

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Communication with Those Charged with Governance

### BOARD OF DIRECTORS WESTERN TIDEWATER REGIONAL JAIL AUTHORITY SUFFOLK, VIRGINIA

We have audited the financial statements of the business-type activities and aggregate remaining fund information of Western Tidewater Regional Jail Authority for the year ended June 30, 2016. Professional standards require that we provide you with the following information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 3, 2016. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Western Tidewater Regional Jail Authority are described in Note 2 to the financial statements. As described in Note 16 to the financial statements, Western Tidewater Regional Jail changed accounting policies related to investments and pensions by adopting Statement of Governmental Accounting Standards (GASB Statement) Nos. 72 *Fair Value Measurement and Application* and 82 *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*. There was no significant impact on financial statement amounts as a result of this implementation. We noted no transactions entered into by Western Tidewater Regional Jail Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were related to depreciation and pension related items.

Management's estimate of depreciation is based on established guidelines and experience. Pension estimates were determined by a valuation performed by an actuary contracted by the State for the Virginia Retirement System plan as a whole. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

##### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management: capital assets recorded in the wrong general ledger account \$786,274.39, capital asset disposals not recorded in the general ledger \$149,776.89; and energy improvement project related costs not capitalized \$207,751.92.

## Significant Audit Findings: (Continued)

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 25, 2016.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

## Other Matters

We applied certain limited procedures to the schedules related to pension funding for the Virginia Retirement System, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the statement of changes in assets and liabilities of agency funds, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

## Restriction on Use

This information is intended solely for the use of the Board members and management of Western Tidewater Regional Jail Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

*Robinson, Fawcett, Cox Associates*  
Charlottesville, Virginia  
October 25, 2016