

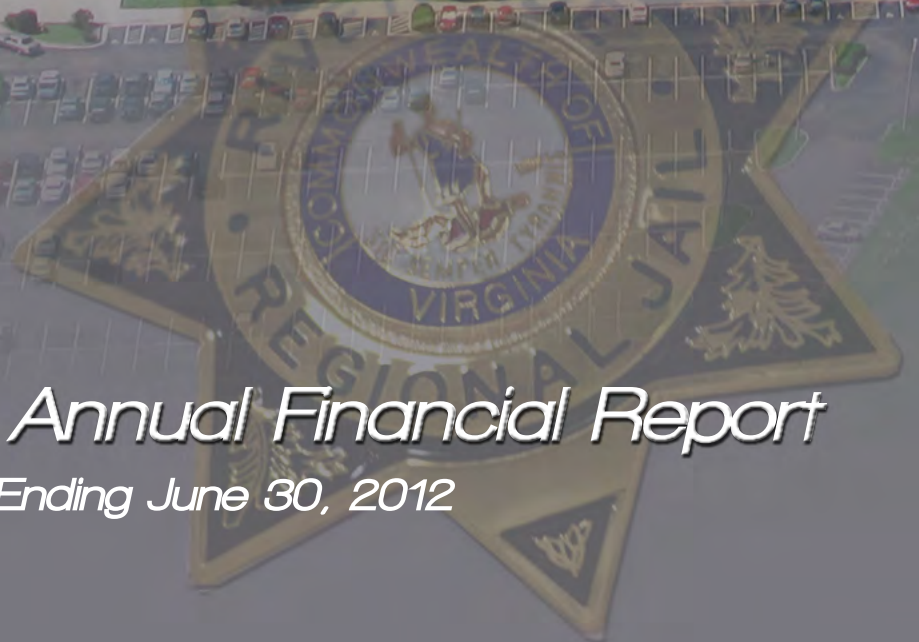
Riverside Regional Jail Authority

Hopewell, Virginia



Comprehensive Annual Financial Report

Fiscal Year Ending June 30, 2012



RIVERSIDE REGIONAL JAIL AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JULY 1, 2011 THROUGH JUNE 30, 2012



1000 River Road
Hopewell, Virginia 23860
(Prince George County)

Prepared by Administrative Services - Finance Department

Jeffery L. Newton, CJM
Superintendent

Crystal H. Reid, M.B.A.
Director of Administrative Services

Riverside Regional Jail Authority

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Riverside Regional Jail Authority

Introductory Section (Unaudited)



Riverside Regional Jail

Colonel Jeffery L. Newton, CJM
Superintendent

September 28, 2012

The Board of Directors *Riverside Regional Jail Authority*

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the *Riverside Regional Jail Authority* (Jail Authority) for the fiscal year ended June 30, 2012. The report was prepared by the Superintendent and Finance Department in accordance with accounting principles generally accepted in the United States of America for governmental accounting and reporting as promulgated by the Governmental Accounting Standards Board. The responsibility for the accuracy of information and the completeness and fairness of the presentations, including all disclosures, rests with the undersigned management of the Jail Authority. The financial statements have been audited by the independent accounting firm of Dixon Hughes Goodman LLP whose reports are included herein.

We believe that the financial information, as presented, is accurate in all material respects and that it is presented in a manner designed to fairly set forth the financial position and results of operations as measured by the financial activity of the Jail Authority's Enterprise Funds (Operating and Canteen); and that all disclosures necessary to enable the reader to gain an understanding of the Jail Authority's financial activity have been included.

A brief history of the Jail Authority, its financial operations and selected accomplishments are presented below. In addition, Management's Discussion and Analysis precedes the basic financial statements.

PROFILE OF THE ORGANIZATION

The *Riverside Regional Jail Authority*, a political subdivision of the Commonwealth of Virginia, was created by Chapter 726 of the 1990 Acts of the General Assembly of Virginia, and was formed on June 21, 1990. The participating jurisdictions of the Jail Authority include the Cities of Colonial Heights, Hopewell and Petersburg and the Counties of Charles City, Chesterfield, Prince George and Surry. The Jail Authority is governed by a fourteen-member board, comprised of two members from each participating jurisdiction.

The general purpose of the Jail Authority is to maintain and operate a regional jail to meet the needs of the participating jurisdictions for additional jail facilities. The regional jail is located in the County of Prince George adjacent to the Petersburg Federal Correctional Institution and houses inmates primarily from member jurisdictions. If space is available, inmates from other jurisdictions, including state and federal inmates, are accepted.

ECONOMIC CONDITON AND OUTLOOK

The financial condition of the Jail Authority is primarily dependent upon the number of inmates housed at the facility. Both fiscal years 2010 and 2011 the Jail Authority saw a significant reduction in the jail population. This was not the case in fiscal year 2012; the combination of the fiscal year 2011 decision by the Jail Authority to increase the per diem rate from \$37 to \$40 combined with an increase in the jail population returned the Jail Authority to a sound financial footing.

Due to the current economic situation, revenues from the Commonwealth of Virginia Compensation Board were reduced in fiscal years 2011 and 2012 by \$872,274 and \$892,163, respectively. The Jail Authority has closely managed the budget by reducing expenses and transferring funds from the General Surplus Fund when necessary. The fiscal year 2012 budget anticipated the need to transfer \$3,401,941 million from the General Surplus Fund to balance the budget; however, the increase in the jail population, increase in the per diem rate, and success of the Intergovernmental Agreement (IGA) with the Federal Bureau of Prisons and close management of expenses prevented the need to transfer any funds.

A Nationally Accredited Jail

1000 River Road, Post Office Box 1041, Hopewell, Virginia 23860
Phone: (804) 524-6600 Fax: (804) 524-6659
www.rrjva.org

MAJOR INITIATIVES

The Jail Authority elected to commission an Operational and Effectiveness Business Model (OEBM) study to evaluate the jail procedures, financial activities and use the OEBM's recommendations as a vehicle to improve operational efficiency and financial management. The study was presented to the Jail Authority on October 14, 2011; the OEBM recommendations served as a vehicle for many of the initiatives implemented or initiated during the fiscal year.

- The Jail Authority elected to contract inmate food service operations reducing the per inmate meal cost from approximately \$1.49 to \$.89 and eliminating six full time equivalent positions.
- The Jail Authority elected to enter into a new contract for delivering inmate commissary services. The new contract eliminated three full time equivalent positions, introduced new technology to improve operational efficiency, and increased product availability to the inmate population without compromising revenue.
- The Jail Authority elected to enter into a new contract for delivering inmate telephone services. The new contract increased the commission rate from 57% to 69%, replaced existing equipment, will update the jail management software in fiscal year 2013 (\$60,000 value) at no cost to the Jail Authority, and provide the ability to record inmate visitation.
- The Jail Authority elected to enter into a new contract service to schedule inmate visitation. This new service provides greater access to the public for scheduling visits and increases the operational efficiency of the Jail Authority by automating the process.
- The Jail Authority elected to enter into a new contract service to provide inmate medical care. The new contract eliminated 29 full time equivalent positions. While the full impact of the contract will not be realized until fiscal year 2013 (contract service began July 1, 2012), the analysis of inmate medical services consumed a significant number of staff hours during fiscal year 2012.
- The Jail Authority elected to create a new budget monitoring process. Each month the Jail Authority Finance Committee reviewed financial activity to include revenue, operating expenses, capital expense and eventually a year end projection model. This new budget monitoring process was used to examine the fiscal year budget and inform the Jail Authority in a timely and efficient manner as to the status of the budget versus actual performance.
- In an effort to increase the inmate average daily population, jail staff contacted various federal agencies to extend an offer to house federal prisoners. Ultimately, the Jail Authority entered into an IGA with the Federal Bureau of Prisons to house inmates for the Community Corrections Work Release Program. The IGA was fully implemented in fiscal year 2012. Through staff diligence and attention to detail, the number of inmates being processed through the program is twice the number that was anticipated when the program was initially conceived.

In order to demonstrate compliance in correctional management, the Jail Authority was accredited by the American Correction Association (ACA) in 1999, 2002, 2006 and 2010. The accreditation program is a professional peer review process based on national standards that have evolved since the founding of the ACA in 1870. ACA standards address services, programs and operations essential to effective correctional management. Standards set by ACA reflect practical up-to-date policies and procedures and function as a management tool for agencies and facilities throughout the world. The Jail Authority is one of over 1300 correctional organizations currently involved in the accreditation process across the nation and represents one of only ten of the state's sixty-seven jails to be certified by ACA. The Jail Authority received a 98.3 percent score on the ACA audit that was conducted in January 2010.

The Jail Authority also received accreditation from the Virginia State Board of Corrections in March 2012. An extensive audit was conducted and the Jail Authority received unconditional certification, a grade of 100 percent under Board of Corrections standards.

FINANCIAL CONTROLS

The accounting system of the Jail Authority is dependent upon a strong system of internal accounting controls to ensure that financial information generated is both accurate and reliable. The Jail Authority's internal controls are designed to ensure that the assets of the Jail Authority are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America.

Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments made by management.

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

The Jail Authority maintains budgetary controls to ensure compliance with the annual budget approved by the Authority Board.

LONG-TERM FINANCIAL PLANNING

As part of the annual budget process, estimated revenues and justification of those revenues are forecasted for future trends. The process focuses on operating revenues and expenses as well as debt service and investment income. Through the commissioning of the OEBM, the Jail Authority is committed to structuring a sustainable long-term financial plan.

BASIS OF ACCOUNTING

The financial records of the Operating and Canteen Funds are maintained on the accrual basis of accounting, which requires that revenues be recorded when the earning process is complete and that expenses be recorded as liabilities are incurred. Therefore, revenues include amounts that have been earned but not collected and expenses include liabilities that have been incurred but not paid.

INDEPENDENT AUDIT

State statute requires an annual audit by independent certified public accountants. The public accounting firm of Dixon Hughes Goodman LLP was selected by the Jail Authority's Audit Committee to perform the audit for the fiscal year ended June 30, 2012. The independent auditor's report on the financial statements is included in the financial section of this report.

AWARDS AND ACHIEVEMENTS

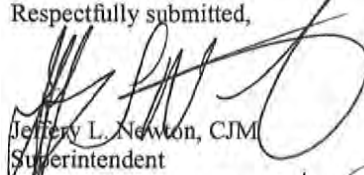
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to *Riverside Regional Jail Authority* for its comprehensive annual financial report for the fiscal year ended June 30, 2011. This was the fourteenth consecutive year that Riverside Regional Jail Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the requirements of the Certificate of Achievement program and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

This report reflects the strong financial policies enacted by the Jail Authority and the active participation of the Authority's Finance Committee. The result is the Jail Authority is in sound financial position. The Jail Authority's support and cooperation in planning and conducting the financial operations of the jail facility are appreciated and acknowledged.

The preparation of this report could not be accomplished without the efficient and dedicated efforts of the employees of the Riverside Regional Jail Authority. Of special mention are Donna Albanese, Christine Beach, Patricia Fazio, Michelle Jackson, and Maria Montijo.

