



# RIVERSIDE REGIONAL JAIL AUTHORITY

NORTH PRINCE GEORGE, VIRGINIA



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDING  
JUNE 30, 2013



**RIVERSIDE REGIONAL JAIL AUTHORITY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**JULY 1, 2012 THROUGH JUNE 30, 2013**



500 FOLAR Trail  
P.O. Box 1041  
North Prince George, 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**



**DIXON HUGHES GOODMAN LLP**  
Certified Public Accountants and Advisors

**Riverside Regional Jail Authority**  
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*Riverside Regional Jail Authority*

*Introductory Section (Unaudited)*



# Riverside Regional Jail

Colonel Jeffery L. Newton, CJM  
Superintendent

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October 9, 2013

**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, 2013. 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.

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*A Nationally Accredited Jail*

500 FOLAR Trail, P.O. Box 1041, North Prince George, VA 23860  
Phone: (804) 524-6600 Fax: (804) 524-6659  
[www.rrjva.org](http://www.rrjva.org)

## **ECONOMIC CONDITION AND OUTLOOK**

The financial condition of the Jail Authority is primarily dependent upon the number of inmates housed at the facility. The Jail Authority saw a slight increase in the average daily population of inmates for fiscal year 2013. The Jail Authority decision in fiscal year 2011 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 2012 and 2013 by \$892,163 and \$757,784, respectively. The Jail Authority has closely managed the budget by monitoring expenses and making reductions when necessary. The fiscal year 2013 budget anticipated the need to transfer \$1,139,084 million from the General Surplus Fund to balance the budget; however, the increase in the jail population 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.

## **MAJOR INITIATIVES**

The Jail Authority elected to refund its Series 2003 Jail Facility Revenue Bonds in fiscal year 2013. The Jail Authority issued the Series 2013 Jail Facility Refunding Revenue Bonds in the amount of \$44,025,000 to refund its Series 2003 Jail Facility Revenue Bonds (\$48,085,000) and pay related refinancing costs of issuing the 2013 Bonds. The Series 2013 Refunding was structured to provide the Jail Authority with annual debt savings (approximately \$375,000 per year). This process included:

- Finalizing the restructuring plan
- Obtaining underwriter services
- Obtaining bond ratings
- Developing an updated 2013 series bond indenture

In June 2013, the Jail Authority received an assigned rating of "Aa2" on the 2013 Bonds from Moody's Investors Service. This assigned rating by Moody's Investor Services means that the Jail Authority's obligations are judged to be of high quality and are subject to very low credit risk.

The Jail Authority adopted a fiscal year 2013 Capital Improvement Budget. The Capital Improvement Budget funded equipment purchases and necessary repairs as part of a preventative maintenance program. Preventative maintenance and capital needs for replacements and upgrades are closely related; efforts to upgrade and improve such programs can result in long term reduced costs for repairs and replacement.

The Jail Authority utilized its Construction Fund to pay for all capital expenditures. During fiscal year 2013, the Jail Authority expended \$3,652,984 from the Construction Fund to pay for capital improvement purchases such as energy efficiency upgrades, roofing repairs, renovations of (3) three housing units and medical housing, installation of a new kitchen floor, and various equipment items to improve operations.

In order to demonstrate compliance in correctional management, the Jail Authority was accredited by the American Correction Association (ACA) in 1999, 2002, 2006, 2010 and 2013. 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 98.1 percent score on the ACA audit that was conducted in January 2013.

The Jail Authority also received certification from the Virginia State Board of Corrections in March 2013. An extensive audit was conducted and the Jail Authority received unconditional certification.

### **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, 2013. 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, 2012. This was the fifteenth 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.

