

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Date: October 31, 2017

Memorandum To: Blue Ridge Regional Jail Authority

From: Robinson, Farmer, Cox Associates

Regarding: Audit for Year Ended June 30, 2017

In planning and performing our audit of the financial statements of Blue Ridge Regional Jail Authority for the year ended June 30, 2017, we considered the Authority's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated October 31, 2017 on the financial statements of the Blue Ridge Regional Jail Authority. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Unclaimed Property

The Virginia Unclaimed Property Act requires that checks outstanding in excess of one year be remitted to the Virginia Department of Treasury as unclaimed property. The June 30, 2017 outstanding check list for the inmate trust accounts included several checks outstanding for more than one year, dating back to 2012.

We recommend that staff responsible for preparing or reviewing bank reconciliations periodically review the status of outstanding checks for all accounts including the inmate trust accounts and verify the Authority is in compliance with requirements of the Unclaimed Property Act. For checks outstanding longer than one year, due diligence must be performed related to contacting payees, and where applicable, funds should be remitted to the State in accordance with the Unclaimed Property Act.

Other Postemployment Benefits (OPEB)

An actuarial valuation was obtained for the Health Insurance Credit Program through VRS in 2012. The related liability has not been recorded due to materiality.

We recommend that management obtain a new actuarial valuation for the other postemployment benefit plan offered to retirees. Depending on the results of the valuation, the related liability may need to be recorded on the general ledger and accounted for in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal years beginning after June 15, 2017.

Capital Assets and Depreciation Schedule

An excel spreadsheet is used to track capital asset activity and related depreciation expense. This spreadsheet requires a detailed review of formulas, etc. to ensure items are not over depreciated creating negative book value, etc. We recommend management update the depreciation schedule on a routine basis to ensure all activity is properly accounted for. Also, management may consider using an automated software going forward that does not require as many manual manipulation.