Respectfully submitted,



Jeffrey L. Newton, CJM
Superintendent



Crystal H. Reid, MBA
Director of Administrative Services

Riverside Regional Jail Authority Members

Fiscal Year 2012

Chairman

Dr. Edwin C. Daley
City of Hopewell

Vice Chairman

Sheriff Todd Wilson
City of Colonial Heights

Secretary/Treasurer

Dr. Sheryl D. Bailey
Chesterfield County

Other Members

Sheriff Greg Anderson
City of Hopewell

Tyrone Franklin
Surry County Administrator

William E. Johnson
City of Colonial Heights

Sheriff Vanessa Crawford
City of Petersburg

William E. Johnson, III
City of Petersburg

Sheriff Javier J. Smith
Charles City County

Percy C. Ashcraft
Prince George
County Administrator

Sheriff H. E. Allin, III
Prince George County

Zach Trogdon
Charles City County
County Administrator

Sheriff Dennis Proffitt
Chesterfield County

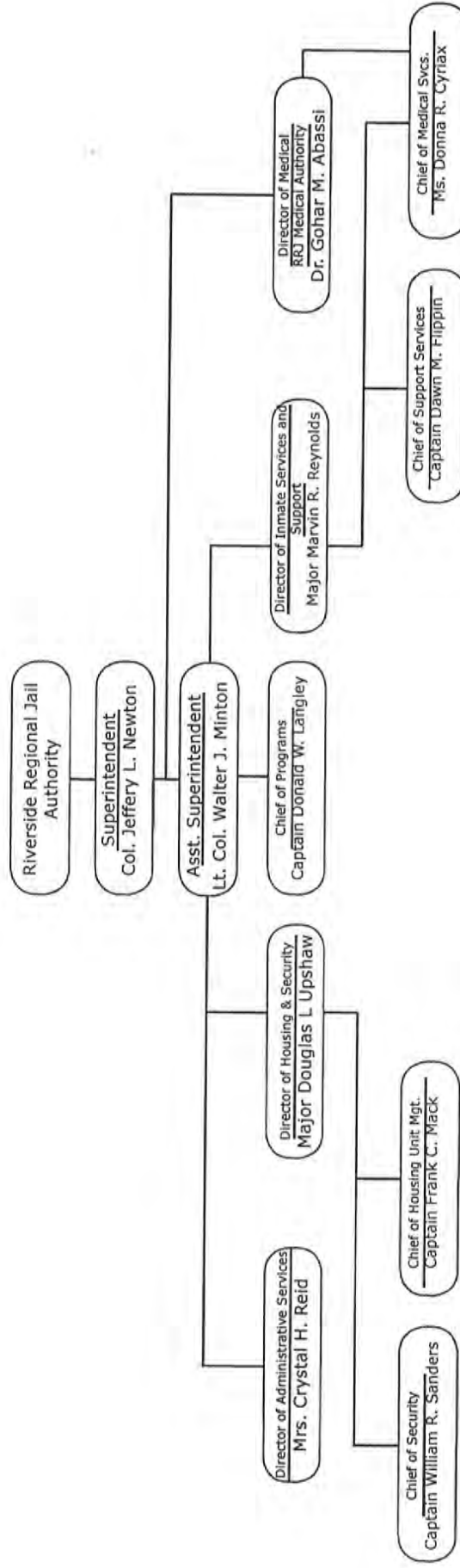
Sheriff Alvin Clayton, Sr.
Surry County

William H. Hefty, Esq.
Counsel

Jeffery L. Newton, CJM
Superintendent

Riverside Regional Jail Authority Administrative Structure

As of June 30, 2012



Certificate of Achievement for Excellence in Financial Reporting

Presented to
Riverside Regional Jail Authority
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davidson

President

Jeffrey R. Enen

Executive Director

Riverside Regional Jail Authority

Financial Section



DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

Report of Independent Auditors

Board of Directors
Riverside Regional Jail Authority

We have audited the accompanying financial statements of ***Riverside Regional Jail Authority***, as of and for the year ended June 30, 2012 as listed in the table of contents. These financial statements are the responsibility of ***Riverside Regional Jail Authority's*** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ***Riverside Regional Jail Authority*** as of June 30, 2012, and the changes in its financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2012, on our consideration of the ***Riverside Regional Jail Authority's*** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussions and Analysis and the Schedule of Funding Progress as noted in the table of contents, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements of *Riverside Regional Jail Authority*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Richmond, Virginia
September 28, 2012

Management's Discussion and Analysis

Riverside Regional Jail Authority

Management's Discussion and Analysis (Unaudited)

June 30, 2012

As management of ***Riverside Regional Jail Authority*** (Jail Authority), we offer readers of the Riverside Regional Jail Authority's financial statements this narrative overview and analysis of the financial activities of the Riverside Regional Jail for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented and it should be read in conjunction with the letter of transmittal and the Jail Authority's financial statements, which follow in this analysis.

Financial Highlights

- The Jail Authority's net assets increased by approximately \$2.4 million, or approximately 2.4%, as a result of this year's operating and nonoperating financial activities.
- The Operating Fund's operating and nonoperating revenues increased approximately \$.7 million or approximately 2%, and the Operating Fund's operating and nonoperating expenses decreased by approximately \$3.7 million, or approximately 9.3 %.
- The Jail Authority met its financial obligations with regard to the Series 2003 and Series 2007 bonds, making principal payments totaling approximately \$2.8 million.
- The Jail Authority average daily population increased approximately 137 inmates, or approximately 10.9%.
- The member jurisdictions average daily population increased approximately 108 inmates, or approximately 9.1%.
- The Jail Authority was obligated to make a payment of \$892,163 for its share to the Commonwealth of Virginia State Reduction in Aid to Localities. The Authority chose the option to have this payment amount reduced from its Virginia Compensation Board Budget.

Using this Annual Report

The Financial Section of this Annual Report consists of the Report of Independent Auditors, Management's Discussion and Analysis (MD&A), the Basic Financial Statements, and the Compliance Report. The Financial Statements also include notes that explain in more detail some of the information in the financial statements.

The MD&A serves as an introduction to the basic financial statements and supplementary information along with management's examination and analysis of the financial condition and performance.

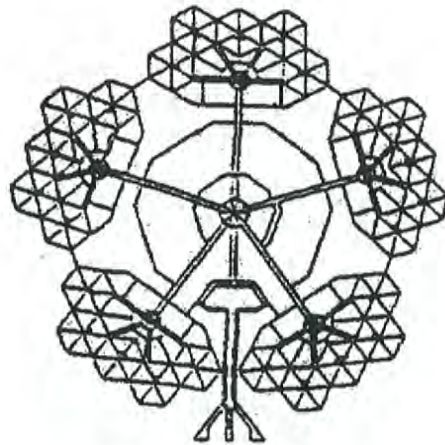
The Jail Authority maintains two funds, Operating and Canteen, which are accounted for as enterprise funds. This is an accounting method that is similar to that used by private sector companies. The Statement of Net Assets includes the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). The Statement of Revenues, Expenses and Changes in Net Assets report all of the current year's revenue and expenses. This statement measures the success of the Jail Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and noncapital financing activities. The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Jail Authority's accounting policies, significant account balances and activities, obligations, commitments, segment information, contingencies and subsequent events, if any.

Financial Analysis

Net Assets may serve over time as a useful indicator of a government's financial position. In the case of Riverside Regional Jail Authority, assets exceeded liabilities by \$103,063,000 at June 30, 2012. The Jail Authority's total Operating Fund net assets increased by \$2,465,884 as compared to last year and the Canteen Fund net assets decreased by \$58,394. Our analysis that follows focuses on the change in net assets and the resulting changes in assets and liabilities of both the Operating Fund and Canteen Fund in the aggregate.

Operating Fund and Canteen Fund

	2012	2011	Increase (Decrease)	
			Dollars	Percent
Capital assets - net	\$ 156,345,614	\$ 159,548,087	\$ (3,202,473)	(2.0) %
Current assets and investments	53,356,002	50,252,580	3,103,422	6.1 %
Total assets	<u>\$ 209,701,616</u>	<u>\$ 209,800,667</u>	<u>\$ (99,051)</u>	<u>(0.0) %</u>
Long-term liabilities - net	\$ 99,318,190	\$ 102,214,100	\$ (2,895,910)	(2.8) %
Other liabilities	7,320,426	6,931,057	389,369	5.6 %
Total liabilities	<u>\$ 106,638,616</u>	<u>\$ 109,145,157</u>	<u>\$ (2,506,541)</u>	<u>(2.3) %</u>
Net assets:				
Investments in capital assets - net of related debt	\$ 65,847,316	\$ 66,809,229	\$ (961,913)	(1.4) %
Restricted	20,096,513	20,354,400	(257,887)	(1.3) %
Unrestricted	17,119,171	13,491,881	3,627,290	26.9 %
Total Net assets	<u>\$ 103,063,000</u>	<u>\$ 100,655,510</u>	<u>\$ 2,407,490</u>	<u>2.4 %</u>



The changes in the Jail Authority's net assets can be determined by reviewing the following condensed Statement of Revenues, Expenses and Changes in Net Assets:

Operating Fund and Canteen Fund

	2012	2011	Increase (Decrease)	
			Dollars	Percent
Operating revenues:				
Inmate housing	\$ 23,155,970	\$ 22,692,000	\$ 463,970	2.0 %
State Compensation Board	12,735,177	12,493,133	242,044	1.9 %
Work release	225,927	105,214	120,713	114.7 %
Canteen sales	1,096,987	1,018,362	78,625	7.7 %
Nonoperating revenues:				
Interest revenue	569,367	562,790	6,577	1.1 %
Telephone commissions	488,040	467,910	20,130	4.3 %
Miscellaneous income	132,127	292,306	(160,179)	(5.5) %
Daily incarceration fees	250,911	246,560	4,351	1.8 %
Total revenues	38,654,506	37,878,275	776,231	2.0 %
Operating expenses:				
Salaries and wages	13,722,458	14,358,464	(636,006)	(4.4) %
Fringe benefits	4,650,730	5,028,687	(377,957)	(7.5) %
Contractual services	1,100,609	955,665	144,944	15.2 %
Materials and supplies	584,612	273,247	311,365	114.0 %
Medical services and supplies	2,482,628	1,806,588	676,040	37.4 %
Food services and supplies	1,549,234	1,957,951	(408,717)	(20.9) %
Repairs and maintenance	713,627	678,346	35,281	5.2 %
Utilities	2,267,726	2,245,263	22,463	1.0 %
Depreciation	3,311,249	3,330,193	(18,944)	(0.6) %
Other	384,897	414,760	(29,863)	(7.2) %
Nonoperating expenses				
Interest expense	4,874,219	5,006,469	(132,250)	(2.6) %
Bond discount	605,027	633,006	(27,979)	(4.4) %
Transfer to member jurisdictions	-	3,262,075	(3,262,075)	(100.0) %
Total expenses	36,247,016	39,950,714	(3,703,698)	(9.3) %
Change in net assets	2,407,490	(2,072,439)	4,479,929	216.2 %
Beginning net assets	100,655,510	102,727,949	(2,072,439)	(2.0) %
Ending net assets	\$ 103,063,000	\$ 100,655,510	\$ 2,407,490	2.4 %

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2012, the Jail Authority had \$156,345,614, net of depreciation, invested in a broad range of capital assets (Operating and Canteen Funds), including land, buildings, vehicles, office and computer equipment. This amount represents a net decrease (including additions and deletions) of \$3,202,473 over last year or (approximately 2%). Depreciation expense was \$3,311,249 for fiscal year 2012.