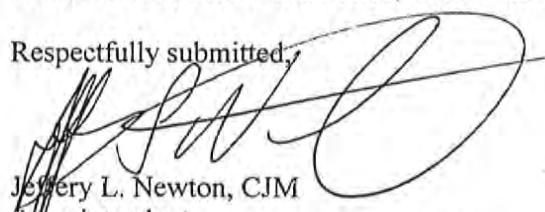
## **ACKNOWLEDGEMENTS**

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,

Jeffery L. Newton, CJM  
Superintendent

  
Crystal H. Reid

Crystal H. Reid, MBA  
Director of Administrative Services

*Riverside Regional Jail Authority Members*

*Fiscal Year 2013*

**Chairman**

Dr. Edwin C. Daley  
City of Hopewell

**Vice Chairman**

William E. Johnson  
City of Colonial Heights

**Secretary/Treasurer**

Dr. Sheryl D. Bailey  
Chesterfield County

**Other Members**

Sheriff Greg Anderson  
City of Hopewell

Tyrone W. Franklin  
Surry County Administrator

Sheriff Todd Wilson  
City of Colonial Heights

Sheriff Vanessa R. 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

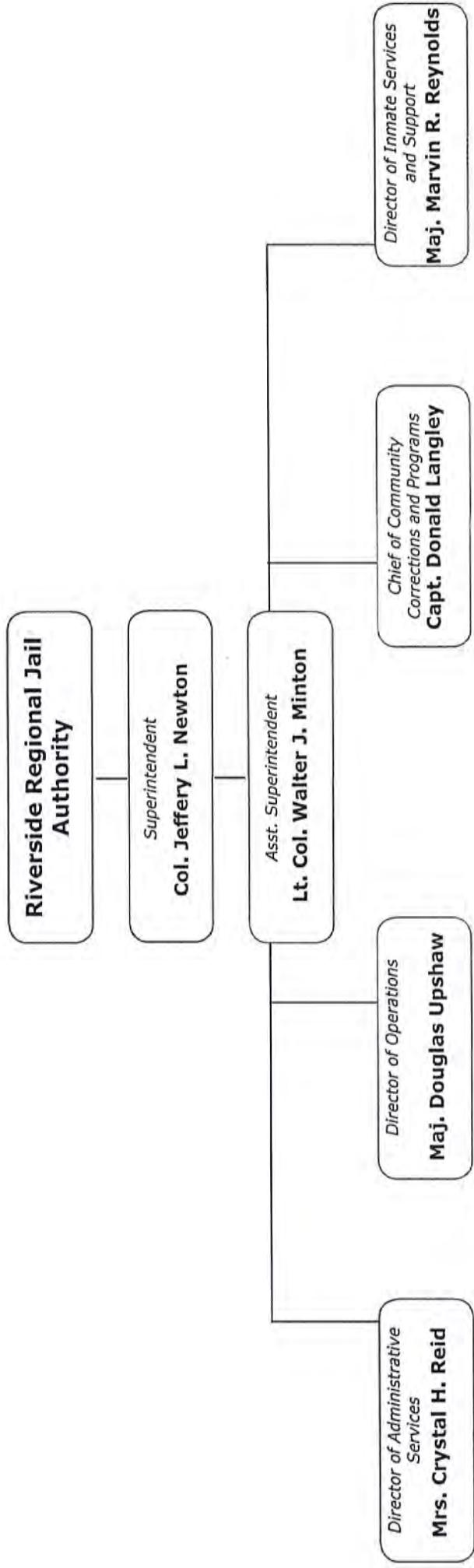
Sheriff Dennis S. Proffitt  
Chesterfield County

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, 2013





Government Finance Officers Association

# 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, 2012**

A handwritten signature in black ink, appearing to read "Jeffrey R. Einer".

Executive Director/CEO

*Riverside Regional Jail Authority*

*Financial Section*

## *Independent Auditors' Report*

Board of Directors  
**Riverside Regional Jail Authority**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Riverside Regional Jail Authority** as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the **Riverside Regional Jail Authority's** basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

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

## *Opinion*

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

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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 Government Auditing 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 audits of the 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.

