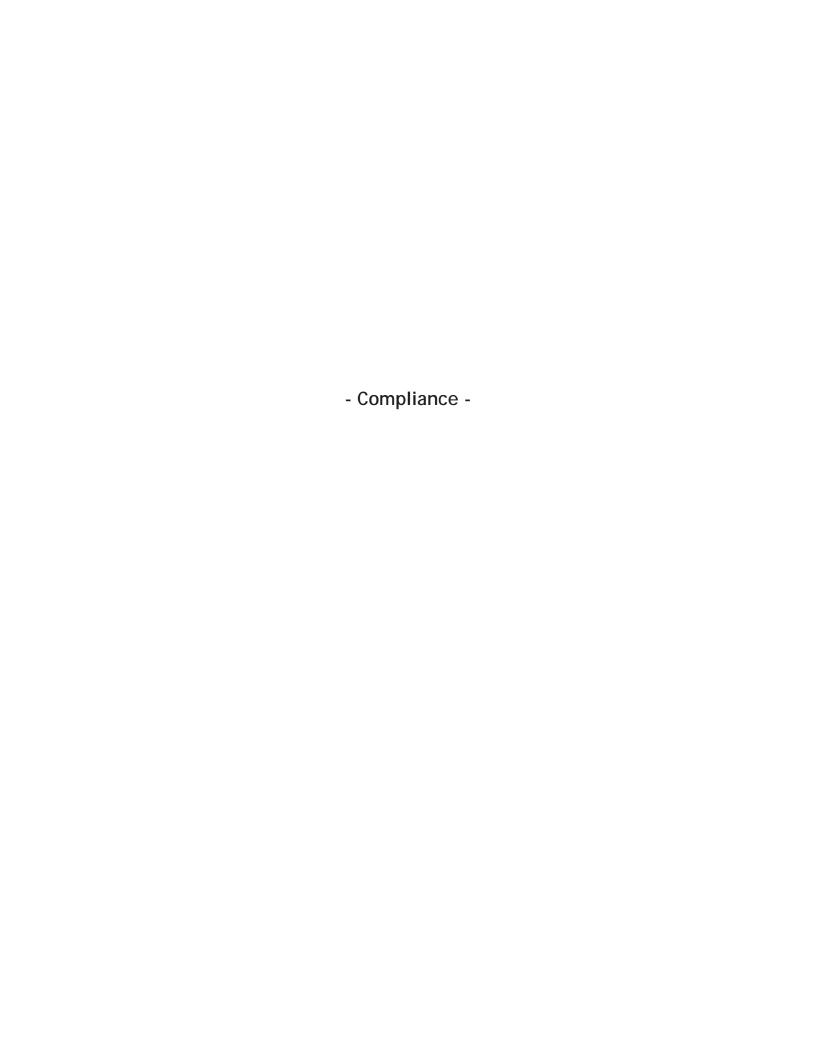
Statement of Changes in Assets and Liabilities For the Year Ended June 30, 2015

		Balance July 1, 2014		Additions		Deductions		Balance June 30, 2015
Inmate Account	_		_		-			
Assets: Cash	\$_	220,961	\$	1,034,160	\$	1,044,608 \$	<u> </u>	210,513
Liabilities:	_							
Due to operating fund	\$	-	\$	1,662	\$	- \$		1,662
Due to commissary fund		-		81,196		-		81,196
Amounts held for inmate benefits	_	220,961		951,302		1,044,608		127,655
Total liabilities	\$_	220,961	\$	1,034,160	\$	1,044,608 \$	_	210,513
Commissary Account Assets:								
Cash	\$	112,909	\$	877,199	\$	784,766 \$		205,342
Due from Inmate Fund		67,347		81,196		67,347		81,196
Total assets	\$	180,256	\$	958,395	\$	852,113 \$	_	286,538
Liabilities:	_		_					
Accounts payable	\$	-	\$	82,163	\$	- \$		82,163
Amounts held for inmate benefits		180,256		876,232		852,113		204,375
Total liabilities	\$	180,256	\$	958,395	\$	852,113 \$	_	286,538
Employee Account Assets:	ф	1 277	φ	11 017	ф	0.707 ф		2 / 00
Cash	\$_	1,377	Ф	11,017	Ф.	9,696 \$	_	2,698
Liabilities:	_		_		_			
Accounts payable	\$	-	\$	229	\$	- \$	•	229
Due to operating fund		1 077		886		- 0 (0(886
Amounts held for employee benefits Total liabilities	\$ -	1,377 1,377	φ-	9,902 11,017	¢.	9,696 9,696 \$	_	1,583 2,698
Total habilities	Ψ=	1,377	Ψ=	11,017	Ψ.	ν,070 ψ	_	2,070
TOTALS: Assets:								
Cash	\$	335,247	\$	1,922,376	\$	1,839,070 \$	•	418,553
Due from Inmate Fund	. –	67,347		81,196		67,347		81,196
Total assets	\$	402,594	\$	2,003,572	\$	1,906,417 \$	_	499,749
Liabilities:								
Accounts payable	\$	-	\$	82,392	\$	- \$	•	82,392
Due to operating fund		-		2,548		-		2,548
Due to commissary fund		-		81,196		-		81,196
Amounts held for inmate benefits		401,217		1,827,534		1,896,721		332,030
Amounts held for employee benefits	_	1,377	-	9,902		9,696	_	1,583
Total liabilities	\$_	402,594	\$	2,003,572	\$	1,906,417 \$	_	499,749

Summary of Changes in Miscellaneous Items For the Year Ended June 30, 2015

	_	Receipts	Disbursements		Excess of Revenues over (under) Expenditures
Inmate Canteen Account	\$	958,395	\$ 852,113	\$	106,282
Jail Telephone Commissions		413,405	272,622		140,783
Home Electronic Monitoring		106,523	34,391		72,132
Work Release Fees		67,223	-		67,223
Weekenders		49,639	-		49,639
Inmate Medical Co-payment		251	251	-	
	\$_	1,595,436	\$ 1,159,377	\$	436,059

^{*} Note: This includes activity in the operating account and the commissary account.



ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

TO THE MEMBERS OF THE PIEDMONT REGIONAL JAIL BOARD FARMVILLE, VIRGINIA

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities and aggregate remaining fund information of Piedmont Regional Jail as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Piedmont Regional Jail's basic financial statements and have issued our report thereon dated November 13, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Piedmont Regional Jail'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Piedmont Regional Jail's internal control. Accordingly, we do not express an opinion on the effectiveness of Piedmont Regional Jail'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 Piedmont Regional Jail's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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, Faren, Cox Association Charlottesville, Virginia November 13, 2015