The following table summarizes the Jail Authority's capital assets, net of accumulated depreciation, as of June 30, 2012 and 2011 for Operating and Canteen Funds combined.

	2012	2011
Buildings	\$ 154,260,974	\$ 157,250,121
Furniture and equipment	1,692,911	1,906,528
Land	322,584	322,584
Vehicles	56,292	39,963
Computers	12,853	28,891
Total capital assets (net of accumulated depreciation)	\$ 156,345,614	\$ 159,548,087

The following table summarizes the changes in capital assets for both Operating and Canteen Funds. These changes are presented in more detail in the schedule in note 7 to the financial statements.

	2012	2011
Balance at beginning of year	\$ 184,881,499	\$ 184,779,850
Additions	112,211	59,909
Deletions	(62,363)	(2,816)
Accumulated depreciation	(28,585,733)	(25,288,856)
Balance at end of year	\$ 156,345,614	\$ 159,548,087

This year major capital asset additions include the following:

- Fixtures, furniture and equipment
- Vehicles

Long-Term Debt

At year-end, the Jail Authority had net bonded debt of \$101,424,925 outstanding as compared to fiscal year 2011 outstanding bonds in the amount of \$104,258,672. Additional information on the bonds is contained in Note 6.

Economic Factors and Next Year's Budgets and Rates

- The inmate population remains steady.
- The per diem rate remains at \$40 for member jurisdictions.
- The Jail Authority engaged a contractor to implement certain energy improvements that are intended to save approximately \$350,000 in annual energy and maintenance costs.
- The number of inmates participating in the Intergovernmental Agreement (IGA) with the Federal Bureau of Prisons remains steady.
- The Jail Authority plans to maintain its 2013 Annual Budget with limited increases in expenses due to the budget shortfall that affects the participating member jurisdictions.

All of these factors were considered in preparing the Jail Authority's budget for the 2013 fiscal year.

Contracting the Jail Authority's Financial Management

The financial report is designed to provide our customers, bondholders and creditors with a general overview of the Jail Authority's financial position and to demonstrate the Jail Authority's accountability for revenues received. Questions concerning information provided in this report or requests for additional financial information should be directed to the Jail Authority's Director of Administrative Services at 804-524-6604 or Riverside Regional Jail Authority, P. O. Box 1041, Hopewell, Virginia 23860. E-mail requests may be sent to: creid@rrjva.org.

Riverside Regional Jail Authority
Statement of Net Assets - Enterprise Funds

June 30, 2012

	Operating Fund	Canteen Fund	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 14,759,995	\$ 532,283	\$ 15,292,278
Accounts receivable	5,481,236	-	5,481,236
Inventory	-	2,598	2,598
	20,241,231	534,881	20,776,112
Current assets for restricted liabilities:			
Cash and cash equivalents with trustee	5,282,110	-	5,282,110
Cash held for inmates	52,501	-	52,501
Cash held for Employee Association	27,226	-	27,226
	5,361,837	-	5,361,837
Total current assets	25,603,068	534,881	26,137,949
Noncurrent assets			
Restricted cash, cash equivalents, and investments:			
Cash and cash equivalents with trustee	14,295,447	-	14,295,447
Investments with trustee	9,020,560	-	9,020,560
Interest receivable-investments	9,109	-	9,109
	23,325,116	-	23,325,116
Bond issuance costs, net	3,892,937	-	3,892,937
Capital assets			
Land	322,584	-	322,584
Buildings and improvements	178,621,916	-	178,621,916
Furniture and equipment	4,744,669	-	4,744,669
Computers	715,909	22,278	738,187
Vehicles	481,713	-	481,713
Less - accumulated depreciation	(28,541,177)	(22,278)	(28,563,455)
	156,345,614	-	156,345,614
Total noncurrent assets	183,563,667	-	183,563,667
Total assets	209,166,735	534,881	209,701,616
Liabilities			
Current liabilities			
Accounts payable	808,198	49,816	858,014
Accrued payroll payable	339,636	10,679	350,315
Compensated absences payable - current portion	723,939	26,321	750,260
	1,871,773	86,816	1,958,589
Current liabilities payable from restricted assets:			
Amounts held for inmates	52,501	-	52,501
Amounts held for Employee Association	27,226	-	27,226
Accrued interest payable	2,437,110	-	2,437,110
Bonds payable - current portion	2,845,000	-	2,845,000
	5,361,837	-	5,361,837
Total current liabilities	7,233,610	86,816	7,320,426
Noncurrent liabilities			
Compensated absences payable, net of current portion	738,265	-	738,265
Bonds payable, net of current portion	99,344,780	-	99,344,780
Bond discount	(764,855)	-	(764,855)
	99,318,190	-	99,318,190
Total liabilities	106,551,800	86,816	106,638,616
Net Assets			
Invested in capital assets - net of related debt	65,847,316	-	65,847,316
Restricted for			
Debt service	11,973,099	-	11,973,099
Operating reserve	7,806,642	-	7,806,642
Other restricted assets	316,772	-	316,772
Unrestricted	16,671,106	448,065	17,119,171
Total net assets	102,614,935	448,065	103,063,000
Total liabilities and net assets	\$ 209,166,735	\$ 534,881	\$ 209,701,616

The accompanying notes are an integral part of these financial statements.

Riverside Regional Jail Authority

Statement of Revenues, Expenses and Changes in Net Assets - Enterprise Funds

Year Ended June 30, 2012

	Operating Fund	Canteen Fund	Total
Operating revenues			
Charges for services - inmate housing	\$ 23,155,970	\$ -	\$ 23,155,970
State Compensation Board	12,735,177	-	12,735,177
Work release	225,927	-	225,927
Canteen sales	-	1,096,987	1,096,987
	<u>36,117,074</u>	<u>1,096,987</u>	<u>37,214,061</u>
Operating expenses			
Salaries and wages	13,537,817	184,641.00	13,722,458
Fringe benefits	4,621,035	29,695.00	4,650,730
Contractual services	440,363	660,246.00	1,100,609
Materials and supplies	333,821	250,791.00	584,612
Medical services and supplies	2,481,725	903.00	2,482,628
Food services and supplies	1,538,408	10,826.00	1,549,234
Repairs and maintenance	713,627	-	713,627
Utilities	2,267,726	-	2,267,726
Depreciation	3,311,249	-	3,311,249
Other	366,618	18,279.00	384,897
	<u>29,612,389</u>	<u>1,155,381</u>	<u>30,767,770</u>
Operating income (loss)	<u>6,504,685</u>	<u>(58,394)</u>	<u>6,446,291</u>
Nonoperating revenues (expenses)			
Interest revenue	569,367	-	569,367
Miscellaneous income	132,127	-	132,127
Telephone commissions	488,040	-	488,040
Daily incarceration fees	250,911	-	250,911
Interest expense	(4,874,219)	-	(4,874,219)
Bond discount and issuance costs - amortization	(605,027)	-	(605,027)
	<u>(4,038,801)</u>	<u>-</u>	<u>(4,038,801)</u>
Change in net assets	<u>2,465,884</u>	<u>(58,394)</u>	<u>2,407,490</u>
Net assets - June 30, 2011	<u>100,149,051</u>	<u>506,459</u>	<u>100,655,510</u>
Net assets - June 30, 2012	<u>\$ 102,614,935</u>	<u>\$ 448,065</u>	<u>\$ 103,063,000</u>

The accompanying notes are an integral part of these financial statements.

Riverside Regional Jail Authority

Statement of Cash Flows - Enterprise Funds

Year Ended June 30, 2012

	Operating Fund	Canteen Fund	Total
Cash flows from operating activities			
Receipts from jurisdictions	\$ 22,761,600	\$ -	\$ 22,761,600
Receipts from state agencies	12,961,104	-	12,961,104
Receipts from canteen sales	-	1,096,987	1,096,987
Gain on disposal of capital assets	(8,890)	-	(8,890)
Telephone commissions and miscellaneous income received	871,078	-	871,078
Receipts on behalf of employees and inmates	23,075	-	23,075
Payments to suppliers	(12,134,557)	(907,813)	(13,042,370)
Payments to employees	(13,859,687)	(170,024)	(14,029,711)
Net cash from operating activities	10,613,723	19,150	10,632,873
Cash flows from capital and related financing activities			
Purchases of capital assets	(112,211)	-	(112,211)
Proceeds on disposal of capital assets	12,325	-	12,325
Sales of restricted investments	59,623	-	59,623
Principal paid on capital debt	(2,921,570)	-	(2,921,570)
Interest paid on capital debt	(4,940,344)	-	(4,940,344)
Net cash from capital and related financing activities	(7,902,177)	-	(7,902,177)
Cash flows from investing activities			
Interest income received	569,367	-	569,367
Net change in cash and cash equivalents	3,280,913	19,150	3,300,063
Cash and cash equivalents, July 1, 2011 (Restricted cash, \$19,899,947)	31,136,366	513,133	31,649,499
Cash and cash equivalents, June 30, 2012 (Restricted cash, \$19,657,284)	\$ 34,417,279	\$ 532,283	\$ 34,949,562
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	\$ 6,504,685	\$ (58,394)	\$ 6,446,291
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Depreciation expense	3,311,249	-	3,311,249
Gain on disposal of capital assets	(8,890)	-	(8,890)
Telephone commissions and miscellaneous income	871,078	-	871,078
Change in:			
Accounts receivable	(394,370)	-	(394,370)
Inventory	-	14,184	14,184
Accounts payable	628,766	48,743	677,509
Accrued payroll payable	(478,303)	234	(478,069)
Compensated absences payable	156,433	14,383	170,816
Increase (decrease) in amounts held for others	23,075	-	23,075
	\$ 10,613,723	\$ 19,150	\$ 10,632,873

The accompanying notes are an integral part of these financial statements.

Riverside Regional Jail Authority

Notes to Financial Statements

June 30, 2012

1. Description of the Jail Authority and its Activities

Riverside Regional Jail Authority (Jail Authority), a political subdivision of the Commonwealth of Virginia, was created by Chapter 726 of the 1990 Acts of the General Assembly of Virginia and was formed on June 21, 1990. The participating jurisdictions include the Cities of Colonial Heights, Hopewell and Petersburg and the Counties of Charles City, Chesterfield, Prince George and Surry. The Jail Authority is governed by a fourteen-member board, comprised of the local Sheriff and an individual appointed by the governing body of each jurisdiction.