### *Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the *Riverside Regional Jail Authority's* basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management. We have applied certain limited procedures to the 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 audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

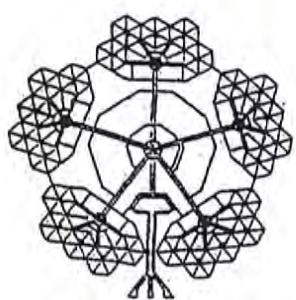
## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2013, on our consideration of *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* in considering the *Riverside Regional Jail Authority's* internal control over financial reporting and compliance.

*Dixon Hughes Goodman LLP*

Richmond, Virginia  
October 9, 2013

*Management's Discussion and Analysis*



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## **Riverside Regional Jail Authority**

### **Management's Discussion and Analysis (Unaudited)**

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**June 30, 2013**

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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, 2013. 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 position increased by \$563,411, as a result of this year's operating and non-operating financial activities.
- The Jail Authority's operating and non-operating revenues increased approximately \$.6 million or approximately 1.7%, and the Operating Fund's operating and non-operating expenses increased by approximately \$2.5 million, or approximately 6.9 %.
- The Jail Authority met its financial obligations with regard to the Series 2003 and Series 2007 bonds, making principal payments totaling approximately \$2.9 million.
- The Jail Authority refunded its Series 2003 Jail Facility Revenue Bonds with the Series 2013 Jail Facility Refunding Revenue Bonds in the amount of \$44,025,000. Annual debt service has a savings of approximately \$375,000 per year.
- The Jail Authority average daily population increased approximately 22 inmates, or approximately 1.56%.
- The member jurisdictions average daily population increased approximately 16 inmates, or approximately 1.26%.
- The Jail Authority was obligated to make a payment of \$757,784 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 Position includes the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). The Statement of Revenues, Expenses and Changes in Net Position 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 position 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 \$103,626,411 at June 30, 2013. The Jail Authority's total Operating Fund net position increased by \$548,318 as compared to last year and the Canteen Fund net position increased by \$15,093. Our detailed analysis that follows focuses on the change in net position and the resulting changes in assets and liabilities of both the Operating Fund and Canteen Fund in the aggregate.

#### **Operating Fund and Canteen Fund**

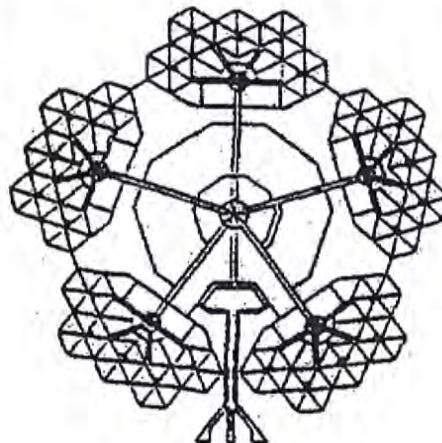
	2013	2012	Increase (Decrease)	
			Dollars	Percent
Capital assets - net	\$ 156,522,859	\$ 156,345,614	\$ 177,245	0.1 %
Current assets and investments	44,562,704	53,356,002	(8,793,298)	(16.5) %
Total assets	\$ 201,085,563	\$ 209,701,616	\$ (8,616,053)	(4.1) %
Long-term liabilities - net	\$ 93,405,120	\$ 99,318,190	\$ (5,913,070)	(6.0) %
Other liabilities	4,054,032	7,320,426	(3,266,394)	(44.6) %
Total liabilities	\$ 97,459,152	\$ 106,638,616	\$ (9,179,464)	(8.6) %
Net position:				
Net investment in capital assets	\$ 67,377,090	\$ 65,847,316	\$ 1,529,774	2.3 %
Restricted	15,596,539	20,096,513	(4,499,974)	(22.4) %
Unrestricted	20,652,782	17,119,171	3,533,611	20.6 %
Total net position	\$ 103,626,411	\$ 103,063,000	\$ 563,411	.5 %

The Operating Fund and Canteen Fund had a combined change in net position of \$563,411. The total net position change was impacted by changes in several revenue and expense categories. Please see Table on next page for a breakdown of the fluctuation by revenue and expense category.