The general purpose of the Jail Authority is to maintain and operate a regional jail to meet the needs of the participating jurisdictions for additional jail facilities. The regional jail is located in the County of Prince George adjacent to the Petersburg Federal Correctional Institution and houses inmates primarily from member jurisdictions. If space is available, inmates from other jurisdictions, including state and federal inmates, are accepted. The jail, as originally designed, was to house approximately 1,400 inmates and construction was to take place in three segments. The Pre-Release Center, constructed separate of the main jail, was completed June 20, 1996 and began accepting inmates in August 1996. The first phase of the main jail was completed July 1997 and began housing inmates shortly thereafter. The Pre-Release Center and first phase of the main jail can house approximately 804 inmates. However, based on the Service Agreement of *Riverside Regional Jail Authority*, once the combined average daily population of the member jurisdictions exceeds 732 inmates for three consecutive months, the "automatic" expansion clause is effective. The expansion of the Pre-Release Center was completed in December 2007, which can house an additional 180 inmates. Expansion of the main jail began on September 26, 2007 and created space for an additional 480 beds in (2) two new housing units. The Main Jail expansion was completed on March 31, 2010.

Pre-Release Center and main jail construction were financed through the issuance of Series 1995 Jail Facility Revenue Bonds totaling approximately \$94.77 million. Under Section 53.1 through Section 53.1-83 of the Code of Virginia (1950), as amended, the Jail Authority was eligible to receive reimbursement for one-half of eligible construction costs upon approval by the Virginia Department of Corrections. The Virginia Board of Corrections approved the Jail Authority's planning study in September 1991, and on November 16, 1994, approved total state construction funding reimbursement of up to \$32,586,817. On March 30, 1995, the Jail Authority entered into a reimbursement agreement with the Virginia Department of Treasury (Treasury Board). This agreement required, subject to annual appropriation and final construction cost certification by the Virginia Department of Corrections, that the Treasury Board assumes financial responsibility for Series 1995 Jail Facility Revenue Bond principal of \$32,555,000 and future interest of \$18,877,354. On March 19, 1998, the Treasury Board issued bonds totaling \$28,289,154 for the purpose of pre-funding its reimbursement agreement with the Jail Authority. These funds were used to purchase United States Treasury Time Deposit Securities, State and Local Government Series (SLUGs), which were sent to the Jail Authority's bond trustee, The Bank of New York Mellon. The principal and interest from these securities were used to service the Commonwealth's share of revenue bond principal and interest through July 1, 2005, and to retire outstanding bonds totaling \$16,815,000 on that date. The pre-funding of the reimbursement agreement did not qualify as a legal or in-substance defeasance at that time as the Department of Corrections had not yet certified total construction costs eligible for reimbursement. The Virginia Department of Corrections certified total eligible construction costs of \$32,586,817 on August 23, 2000, and the Jail Authority completed the legal defeasance of the related bonds on September 18, 2000.

On May 8, 2003, the Jail Authority issued its Jail Facility Revenue Bonds, Series 2003, in the amount of \$61,755,000. A portion of the bond proceeds was used to refund and defease \$48,010,000 of the outstanding principal balance of the 1995 Bonds. After such refunding and defeasance, the principal amount of the 1995 Bonds that remained outstanding under the indenture was \$8,605,000. Of the 2003 Bonds, \$51,755,000 was allocable to the refunding and defeasance of the 1995 Bond. The new maximum annual debt service on the outstanding 1995 Bonds and the Refunding 2003 Bonds is \$4,449,216. From the issuance of the Series 2003 Bonds, the Jail Authority received \$9,301,525 in new money for the expansion of the Pre-Release Center.

A portion of the Series 2003 Jail Facility Revenue Bond proceeds and the Local Government Investment Pool (LGIP) expansion fund were used to pay certain costs of constructing expansion to the existing Pre-Release Center to provide

an additional 180 beds to alleviate some of the space pressures of an increasing jail population. The total cost of expansion of the Jail Authority's existing Pre-Release Center was \$10,175,297 and the Certificate of Occupancy was issued in December 2007.

On August 7, 2007, the Jail Authority issued the 2007 Jail Facility Revenue Bonds, for \$47,220,000, Jail Facility Senior Revenue Anticipation Notes for \$34,520,000 and its Jail Facility Subordinate Revenue Anticipation Notes for \$7,390,000 (collectively the "Obligations") for the purpose of constructing the 480-bed expansion of the main jail.

The 2007 Obligations were issued in accordance with the Act under an Indenture of Trust dated as of March 1, 1995 (the "Master Indenture"), by and between the Jail Authority and the Bank of New York Mellon, as successor trustee, as supplemented by a First Supplemental Indenture of Trust dated as of March 1, 1997 (the "First Supplement"), a Second Supplemental Indenture of Trust dated as of April 1, 2003 (the "Second Supplement") and a Third Supplement Indenture of Trust dated as of July 1, 2007 (the "Third Supplement" and, together with the Master Indenture, the First Supplement and the Second Supplement, the "Indenture"). The proceeds of the 2007 Obligations, together with other available funds of the Authority, will be used for the purpose of (a) paying a portion of the costs of an expansion for the main jail (the "2007 Project"), (b) paying the premium for the 2007 Bond Insurance, (c) funding a deposit to the Reserve Fund, (d) paying interest to accrue for the 2007 Obligations through July 1, 2010 and (e) financing the costs of issuing the 2007 Obligations.

The Jail Authority began construction of the Main Jail expansion on September 26, 2007 and it was completed on March 31, 2010, the date the Certificate of Occupancy was issued. The total cost of the Main Jail Facility expansion was \$77,167,708.

Following the completion of the 2007 Project, the Jail Authority has a rated capacity of 1,396 beds. The 2007 Project, plus the recent expansion of the Pre-Release Center, will alleviate some of the space pressures arising from an increasing average jail population.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Jail Authority maintains two funds, Operating and Canteen, which are accounted for as enterprise funds. Enterprise funds account for operations (a) that are financed and operated in a manner similar to a private business, where the intent of the governing body is that the costs (expenses, including depreciation) of providing services be financed or recovered primarily through user charges; or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The financial statements for the Operating and Canteen Funds were prepared using the flow of economic resources measurement focus and the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recognized as incurred.

The Jail Authority's financial statements are presented in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*. Since the Jail Authority is only engaged in business-type activities, it is required to present only the financial statements required for enterprise funds. The basic financial statements consist of Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, Statement of Cash Flows and Notes to the Financial Statements.

Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, requires proprietary activities to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements. In accordance with GASB Statement No. 20, the Jail Authority has elected not to apply FASB pronouncements issued after November 30, 1989.

Statement of Cash Flows

For the purpose of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents.

Capital Assets

During construction of the jail, construction in progress (CIP) and capital assets were recorded at cost and consisted of amounts related to project feasibility costs, construction expenditures, and furniture, fixtures and equipment. Interest expense related to the cost of acquiring or constructing capital assets were capitalized, net of interest earned on the investment of funds borrowed for construction.

Capital assets used in operations during the year were depreciated over estimated useful lives using the straight-line method. When sold, capital assets are removed from the accounting records and a gain or loss is recognized in the statement of revenues, expenses and changes in net assets. The capitalization threshold is \$5,000. The estimated useful lives of capital assets are as follows:

Buildings	60 years
Furniture and equipment	10 years
Vehicles	5 Years
Computers	3 Years

Contributed land was recorded at fair value on the date of receipt.

Revenue Recognition

Operating revenues are recognized as revenue when billed. Per diem charges and reimbursements from the Commonwealth of Virginia are billed monthly. Unbilled revenues through June 30 of each fiscal year are accrued at year-end.

Operating and Nonoperating Revenue and Expenses Recognition

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services in connection with the Jail Authority's principal service of operating a regional jail. The majority of operating revenues is from jail operations, but other associated miscellaneous services and charges are also included. Revenues and expenses not meeting the operating definition are reported as nonoperating. These nonoperating revenues and expenses consist primarily of investment income and interest expense.

Allowance for Uncollectibles

In accordance with prior history and given the Jail Authority's relationship with member jurisdictions, no allowance has been established for uncollectible accounts.

Restricted Assets

Certain cash and investments held by the trustee (The Bank of New York Mellon) and the Jail Authority are classified as noncurrent - restricted assets on the statement of net assets in accordance with the Series 2003 Jail Facility Revenue Bond and the Series 2007 Jail Facility Revenue Bond indentures. The bond indentures also require the establishment of Debt Service, and Principal and Interest Reserve accounts. At June 30, 2012, the Debt Service Reserve reflected a balance of \$9,020,560 in accordance with the bond indentures. The Principal and Interest Reserves reflect monthly payments to the bond trustee, by the Jail Authority, for the Jail Authority's share of principal and interest payments coming due on the revenue bonds. The Repair and Replacement Reserve of \$307,663 and the Operating Reserve of \$7,806,642 are restricted for extraordinary repairs and revenue shortfalls, respectively. The Construction Fund totaled \$7,033,690 on June 30, 2012. The balance in the Construction Fund can be utilized only for capital equipment purchases and principal payment on the 2007 Bond Series. The bond trustee has custody of the Arbitrage Rebate, Debt Service, Principal and Interest funds, Construction Fund and Commonwealth of Virginia Debt Service Reserves. The Repair and Replacement, and Operating Reserves are held by the Jail Authority. With the exception of the Construction Fund and the Commonwealth of Virginia Debt Service Reserve, all the above investments are managed, for the Jail Authority, by the Commonwealth of Virginia State Non-Arbitrage Program. Restricted assets for bonded debt are summarized in the following table.

Account Description	Investment Manager	Type of Investment	Fair Value June 30, 2012
Cash Equivalents:			
Operating Reserve	SNAP	Money Market	\$ 7,806,642
Repair and Replacement Reserve	SNAP	Money Market	307,663
Arbitrage Rebate Reserve	SNAP	Money Market	54,310
Principal Account 2003 Bond Series	SNAP	Money Market	2,510,136
Capitalized Interest Fund	Dreyfus	Money Market	388,093
Construction Fund	Dreyfus	Money Market	7,033,690
2007 Bond Fund	Dreyfus	Money Market	1,477,023
			<u>19,577,557</u>
Non-cash Equivalents:			
Debt Service Reserve - Principal	Bayern LB	Guarantee	4,449,216
Debt Service Reserve 2003 Bond	Dreyfus	Money Market	1,300,105
Debt Service Reserve 2007 Bond	Dreyfus	Money Market	3,271,239
			<u>9,020,560</u>
Cash Held For Inmates	RRJ	None	52,501
Cash Held For Employee Association	RRJ	Savings	27,226
Interest receivable - restricted accounts			<u>9,109</u>
Total restricted cash and investments			<u>\$ 28,686,953</u>

SNAP - Commonwealth of Virginia State Non-Arbitrage Program
Dreyfus - Dreyfus Investment Management
RRJ - Riverside Regional Jail

Budget

The Superintendent must submit a balanced budget (accrual basis) to the Board of Directors and member jurisdictions by January 1, annually. The budget denotes per diem rates to be charged to member jurisdictions, other line-item revenues thereafter and expenses. The Board of Directors must adopt a final budget by the first day of March to be effective the following July 1.