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

**Operating Fund and Canteen Fund**

	2013	2012	Increase (Decrease)	
			Dollars	Percent
Operating revenues:				
Inmate housing	\$ 23,256,688	\$ 23,155,970	\$ 100,718	0.4 %
State Compensation Board	12,726,338	12,735,177	(8,839)	- %
Work release	294,850	225,927	68,923	30.5 %
Canteen sales	1,357,162	1,096,987	260,175	23.7 %
Non-operating revenues:				
Interest revenue	572,409	569,367	3,042	0.5 %
Telephone commissions	633,036	488,040	144,996	29.7 %
Miscellaneous income	199,255	132,127	67,128	50.8 %
Daily incarceration fees	262,236	250,911	11,325	4.5 %
Total revenues	39,301,974	38,654,506	647,468	1.7 %
Operating expenses:				
Salaries and wages	13,758,502	13,722,458	36,044	0.2 %
Fringe benefits	4,426,271	4,650,730	(224,459)	(4.8) %
Contractual services	1,268,453	1,100,609	167,844	15.3 %
Materials and supplies	456,643	584,612	(127,969)	(21.9) %
Medical services and supplies	5,326,272	2,482,628	2,843,644	114.5 %
Food services and supplies	1,400,026	1,549,234	(149,208)	(9.6) %
Repairs and maintenance	688,519	713,627	(25,108)	12.2 %
Utilities	2,094,137	2,267,726	(173,589)	(7.7) %
Depreciation	3,508,674	3,311,249	197,425	5.8 %
Other	496,778	384,897	111,881	29.1 %
Non-operating expenses:				
Interest expense	4,735,369	4,874,219	(138,850)	(2.8) %
Bond discount	578,919	605,027	(26,108)	(4.3) %
Total expenses	38,738,563	36,247,016	2,491,547	6.9 %
Change in net position	563,411	2,407,490	(1,844,079)	(76.6) %
Beginning net position	103,063,000	100,655,510	2,407,490	2.4 %
Ending net position	\$ 103,626,411	\$ 103,063,000	\$ 563,411	0.5 %



## **Capital Asset and Debt Administration**

### ***Capital Assets***

At the end of fiscal year 2013, the Jail Authority had \$156,522,859, 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 increase (including additions and deletions) of \$177,245 over last year. Depreciation expense was \$3,508,674 for fiscal year 2013.

The following table summarizes the Jail Authority's capital assets, net of accumulated depreciation, as of June 30, 2013 and 2012 for Operating and Canteen Funds combined.

	<b>2013</b>	<b>2012</b>
Buildings	\$ 153,873,488	\$ 154,259,473
Furniture and equipment	2,152,604	1,692,911
Land	322,584	322,584
Land improvements	32,081	1,501
Vehicles	111,217	56,292
Computers	30,885	12,853
 Total capital assets (net of accumulated depreciation)	 <u>\$ 156,522,859</u>	 <u>\$ 156,345,614</u>

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.

	<b>2013</b>	<b>2012</b>
<b>Balance at beginning of year</b>	<b>\$ 184,909,069</b>	<b>\$ 184,881,499</b>
Additions	3,688,919	112,211
Deletions	(62,535)	(62,363)
Accumulated depreciation	<u>(32,012,594)</u>	<u>(28,585,733)</u>
 <b>Balance at end of year</b>	 <u>\$ 156,522,859</u>	<u>\$ 156,345,614</u>

This year major capital asset additions include the following:

- Fixtures, furniture and equipment
- Vehicles

### **Long-Term Debt**

At year-end, the Jail Authority had bonded debt of \$90,580,000 outstanding as compared to fiscal year 2012 outstanding bonds in the amount of \$100,125,000. Additional information on the bonds is contained in Note 7.