Bond Issuance Costs and Discounts

Bond issuance costs and discounts are amortized over the life of the bonds using the bonds outstanding method. Unamortized issuance costs totaled \$3,892,937 at June 30, 2012, after \$517,204 was amortized during the year. Unamortized bond discounts totaled \$764,855 after \$87,823 was amortized during the year.

Vacation, Sick, Compensatory and Holiday Leave

Jail Authority employees are granted vacation and sick leave in varying amounts as services are provided. Employees are compensated, with limits, for unused vested vacation leave upon termination, retirement, or death. Compensation for unused vacation leave is limited to twice an employee's annual accrual. Employees may accumulate an unlimited amount of sick leave, which is forfeited upon separation from the Jail Authority, except when separation is the result of retirement. Employees who retire with at least five years of service to the Jail Authority are compensated for up to \$5,000 of unused sick leave. Employees who are required to work overtime and holidays earn compensatory and holiday leave, respectively. An expense has been recognized for the vacation, overtime and holiday liabilities discussed in this paragraph.

Risk Management

The Jail Authority's risk management program involves maintaining comprehensive insurance coverage and identifying and monitoring loss exposure. The Jail Authority's comprehensive property, boiler and machinery, automobile, business interruption and inland marine insurance is provided through the Virginia Municipal League Insurance Programs (VML). The purpose of VML is to create and administer group self-insurance pools for political subdivisions of the Commonwealth of Virginia pursuant to the authority provided in Chapter 27 of Title 15.2 of the Code of Virginia. The VML is managed by a nine member Supervisory Board who is elected by members at their annual meeting. Annual rates are based on estimated claims and reserve requirements. Pool deficits, should they materialize, will be eliminated through the levy of an additional assessment upon Association members.

The Jail Authority worker's compensation insurance is provided through the Virginia Association of Counties Group Self-Insurance Risk Pool (VACORP). The purpose of this Association is to provide property and liability insurance and risk management services. VACORP was established pursuant to Chapter 27 of Title 15.2 of the Code of Virginia. Annual rates are based on estimated claims and reserve requirements.

General liability and faithful performance of duty bond coverages are provided by the Commonwealth of Virginia, Department of General Services and the Division of Risk Management. There was no reduction in insurance coverage for the year ended June 30, 2012 or claims not covered by existing policies.

Subsequent Events

In preparing these financial statements, the Jail Authority has evaluated events and transactions for potential recognition or disclosure through September 28, 2012, the date the financial statements were available to be issued.

3. Accounts Receivable

Accounts receivable balances at June 30, 2012 consisted of the following:

Description	Outstanding Balance
Member jurisdictions	\$ 3,211,680
Commonwealth of Virginia	1,980,648
Federal agencies	227,880
Other jails	61,028
Total Accounts Receivable	<u>\$ 5,481,236</u>

4. Deposits and Investments

Definition of Cash and Cash Equivalents

Cash and cash equivalents consists of cash on hand, deposits in banks and short-term investments with maturities of three months or less when purchased. Cash and cash equivalents also include amounts held in restricted accounts in accordance with the Series 2003 and Series 2007 Jail Facility Revenue Bonds.

Investment Policy

The statutes of the Commonwealth of Virginia govern the Jail Authority's investment policy. Permissible investments include 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, the State Treasurer's Local Government Investment Pool (LGIP), and the Commonwealth of Virginia State Non-Arbitrage Program (SNAP).

Deposits

At year-end, the balance of the Jail Authority's deposits with the bank, including funds held for inmates and the general surplus fund, totaled \$15,649,526 and the carrying value was \$15,370,087. Cash on hand at June 30, 2012 totaled \$800. The difference between the Jail Authority's deposits with the bank and the bank balance is primarily due to outstanding deposits and checks. The bank balance is fully covered by the Federal Depository Insurance Corporation (FDIC) or collateralized in accordance with the Virginia Security for Public Deposits Act (Act) and is considered fully insured. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of the FDIC limits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loans. The State Treasurer manages the Virginia Local Government Investment Pool assets subject to State Treasury Board guidelines.

Investments

As of June 30, 2012, the carrying value of the Authority's investments were as follows:

Type	Rating	Maturities	Carrying Value
Deposits:			
Demand deposits			\$ 8,160,747
Demand deposits – General Surplus Fund			7,209,340
Cash on hand			800
Money market – SNAP			10,678,751
Local Government Investment Pool	AAA*	-	1118
			<u>26,050,756</u>
Investments:			
Money market - Dreyfus	AAA*	-	13,470,150
Guaranteed investment contract - Bayern LB	AAA*	06/20/14	4,449,216
			<u>17,919,366</u>
Total deposits and investments			<u>\$ 43,970,122</u>
Reconciliation to Statement of Net Assets:			
Current:			
Cash and cash equivalents			\$ 15,292,278
Current assets for restricted liabilities			5,361,837
Noncurrent:			
Cash and cash equivalents with trustee			14,295,447
Investment with trustee			9,020,560
			<u>\$ 43,970,122</u>

* Ratings are by Standard & Poor's

Investment Interest Risk

The Jail Authority has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at June 30, 2012, are provided in the schedule above. The operating funds of the Jail Authority are by nature short-term and are not considered to have investment interest rate risk.

Investment Credit Risk

The Jail Authority has no investment policy that limits its investment choices other than the limitation of state law. See investment policy above.

Concentration of Investment Credit Risk

The Jail Authority places no limit on the amount it may invest in any one issuer. At June 30, 2012, the Jail Authority had a concentration in the following issues:

Bayern LB - guaranteed investment contract	<u>\$ 4,449,216</u>
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5. Interest Payable

Accrued interest payable totaled \$2,437,110 at June 30, 2012. This amount is related to the Jail Authority's share of the Series 2003 and Series 2007 Jail Facility Revenue Bonds. Accrued interest payable will be paid from restricted cash.

6. Noncurrent Liabilities

A. This schedule reflects changes in noncurrent liabilities for the fiscal year ended June 30, 2012.

Description	Balance July 1, 2011	Increase	Decrease	Balance June 30, 2012
Series 2003 Jail Facility Revenue Bonds, average interest rate 4.79%	\$ 55,615,000	\$ -	\$ 2,385,000	\$ 53,230,000
Series 2007 Jail Facility Revenue Bonds, average interest rate 4.26%	47,220,000	-	325,000	46,895,000
	<u>\$ 102,835,000</u>	<u>\$ -</u>	<u>\$ 2,710,000</u>	<u>100,125,000</u>
Add: Original issue premium (2003 Series)				1,088,374
Original issue premium (2007 Series)				976,406
Compensated absences	665,428	840,204	767,367	738,265
Less: Current portion Bond Discount				(2,845,000)
				<u>(764,855)</u>
Noncurrent liabilities				<u>\$ 99,318,190</u>

There were no long-term liabilities for the Canteen Fund.

Details of Bonds Payable

The Series 2003 Bonds were issued in accordance with the Indenture of Trust dated March 1, 1995 (Master Indenture) by and between the Authority and the Bank of New York Mellon (Bond Trustee). The proceeds of the Series 2003 Bonds, together with other available funds of the Jail Authority were used for the purpose of (a) advance refunding a portion (\$48,010,000) of the outstanding principal amount of the Jail Authority's Jail Facility Revenue Bonds, Series 1995 maturing on and after July 1, 2014, (b) designated to fund a portion of the costs of the construction of an addition to the Jail Authority's Pre-Release Center, (c) paying the premium for the Bond Insurance, (d) funding a deposit to the Reserve Fund and (e) paying issuance costs of the Series 2003 Bonds.

The refunding of the Series 1995 Jail Facility Revenue Bonds was accomplished by depositing into the Escrow Fund (Agreement dated as of April 1, 2003) noncallable defeasance obligations or cash sufficient to pay all principal, premium and interest due on the refunded 1995 bonds. The first date on which the refunded 1995 bonds could be called for redemption was July 1, 2005, at which time they were fully redeemed.

The 2007 Project consists of a 480-bed expansion of the main Jail to add (2) two new housing units. The date of issuance of the Obligations is August 7, 2007. The proceeds of the 2007 Project to fund the expansion of the Main Jail facility totaled \$89,130,000 (2007 Jail Facility Revenue Bonds for \$47,220,000; Jail Facility Senior Revenue Anticipation Notes for \$34,520,000; and Jail Facility Subordinate Revenue Anticipation Notes for \$7,390,000).

On July 1, 2010, the Jail Authority satisfied its obligation to pay the 2007 Jail Facility Senior Revenue Anticipation Notes for \$34,520,000 and the Jail Facility Subordinate Revenue Anticipation Notes for \$7,390,000, totaling \$41,910,000.

Debt service requirements on outstanding long-term liabilities at June 30, 2012 were comprised of the following:

**Debt Service Requirements for the Series 2007 Bonds
And the Remaining Outstanding Series 2003 Bonds**

Date	Series 2007 Bonds		Remaining Outstanding Series 2003 Bonds		Total Debt Service
	Principal	Interest*	Principal	Interest*	
07/01/2012	\$ 340,000	\$ 2,274,013	\$ 2,505,000	\$ 2,600,206	\$ 7,719,219
07/01/2013	340,000	2,260,413	2,640,000	2,474,956	7,715,369
07/01/2014	365,000	2,245,963	2,765,000	2,342,956	7,718,919
07/01/2015	375,000	2,230,450	2,910,000	2,204,706	7,720,156
07/01/2016	395,000	2,214,513	3,050,000	2,059,206	7,718,719
07/08/2017 - 07/01/2021	2,225,000	10,805,457	17,710,000	7,849,280	38,589,737
07/01/2022 - 07/01/2026	7,160,000	10,288,876	18,110,000	3,026,230	38,585,106
07/01/2026 - 07/01/2030	29,005,000	6,137,350	2,880,000	564,251	38,586,601
07/01/2031 - 07/01/2032	6,690,000	334,500	660,000	30,525	7,715,025
	<u>\$ 46,895,000</u>	<u>\$ 38,791,535</u>	<u>\$ 53,230,000</u>	<u>\$ 23,152,316</u>	<u>\$ 162,068,851</u>

* Interest paid semiannually January 1 and July 1.

7. Capital Assets

The following schedule denotes the changes in capital assets for the year ended June 30, 2012.