### **Economic Factors and Next Year's Budgets and Rates**

- The average daily inmate population continues to rise.
- The per diem rate remains at \$40 for member jurisdictions.

- 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 2014 Annual Budget with limited increases in expenses.
- During fiscal year 2013, the Authority issued Series 2013 Jail Facility Refunding Revenue Bonds for a total savings of \$7.1 million for debt service, or \$375,000 annually.

All of these factors were considered in preparing the Jail Authority's budget for the 2014 fiscal year.

#### **Contacting 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, 500 FOLAR Trail, North Prince George, Virginia 23860. E-mail requests may be sent to: [creid@rrjva.org](mailto:creid@rrjva.org).

**Riverside Regional Jail Authority**  
**Statement of Net Position - Enterprise Funds**

June 30, 2013

	Assets	Operating Fund	Canteen Fund	Total
<b>Current assets</b>				
Cash and cash equivalents	\$ 17,855,679	\$ 517,257	\$ 18,372,936	
Accounts receivable	4,741,734	-	4,741,734	
	<u>22,597,413</u>	<u>517,257</u>	<u>23,114,670</u>	
Current assets for restricted liabilities:				
Cash and cash equivalents with trustee	1,470,207	-	1,470,207	
Cash held for inmates	148,327	-	148,327	
Cash held for Employee Association	19,483	-	19,483	
	<u>1,638,017</u>	<u>-</u>	<u>1,638,017</u>	
Total current assets	24,235,430	517,257	24,752,687	
<b>Noncurrent assets</b>				
Restricted cash, cash equivalents, and investments:				
Cash and cash equivalents with trustee	11,872,232	-	11,872,232	
Investments with trustee	7,346,717	-	7,346,717	
Interest receivable-investments	9,109	-	9,109	
	<u>19,228,058</u>	<u>-</u>	<u>19,228,058</u>	
Bond issuance costs, net	581,959	-	581,959	
<b>Capital assets</b>				
Land	322,584	-	322,584	
Buildings and improvements	181,383,359	-	181,383,359	
Furniture and equipment	5,516,234	-	5,516,234	
Computers	736,838	22,278	759,116	
Vehicles	519,787	-	519,787	
Land improvements	34,373	-	34,373	
Less - accumulated depreciation	(31,990,316)	(22,278)	(32,012,594)	
	<u>156,522,859</u>	<u>-</u>	<u>156,522,859</u>	
Total noncurrent assets	176,332,876	-	176,332,876	
Total assets	200,568,306	517,257	201,085,563	
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable	1,195,237	37,553	1,232,790	
Accrued payroll payable	322,343	5,182	327,525	
Compensated absences payable - current portion	844,336	11,364	855,700	
	<u>2,361,916</u>	<u>54,099</u>	<u>2,416,015</u>	
Current liabilities payable from restricted assets:				
Amounts held for inmates	148,327	-	148,327	
Amounts held for Employee Association	19,483	-	19,483	
Accrued interest payable	1,130,207	-	1,130,207	
Bonds payable - current portion	340,000	-	340,000	
	<u>1,638,017</u>	<u>-</u>	<u>1,638,017</u>	
Total current liabilities	3,999,933	54,099	4,054,032	
<b>Noncurrent liabilities</b>				
Compensated absences payable, net of current portion	867,510	-	867,510	
Bonds payable, net of current portion	92,537,610	-	92,537,610	
	<u>93,405,120</u>	<u>-</u>	<u>93,405,120</u>	
Total liabilities	97,405,053	54,099	97,459,152	
<b>Net Position</b>				
<b>Net investment in capital assets</b>	67,377,090	-	67,377,090	
<b>Restricted for</b>				
Debt service	7,452,830	-	7,452,830	
Operating reserve	7,826,167	-	7,826,167	
Other restricted assets	317,542	-	317,542	
	<u>20,189,624</u>	<u>463,158</u>	<u>20,652,782</u>	
Total net position	103,163,253	463,158	103,626,411	
Total liabilities and net position	\$ 200,568,306	\$ 517,257	\$ 201,085,563	