Description	Balance July 1, 2011	Increase	Decrease	Balance June 30, 2012
Operating Fund				
Nondepreciable capital assets:				
Land	\$ 322,584	\$ -	\$ -	\$ 322,584
Depreciable capital assets:				
Buildings and improvements	178,620,415	1,501	-	178,621,916
Furniture and equipment	4,694,812	73,941	24,084	4,744,669
Computers	715,909	-	-	715,909
Vehicles	483,223	36,769	38,279	481,713
Total capital assets	<u>184,836,943</u>	<u>112,211</u>	<u>62,363</u>	<u>184,886,791</u>
Less accumulated depreciation:				
Buildings	21,370,295	2,990,647	-	24,360,942
Furniture and equipment	2,788,284	287,558	24,084	3,051,758
Computers	687,018	16,038	-	703,056
Vehicles	443,259	17,006	34,844	425,421
Accumulated depreciation	<u>25,288,856</u>	<u>3,311,249</u>	<u>58,928</u>	<u>28,541,177</u>
Net capital assets	<u>159,548,087</u>			<u>156,345,614</u>

Description	Balance July 1, 2011	Increase	Decrease	Balance June 30, 2012
Canteen Fund				
Depreciable capital assets:				
Furniture and equipment	\$ -	\$ -	\$ -	\$ -
Computers	22,278	-	-	22,278
Total capital assets	22,278	-	-	22,278
Less accumulated depreciation:				
Furniture and equipment	-	-	-	-
Computers	22,278	-	-	22,278
Accumulated depreciation	22,278	-	-	22,278
Net capital assets	-			-
Total net capital assets	\$ 159,548,087			\$ 156,345,614

8. Commitments and Contingent Liabilities

Lease Commitments

The Jail Authority leases various types of equipment under operating agreements. A summary of future minimum rental payments follows:

Year Ending June 30,	Operating Leases
2013	\$ 45,531
2014	45,531
2015	45,531
2016	45,531
Total	\$ 182,124

Inmate Trust and Employee Association

Funds held for inmates totaled \$52,501 at June 30, 2012. These funds are maintained in a separate bank account and any remaining balance in an individual account will be paid to an inmate upon their release. The Jail Authority also acts as fiscal agent for the RRJ Employee Association. These funds, which total \$27,226, are also maintained in a separate bank account.

Contracts

The Jail Authority entered into various contracts through and subsequent to the year ended June 30, 2012. The terms of the contracts are described below.

Food service

The food service contract began December 1, 2011 and expires November 30, 2016. Costs under this contract are based on price-per-meal. The pricing structure is tiered, based on number of inmates. The price ranges from \$0.79 per meal (based on 1,800 inmates) to \$0.89 per meal (based on 1,000 inmates). Annual costs under this contract, based on average inmate population in the month of June 2012, total approximately \$1.2 million.

Telephone service

The inmate telephone service contract began June 1, 2012 and expires May 31, 2015. Commission rates under this contract increased from 57% to 69%. This contract will also provide the ability to record inmate visitation.

Commissary service

The commissary service contract began April 1, 2012 and expires March 31, 2015. This contract included the installation of kiosks in lobby, booking and housing units. This allows for quick deposits to the inmate account and easy ordering from the kiosks. A fee is charged each time an inmate's visitor deposits funds. Fees under the contract are based on the gross amount deposited and range from \$3 to \$10 per transaction. There is no fee for cash deposits.

Medical service

The medical service contract began July 1, 2012 and expires June 30, 2015. Costs under this contract are based on average daily population and are adjusted annually based on the Consumer Price Index. Costs for the first year of the contract are expected to total \$4,638,402.

Energy Efficiency

The Jail Authority entered into a performance contract on June 30, 2012 to have energy and water-saving components installed throughout the facility. Installation of these components will occur in fiscal year 2013. Total costs under this contract are expected to be \$2,746,131.

Contingent Liabilities

Various claims and lawsuits are pending against the Jail Authority. In the opinion of management, resolution of these cases would not involve a substantial uninsured liability that would negatively impact the financial condition of the Jail Authority.

9. Defined Benefit Pension Plan

Plan Description

Name of Plan:	Virginia Retirement System (VRS)
Identification of Plan:	Agent and Cost-Sharing, Multiple-Employer Defined Benefit Pension Plan
Administering Entity:	Virginia Retirement System (System)

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

VRS administers two defined benefit plans for local government employees – Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 3 years of service credit. They may retire with a reduced benefit as early as age 55 with at least 10 years of service credit or age 50 with at least five years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the survivor Option, Plop or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2011-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Funding Policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the Jail Authority is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. The Jail Authority contribution rate for the fiscal year ended June 30, 2012 was 7.60% of the annual covered payroll.

Annual Pension Cost

For the year ended June 30, 2012, the Jail Authority's annual pension cost of \$1,685,106 for VRS was equal to the required and actual contributions.

Trend Information for the Jail Authority

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Amount of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2012	\$ 1,685,106	\$ 1,685,106	\$ -
June 30, 2011	\$ 1,796,201	\$ 1,796,201	\$ -
June 30, 2010	\$ 1,724,210	\$ 1,724,210	\$ -
June 30, 2009	\$ 1,584,339	\$ 1,584,339	\$ -
June 30, 2008	\$ 1,580,450	\$ 1,580,450	\$ -

The Fiscal Year 2012 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return net of administrative expenses of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% per year for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases also include an inflation component of 2.50%. The actuarial value of the Jail Authority's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five year period. The Jail Authority's unfunded actuarial accrued liability is being amortized as level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Liability (UAAL) was 20 years.

Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the plan was 95.43% funded. The actuarial accrued liability for benefits was \$25,231,093, and the actuarial value of assets was \$24,079,245, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,151,848. The covered payroll (annual payroll of active employees covered by the plan) was \$13,835,805, and the ratio of the UAAL to the covered payroll was 8.33%.

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

Schedule of Funding Progress

Actuarial Valuation Date (1)	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as Percent of Payroll
June 30, 2011	\$ 24,079,245	\$ 25,231,093	\$ 1,151,848	95.43%	\$ 13,835,805	8.33%
June 30, 2010	\$ 21,848,126	\$ 22,670,714	\$ 822,588	96.37%	\$ 14,859,448	5.54%
June 30, 2009	\$ 20,019,204	\$ 18,739,732	\$ (1,279,472)	106.83%	\$ 13,128,806	(9.75%)
June 30, 2008	\$ 17,789,501	\$ 16,298,625	\$ (1,490,876)	109.15%	\$ 11,989,560	(12.43%)
June 30, 2007	\$ 14,865,445	\$ 13,694,582	\$ (1,170,863)	108.55%	\$ 11,321,677	(10.34%)

(1) – The Jail Authority is currently in its fifteenth valuation cycle.

The actuarial assumptions and methods of the June 30, 2011 valuation were as follows:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Pay, Open
Payroll growth rate	3.0%
Remaining amortization period	30 Years (decreasing by one each year in subsequent valuations until reaching 20 years)
Asset valuation method	Five-Year Smoothed Market Value
Actuarial assumptions	
Investment rate of return ¹	7.00%
Projected salary increases ¹	
Non-law enforcement officer employees	3.75% to 5.60%
Law enforcement officer employees	3.50% to 4.75%
Cost-of-living adjustments:	
1) Plan 1 Members	2.50%
2) Plan 2 Members	2.25%

¹ Includes inflation at 2.50%

Deferred Compensation Plan

The Authority has a deferred compensation plan under which the participants may defer a portion of their annual compensation subject to Internal Revenue Code Section 457 limitations. Any contributions made to the deferred compensation plan are not available to employees until termination, retirement, death, or unforeseeable emergency. Contributions to the plan are administered by a third party administrator. In compliance with the provisions of the IRC Section 457(g), the plan assets are in custodial accounts for the exclusive benefit of the plan's participants and beneficiaries. Consequently, these assets and the related liability are not reported in the accompanying financial statements in compliance with Governmental Accounting Standards Board Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

* * * * *

Riverside Regional Jail Authority

Required Supplementary Information- (Unaudited)

Riverside Regional Jail Authority

Schedule of Funding Progress - Enterprise Funds

June 30, 2012

Actuarial Valuation Date *	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as Percent of Payroll
June 30, 2011	\$ 24,079,245	\$ 25,231,093	\$ 1,151,848	95.4%	\$ 13,835,805	8.3%
June 30, 2010	\$ 21,848,126	\$ 22,670,714	\$ 822,588	96.4%	\$ 14,859,448	5.5%
June 30, 2009	\$ 20,019,204	\$ 18,739,732	\$ (1,279,472)	106.8%	\$ 13,128,806	(9.7%)
June 30, 2008	\$ 17,789,501	\$ 16,298,625	\$ (1,490,876)	109.2%	\$ 11,989,560	(12.4%)
June 30, 2007	\$ 14,865,445	\$ 13,694,582	\$ (1,170,863)	108.5%	\$ 11,321,677	(10.3%)
June 30, 2006	\$ 12,161,296	\$ 11,453,660	\$ (707,636)	106.2%	\$ 10,382,989	(6.8%)
June 30, 2005	\$ 10,155,846	\$ 10,538,375	\$ 382,529	96.4%	\$ 10,011,786	3.8%
June 30, 2004	\$ 8,626,767	\$ 9,300,732	\$ 673,965	92.8%	\$ 9,217,664	7.3%
June 30, 2003	\$ 7,208,989	\$ 8,125,848	\$ 916,859	88.7%	\$ 8,896,013	10.3%
June 30, 2002	\$ 5,599,559	\$ 6,465,721	\$ 866,162	86.6%	\$ 8,767,015	9.9%
June 30, 2001	\$ 4,041,588	\$ 5,076,297	\$ 1,034,709	79.6%	\$ 8,071,902	12.8%
June 30, 2000	\$ 2,422,884	\$ 4,254,736	\$ 1,831,852	56.9%	\$ 7,952,925	23.0%
June 30, 1999	\$ 1,399,964	\$ 1,481,398	\$ 81,434	94.5%	\$ 7,254,253	1.1%
June 30, 1998	\$ 684,131	\$ 635,731	\$ (48,400)	107.6%	\$ 6,661,565	(0.7%)

* The Jail Authority is in its fifteenth valuation cycle.

Riverside Regional Jail Authority

Statistical Section

Riverside Regional Jail Authority

Statistical Section

June 30, 2012

This section of the *Riverside Regional Jail Authority's* comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

Financial Trends

These tables contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.

Tables 1-4

Revenue Capacity

These tables contain information to help the reader assess the factors affecting the Authority's ability to generate its revenues.

Table 5

Debt Capacity

This table presents information to help the reader assess the affordability of the Authority's current level of outstanding debt and the Authority's ability to issue additional debt in the future.

Table 6

Demographic and Economic Information

The table offers demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place and to help make comparisons over time and with other governments.

Table 7

Operating Information

This table contains information about the Authority's operations and resources by full-time equivalent employees by function.

Table 8

Other Information

This table presents a summary of capital assets and related accumulated depreciation, by category.

Table 9

Other Information

This table presents information as it relates to insurance coverage in force separated by type and insurance company.