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

**Riverside Regional Jail Authority**

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

**Year Ended June 30, 2013**

	Operating Fund	Canteen Fund	Total
<b>Operating revenues</b>			
Charges for services - inmate housing	\$ 23,256,688	\$ -	\$ 23,256,688
State Compensation Board	12,726,338	-	12,726,338
Work release	294,850	-	294,850
Canteen sales	-	1,357,162	1,357,162
	<u>36,277,876</u>	<u>1,357,162</u>	<u>37,635,038</u>
<b>Operating expenses</b>			
Salaries and wages	13,546,701	211,801	13,758,502
Fringe benefits	4,387,309	38,962	4,426,271
Contractual services	396,385	872,068	1,268,453
Materials and supplies	276,074	180,569	456,643
Medical services and supplies	5,326,056	216	5,326,272
Food services and supplies	1,388,444	11,582	1,400,026
Repairs and maintenance	688,519	-	688,519
Utilities	2,094,137	-	2,094,137
Depreciation	3,508,674	-	3,508,674
Other expenses	469,907	26,871	496,778
	<u>32,082,206</u>	<u>1,342,069</u>	<u>33,424,275</u>
<b>Operating income</b>			
	<u>4,195,670</u>	<u>15,093</u>	<u>4,210,763</u>
<b>Nonoperating revenues (expenses)</b>			
Telephone commissions	633,036	-	633,036
Interest revenue	572,409	-	572,409
Daily incarceration fees	262,236	-	262,236
Miscellaneous income	199,255	-	199,255
Interest expense	(4,735,369)	-	(4,735,369)
Bond discount and issuance costs - amortization	(578,919)	-	(578,919)
	<u>(3,647,352)</u>	<u>-</u>	<u>(3,647,352)</u>
<b>Change in net position</b>			
	<u>548,318</u>	<u>15,093</u>	<u>563,411</u>
<b>Net position - June 30, 2012</b>			
	<u>102,614,935</u>	<u>448,065</u>	<u>103,063,000</u>
<b>Net position - June 30, 2013</b>			
	<u>\$ 103,163,253</u>	<u>\$ 463,158</u>	<u>\$ 103,626,411</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, 2013**

	Operating Fund	Canteen Fund	Total
<b>Cash flows from operating activities</b>			
Receipts from jurisdictions	\$ 23,996,190	\$ -	\$ 23,996,190
Receipts from state agencies	13,021,188	-	13,021,188
Receipts from canteen sales	-	1,357,162	1,357,162
Gain on disposal of capital assets	(1,737)		(1,737)
Telephone commissions and miscellaneous income received	1,094,527	-	1,094,527
Receipts on behalf of employees and inmates	88,083	-	88,083
Payments to suppliers	(14,639,792)	(1,139,933)	(15,779,725)
Payments to employees	(13,314,352)	(232,255)	(13,546,607)
Net cash from operating activities	10,244,107	(15,026)	10,229,081
<b>Cash flows from capital and related financing activities</b>			
Purchases of capital assets	(3,688,919)	-	(3,688,919)
Proceeds on disposal of capital assets	1,737	-	1,737
Sales of restricted investments	1,545,247	-	1,545,247
Proceeds from issuance of refunding debt	48,561,083	-	48,561,083
Payment to bond escrow agent	(52,443,328)		(52,443,328)
Payment of bond issuance costs	(119,015)	-	(119,015)
Principal paid on capital debt	(2,845,000)	-	(2,845,000)
Interest paid on capital debt	(4,879,672)	-	(4,879,672)
Net cash from capital and related financing activities	(13,867,867)	-	(13,867,867)
<b>Cash flows from investing activities</b>			
Interest income received	572,409	-	572,409
<b>Net change in cash and cash equivalents</b>			
	(3,051,351)	(15,026)	(3,066,377)
<b>Cash and cash equivalents, July 1, 2012 (Restricted cash, \$19,657,284)</b>	<b>34,417,279</b>	<b>532,283</b>	<b>34,949,562</b>
<b>Cash and cash equivalents, June 30, 2013 (Restricted cash, \$13,510,249)</b>	<b>\$ 31,365,928</b>	<b>\$ 517,257</b>	<b>\$ 31,883,185</b>
<b>Reconciliation of operating income to net cash provided by operating activities</b>			
Operating income	\$ 4,195,670	\$ 15,093	\$ 4,210,763
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation expense	3,508,674	-	3,508,674
Gain on disposal of capital assets	(1,737)	-	(1,737)
Telephone commissions and miscellaneous income	1,094,527	-	1,094,527
Change in:			
Accounts receivable	739,502	-	739,502
Inventory	-	2,598	2,598
Accounts payable	387,039	(12,263)	374,776
Accrued payroll payable	(17,293)	(5,497)	(22,790)
Compensated absences payable	249,642	(14,957)	234,685
Amounts held for others	88,083	-	88,083
	<b>\$ 10,244,107</b>	<b>\$ (15,026)</b>	<b>\$ 10,229,081</b>