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

Riverside Regional Jail Authority

Table 1

Net Assets by Component - Enterprise Funds

Last Ten Fiscal Years	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Invested in capital assets - net of related debt	\$ 65,847,316	\$ 66,809,229	\$ 19,218,446	\$ 20,883,322	\$ 13,255,361	\$ 23,042,051	\$ 20,896,098	\$ 19,624,138	\$ 20,722,932	\$ 11,071,061
Restricted	20,096,513	20,354,400	71,523,261	23,929,384	28,973,307	14,822,297	22,090,891	22,753,255	23,054,770	21,679,725
Unrestricted	17,119,171	13,491,881	11,986,242	19,229,219	14,341,180	14,382,714	7,979,429	5,904,736	4,215,823	13,187,703
Total net assets	\$ 103,063,000	\$ 100,655,510	\$ 102,727,949	\$ 64,041,925	\$ 56,569,848	\$ 52,247,062	\$ 50,966,418	\$ 48,282,129	\$ 47,993,525	\$ 45,938,489

Source: Comprehensive Annual Financial Reports

Riverside Regional Jail Authority

Change in Net Assets - Enterprise Funds

Table 2

Last Ten Fiscal Years	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Operating revenues										
Charges for services - inmate housing	\$ 23,155,970	\$ 22,692,000	\$ 19,640,607	\$ 19,132,352	\$ 20,781,683	\$ 19,499,515	\$ 18,688,456	\$ 17,419,424	\$ 17,902,444	\$ 17,188,314
State Compensation Board	12,735,177	12,493,133	10,710,641	7,078,241	9,433,856	8,684,980	8,174,818	7,802,311	7,498,717	7,461,691
Federal grants passed through the Commonwealth of Virginia	-	-	616,930	2,756,813	-	-	-	-	-	-
Reimbursements	-	-	-	658,415	-	-	-	-	-	-
Per diems, net of recoveries	-	-	-	157,655	183,377	164,234	237,000	209,214	138,126	158,812
Work release	225,927	105,214	164,329	415,649	440,090	475,637	411,016	395,992	356,957	353,419
Canteen sales - net 2003 - 2010, gross 2011 and 2012	1,096,987	1,018,362	417,026	-	-	-	-	-	-	-
Nonoperating revenues										
Interest revenue	569,367	562,790	783,887	3,225,177	4,944,678	1,753,238	1,622,327	1,035,486	795,649	523,400
Miscellaneous income	132,127	292,306	340,703	113,059	99,617	54,149	71,769	84,285	75,279	63,197
Telephone commissions	488,040	467,910	411,611	375,404	411,248	326,296	318,532	316,710	339,214	386,823
Daily incarceration fees	250,911	246,560	252,159	229,165	231,172	225,660	216,635	228,250	-	-
RSAT grant revenue	-	-	-	65,996	64,921	59,454	60,597	-	-	-
Commonwealth of Virginia reimbursements	-	-	-	5,420,483	-	-	-	-	-	-
Total revenues	38,654,506	37,878,275	33,337,893	39,628,409	36,590,642	31,243,163	29,801,150	27,491,672	27,106,386	26,135,656
Operating expenses										
Salaries and wages	13,722,458	14,358,464	14,381,868	13,214,293	12,546,749	11,751,202	10,779,381	10,351,239	9,706,310	9,535,786
Fringe benefits	4,650,730	5,028,687	4,626,749	3,904,974	3,836,145	3,774,622	3,312,251	3,092,593	2,979,172	2,769,699
Contractual services	1,100,609	955,665	535,817	488,118	616,276	525,938	486,836	481,098	462,906	343,351
Materials and supplies	584,612	273,247	564,042	471,884	557,319	508,234	454,554	393,202	367,111	374,411
Medical services and supplies	2,482,628	1,806,588	2,056,299	1,921,576	1,923,598	1,474,246	1,429,458	1,295,428	1,122,477	1,861,236
Food service and supplies	1,549,234	1,957,951	1,876,909	1,770,483	1,675,318	1,460,300	1,335,469	1,141,212	1,186,444	1,082,342
Repairs and maintenance	713,627	678,346	745,300	768,513	588,955	570,130	645,811	591,606	599,101	556,650
Utilities	2,267,726	2,245,263	1,984,911	1,731,210	1,630,270	1,589,137	1,388,745	1,434,707	1,221,041	1,176,804
Depreciation	3,311,249	3,330,194	2,139,853	1,737,811	1,677,926	1,697,476	1,698,046	1,679,597	1,663,718	1,634,961
Other	384,897	414,759	647,093	616,867	718,258	449,097	510,743	488,115	286,018	298,228
Nonoperating expenses										
Interest expense	4,874,219	5,006,469	3,817,178	2,872,768	3,025,520	3,115,683	3,200,510	3,280,407	2,326,383	3,342,699
Bond discount and issuance costs - amortization	605,027	633,006	659,472	714,476	738,781	685,015	692,388	699,545	779,085	179,430
Commonwealth of Va. Budget Reduction	-	-	593,584	601,459	-	-	-	-	-	-
Transfer to member jurisdictions	-	3,262,075	429,066	1,341,900	2,732,741	2,361,439	1,182,669	2,274,319	2,351,584	2,346,334
Total expenses	36,247,016	39,950,714	35,058,141	32,156,332	32,267,856	29,962,519	27,116,861	27,203,068	25,051,350	25,501,931
Change in net assets	2,407,490	(2,072,439)	(1,720,248)	7,472,077	4,322,786	1,280,644	2,684,289	288,604	2,055,036	633,725
Beginning net assets	100,655,510	102,727,949	64,041,925	56,569,848	52,247,062	50,966,418	48,282,129	47,993,525	45,938,489	45,304,764
Contributed capital - Commonwealth of Virginia	-	-	40,406,272	-	-	-	-	-	-	-
Ending net assets	\$ 103,063,000	\$ 100,655,510	\$ 102,727,949	\$ 64,041,925	\$ 56,569,848	\$ 52,247,062	\$ 50,966,418	\$ 48,282,129	\$ 47,993,525	\$ 45,938,489

Source: Comprehensive Annual Financial Reports

Riverside Regional Jail Authority

Revenues by Customer

Table 3

Last Ten Fiscal Years

Fiscal Year	Charles City County	Chesterfield County	City of Hopewell	City of Colonial Heights	City of Petersburg	Prince George County	Surry County	Sub-total
2012	\$ 310,240	\$ 9,630,850	\$ 2,551,320	\$ 2,224,280	\$ 2,102,440	\$ 1,940,080	\$ 206,240	\$ 18,965,450
2011	\$ 173,082	\$ 9,787,651	\$ 2,343,993	\$ 2,647,885	\$ 2,204,910	\$ 1,926,157	\$ 216,898	\$ 19,300,576 (1)
2010	\$ 401,635	\$ 8,272,978	\$ 2,065,229	\$ 2,493,356	\$ 1,689,605	\$ 1,349,760	\$ 128,908	\$ 16,401,471
2009	\$ 394,901	\$ 7,171,858	\$ 2,109,962	\$ 2,293,815	\$ 1,860,249	\$ 1,076,478	\$ 166,315	\$ 15,073,578
2008	\$ 301,957	\$ 7,299,397	\$ 2,321,898	\$ 2,103,561	\$ 1,926,257	\$ 1,128,093	\$ 145,151	\$ 15,226,314
2007	\$ 291,782	\$ 7,620,187	\$ 2,175,045	\$ 1,672,067	\$ 1,879,600	\$ 1,109,593	\$ 168,202	\$ 14,916,476
2006	\$ 411,625	\$ 7,105,813	\$ 2,009,211	\$ 1,591,407	\$ 1,591,221	\$ 1,099,401	\$ 192,548	\$ 14,001,226
2005	\$ 306,000	\$ 6,592,031	\$ 1,798,903	\$ 1,872,940	\$ 1,223,960	\$ 1,009,377	\$ 125,097	\$ 12,928,308
2004	\$ 299,256	\$ 7,113,990	\$ 1,931,141	\$ 1,995,521	\$ 1,476,670	\$ 984,644	\$ 177,859	\$ 13,979,081
2003	\$ 317,238	\$ 6,836,009	\$ 1,788,654	\$ 1,763,938	\$ 1,475,264	\$ 934,842	\$ 237,614	\$ 13,353,559

Federal Inmates

	Regional and Commonwealth of Virginia		Housing and Transportation		Central State Hospital (2)		Sub-total		Total
	Local Jails								
2012	\$ 398,060	\$ 2,883,644	\$ 908,816	\$ -	\$ -	\$ -	\$ 4,190,520	\$ 23,155,970	
2011	\$ 506,810	\$ 2,723,567	\$ 161,047	\$ -	\$ -	\$ -	\$ 3,391,424	\$ 22,692,000	
2010	\$ 120,674	\$ 3,068,106	\$ 50,357	\$ -	\$ -	\$ -	\$ 3,239,136	\$ 19,640,607	
2009	\$ 213,757	\$ 3,335,564	\$ 1,167,868	\$ -	\$ -	\$ -	\$ 4,717,189	\$ 19,790,767	
2008	\$ 246,684	\$ 3,035,620	\$ 2,273,065	\$ -	\$ -	\$ -	\$ 5,555,369	\$ 20,781,683	
2007	\$ 253,071	\$ 3,431,382	\$ 898,586	\$ -	\$ -	\$ -	\$ 4,583,039	\$ 19,499,515	
2006	\$ 743,901	\$ 3,504,198	\$ 439,131	\$ -	\$ -	\$ -	\$ 4,687,230	\$ 18,688,456	
2005	\$ 500,477	\$ 3,076,962	\$ 913,677	\$ -	\$ -	\$ -	\$ 4,491,116	\$ 17,419,424	
2004	\$ 186,684	\$ 2,552,766	\$ 1,183,913	\$ -	\$ -	\$ -	\$ 3,923,363	\$ 17,902,444	
2003	\$ 87,594	\$ 2,760,251	\$ 541,086	\$ 445,824	\$ -	\$ -	\$ 3,834,755	\$ 17,188,314	

(1) In fiscal year 2011, the Jail Authority disbursed member jurisdictions transfers totaling \$3,262,075. In lieu of a mid-year per diem rate increase, each member jurisdiction subsequently repaid to the Jail Authority the entire amount of the transfer before June 30, 2011. Included in charges for services is revenue of \$3,262,075.

(2) Contract ended fiscal year 2003

Riverside Regional Jail Authority
Table 4
Revenues and Billed Inmate Days - by Customer
Years Ended June 30, 2012 and 2011
Fiscal Year 2012

Customer	2012 Revenue	Per Diem Rate	Inmate Days Billed
Charles City County	\$ 310,240	\$ 40 #	7,756
Chesterfield County	9,630,850	\$ 40	240,799
City of Hopewell	2,551,320	\$ 40	63,783
City of Colonial Heights	2,224,280	\$ 40	55,607
City of Petersburg	2,102,440	\$ 40	52,561
Prince George County	1,940,080	\$ 40	48,502
Surry County	206,240	\$ 40	5,156
Regional and Local Jails	398,060	\$ Various	13,973
Commonwealth of Virginia (2)	2,883,644	\$ Various	N/A
Federal Inmates - Housing	905,771	\$ 66.36	12,078
Federal Inmates - Transportation	3,045	\$ N/A	N/A
Total	\$ 23,155,970		500,215

Fiscal Year 2011

Customer	2011 Revenue	Per Diem Rate	Inmate Days Billed
Charles City County	\$ 173,082	\$ 37 #	3,932
Chesterfield County	9,787,651	\$ 37	219,883
City of Hopewell	2,343,993	\$ 37	52,956
City of Colonial Heights	2,647,885	\$ 37	59,479
City of Petersburg	2,204,910	\$ 37	49,544
Prince George County	1,926,157	\$ 37	42,884
Surry County	216,898	\$ 37	4,795
Regional and Local Jails	506,810	\$ Various	13,973
Commonwealth of Virginia (2)	2,723,567	\$ Various	N/A
Federal Inmates - Housing	158,602	\$ 66.36	2,445
Federal Inmates - Transportation	2,445	\$ N/A	N/A
Total	\$ 22,692,000		449,891

(a) See revenues by customer for last ten fiscal years on previous page.

(1) Included in 2011 Revenue for each member jurisdiction is the repayment of member jurisdiction transfers of \$3,265,075 referred to at Table 3. Accordingly, the per diem rate multiplied by actual inmate days billed during fiscal year 2011 does not equal the revenue received from member jurisdictions.

(2) Commonwealth of Virginia-Local Inmates Data System (LIDS), Inmate Days Billed is not included.

N/A - Not Applicable

Riverside Regional Jail Authority

Table 5

Revenue Bond Coverage

Last Ten Fiscal Years													
Fiscal Year	Operating and Nonoperating Revenues ⁽¹⁾		Operating Expense ⁽²⁾		Net Revenue Available For Debt Service		Debt Service Requirements			Bond Coverage			
					Service		Debt Service Requirements		Total				
							Principal	Interest					
2012	\$	37,041,831	\$	26,301,140	\$	10,740,691	\$	2,845,000	\$	4,230,101	\$	7,075,101	151.81%
2011	\$	36,336,948	\$	26,801,097	\$	9,535,851	\$	2,710,000	\$	4,377,935	\$	7,087,935	134.54%
2010	\$	32,203,031	\$	27,592,451	\$	4,610,580	\$	2,305,000	\$	2,410,563	\$	4,715,563	97.77%
2009	\$	30,852,101	\$	25,118,271	\$	5,733,830	\$	2,235,000	\$	1,988,735	\$	4,223,735	135.75%
2008	\$	35,288,647	\$	23,697,261	\$	11,591,386	\$	2,125,000	\$	2,502,227	\$	4,627,227	250.50%
2007	\$	30,023,667	\$	21,642,749	\$	8,380,918	\$	1,815,000	\$	2,558,689	\$	4,373,689	191.62%
2006	\$	28,686,326	\$	19,804,697	\$	8,881,629	\$	1,730,000	\$	2,682,590	\$	4,412,590	201.28%
2005	\$	26,402,623	\$	18,724,550	\$	7,678,073	\$	1,675,000	\$	2,900,545	\$	4,575,545	167.81%
2004	\$	26,095,811	\$	17,434,342	\$	8,661,469	\$	1,595,000	\$	1,980,817	\$	3,575,817	242.22%
2003	\$	25,426,561	\$	17,542,803	\$	7,883,758	\$	1,265,000	\$	3,009,859	\$	4,274,859	184.42%

(1) Nonoperating revenues exclude interest income on bond accounts.

(2) Operating expenses exclude depreciation, interest expense, bond discount issuance amortization, and transfers to member jurisdictions.

(3) Total debt service requirements have been reduced by interest income on bond accounts.

Riverside Regional Jail Authority
Inmate Population Statistics

Table 6

Last Ten Fiscal Years		Average Daily Population										
Fiscal Year	Charles City County	Chesterfield County	City of Hopewell	City of Colonial Heights	City of Petersburg	Prince George County	Surry County	Regional and Local Jails	Federal Inmates Housing and Transportation	Jail Contract Beds (1)	Central State Hospital (2)	Total
2012	21.22	657.93	174.30	151.94	143.59	132.56	14.11	29.69	35.90	38.23	-	1,399.47
2011	10.76	602.33	145.12	162.92	135.77	117.41	13.15	37.73	6.71	30.57	-	1,262.47
2010	29.70	613.00	152.80	184.60	125.10	100.00	9.50	9.20	2.00	26.97	-	1,252.87
2009	29.29	531.14	156.30	169.82	137.65	79.73	12.34	14.13	47.83	28.07	-	1,206.30
2008	22.27	539.17	171.40	155.38	142.24	83.23	10.72	15.95	93.50	20.90	-	1,254.76
2007	21.35	564.45	161.03	123.79	139.26	82.18	12.44	16.44	36.89	8.75	-	1,166.58
2006	30.64	526.17	148.77	117.84	117.24	81.38	14.28	47.60	17.99	26.07	-	1,127.98
2005	22.70	488.38	133.22	138.63	91.25	74.75	9.27	31.84	37.42	25.98	-	1,053.44
2004	22.09	525.17	142.55	147.40	109.07	72.63	13.15	12.74	48.51	6.57	-	1,099.88
2003	23.49	506.47	132.56	130.69	109.20	69.37	17.57	4.50	22.05	11.87	48.00	1,075.77

(1) Jail Contract Beds are included and has been retroactively restated for the last ten fiscal years

(2) Contract ended fiscal year 2003

*Full-time Equivalent Employees by Function***Last Ten Fiscal Years**

Fiscal Year	Jail Operations Sworn	Civilian	Total
2012	283	78	361
2011	269	100	369
2010	299	99	398
2009	232	116	348
2008	219	127	346
2007	208	122	330
2006	204	112	316
2005	204	103	307
2004	203	101	304
2003	202	100	302

Riverside Regional Jail Authority
Capital Assets

Table 8

Last Ten Fiscal Years	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Operating Fund										
Nondepreciable capital assets										
Land	\$ 322,584	\$ 322,584	\$ 322,584	\$ 322,584	\$ 322,584	\$ 322,584	\$ 322,584	\$ 322,584	\$ 322,584	\$ 322,584
Construction in progress	-	-	-	75,450,252	23,454,973	12,527,255	1,489,756	491,505	418,993	-
Depreciable capital assets										
Buildings	178,621,916	178,620,416	178,620,416	92,501,315	92,494,284	81,351,416	81,351,416	81,187,736	81,187,736	81,187,736
Furniture and equipment	4,744,669	4,694,812	4,637,719	3,141,597	3,044,437	2,846,016	2,801,062	2,641,133	2,193,751	2,063,681
Computers	715,909	715,909	715,909	670,415	670,415	664,368	664,728	656,052	656,052	592,016
Vehicles	481,713	483,222	483,222	483,222	442,415	442,415	459,588	388,373	368,547	350,720
Total capital assets	184,886,791	184,836,943	184,779,850	172,569,385	120,429,108	98,154,054	87,089,134	85,687,383	85,147,663	84,516,737
Less accumulated depreciation										
Buildings	24,360,942	21,370,295	18,379,647	16,465,489	14,910,168	13,432,338	12,062,841	10,705,620	9,352,491	7,999,362
Furniture and equipment	3,051,758	2,788,284	2,501,771	2,322,995	2,185,977	2,033,935	1,779,703	1,507,463	1,272,282	1,056,216
Computers	703,056	687,018	670,980	662,651	656,096	648,336	638,986	598,092	537,626	459,359
Vehicles	425,421	443,259	409,080	370,910	334,676	298,739	320,698	305,559	278,530	286,443
Accumulated depreciation	28,541,177	25,288,856	21,961,478	19,822,045	18,086,917	16,413,348	14,802,228	13,116,734	11,440,929	9,801,380
Net capital assets	156,345,614	159,548,087	162,818,372	152,747,340	102,342,191	81,740,706	72,286,906	72,570,649	73,706,734	74,715,357
Canteen Fund										
Depreciable capital assets										
Furniture and equipment	-	-	-	-	-	-	2,663	2,663	2,663	2,663
Computers	22,278	22,278	22,278	22,278	22,278	22,278	22,278	22,278	22,278	20,279
Total capital assets	22,278	22,278	22,278	22,278	22,278	22,278	24,941	24,941	24,941	22,942
Less accumulated depreciation										
Furniture and equipment	-	-	-	-	-	-	1,997	1,730	1,464	1,198
Computers	22,278	22,278	22,278	22,278	22,278	22,278	21,834	19,203	15,677	12,594
Accumulated depreciation	22,278	22,278	22,278	22,278	22,278	22,278	23,831	20,933	17,141	13,792
Net capital assets	-	-	-	-	-	-	1,110	4,008	7,800	9,150
Total net capital assets	\$ 156,345,614	\$ 159,548,087	\$ 162,818,372	\$ 152,747,340	\$ 102,342,191	\$ 81,740,706	\$ 72,288,016	\$ 72,574,657	\$ 73,714,534	\$ 74,724,507

Riverside Regional Jail Authority
Schedule of Insurance in Force

Table 9

Insurance Coverage	Insurance Company	Expiration Date	Coverage Amount	Deductible
Building and Personal Property	Virginia Municipal Liability Pool	7/01/2012	\$ 210,940,908	\$ 5,000
Earthquake	Virginia Municipal Liability Pool	7/01/2012	\$ 10,000,000	\$ 25,000
Flood	Virginia Municipal Liability Pool	7/01/2012	\$ 10,000,000	\$ 25,000
Business Auto	Virginia Municipal Liability Pool	7/01/2012	\$ 1,000,000	1000/1000
Schedule Equipment (Tractor)	Virginia Municipal Liability Pool	7/01/2012	\$ 301,841	\$ 5,000
Boiler and Machinery	Virginia Municipal Liability Pool	7/01/2012	\$ 20,000,000	\$ 1,000
Business Interruption and Extra Expense	Virginia Municipal Liability Pool	7/01/2012	\$ 17,000,000	\$ 5,000
Workers' Compensation	Virginia Association of Counties Group Self Insurance Risk Pool	7/01/2012	Required statutory limit	
Line of Duty	Virginia Association of Counties Group Self Insurance Risk Pool	7/01/2012	Required statutory limit	
Faithful Performance of Duty Bond *	Commonwealth of Virginia - Division of Risk Management	Continuous	500,000	N/A
Constitutional Officer General Liability *	Commonwealth of Virginia - Division of Risk Management	Continuous	1,000,000	N/A

N/A - Not Applicable

* Provided by the Commonwealth of Virginia

Riverside Regional Jail Authority

Compliance Section



DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

***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***

Board of Directors
Riverside Regional Jail Authority

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of ***Riverside Regional Jail Authority*** as of and for the year ended June 30, 2012, which collectively comprise ***Riverside Regional Jail Authority's*** basic financial statements and have issued our report thereon dated September 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the ***Riverside Regional Jail Authority*** is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered ***Riverside Regional Jail Authority's*** internal control over financial reporting as a basis for designing our auditing procedures 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 ***Riverside Regional Jail Authority's*** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the ***Riverside Regional Jail Authority's*** internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ***Riverside Regional Jail Authority's*** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of ***Riverside Regional Jail Authority*** in a separate letter dated September 28, 2012.

This report is intended solely for the information and use of the finance committee, management, and federal awarding agencies and pass-through entities, and is not intended to be used by anyone other than these specified parties.

Dixon Hughes Goodman LLP

Richmond, Virginia
September 28, 2012