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

## **Riverside Regional Jail Authority**

### **Notes to Financial Statements**

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**June 30, 2013**

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#### **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. 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 Supplemental 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.

On June 27, 2013, the Series 2003 Bonds were refunded and Series 2013 Bonds were issued. See Note 7 for more information.

## **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 Position, Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows and Notes to the Financial Statements.

### **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 position. The capitalization threshold is \$5,000. The estimated useful lives of capital assets are as follows:

Buildings	60 years
Land improvements	15 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 Non-operating Revenue and Expenses Recognition**

Proprietary funds distinguish operating revenues and expenses from non-operating 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 non-operating. These non-operating 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 position 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, 2013, the Debt Service Reserve reflected a balance of \$7,346,717 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 \$308,433 and the Operating Reserve of \$7,826,167 are restricted for extraordinary repairs and revenue shortfalls, respectively. The Construction Fund totaled \$3,380,745 on June 30, 2013. 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, 2013
<b>Cash Equivalents:</b>			
Operating Reserve	SNAP	Money Market	\$ 7,826,167
Repair and Replacement Reserve	SNAP	Money Market	308,433
Arbitrage Rebate Reserve	SNAP	Money Market	54,446
Principal Account 2003 Bond Series	SNAP	Money Market	3,572
Debt Service Reserve 2003 Bond	Dreyfus	Money Market	758
Capitalized Interest Fund	Dreyfus	Money Market	48,095
Construction Fund	Dreyfus	Money Market	3,380,745
2007 Bond Fund	Dreyfus	Money Market	1,470,236
2013 Bond Cost of Issuance Fund	BNY	Cash	249,987
			<u>13,342,439</u>
<b>Non-cash Equivalents:</b>			
Debt Service Reserve - Principal	Bayern LB	Guarantee	4,449,216
Debt Service Reserve 2007 Bond	Dreyfus	Money Market	2,897,501
			<u>7,346,717</u>
<b>Cash Held For Inmates</b>			
Cash Held For Employee Association	RRJ	None	148,327
Interest receivable - restricted accounts	RRJ	Savings	19,483
			<u>9,109</u>
<b>Total restricted cash and investments</b>			<b>\$ 20,866,075</b>

SNAP - Commonwealth of Virginia State Non-Arbitrage Program  
 Dreyfus - Dreyfus Investment Management  
 BNY - Bank of New York Mellon  
 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 \$581,959 at June 30, 2013, after \$491,684 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, 2013 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 October 9, 2013, the date the financial statements were available to be issued.

### **3. New GASB Standard**

In the fiscal year ending June 30, 2013, the Authority adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63). The objective of this Statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position (net assets/balance sheet). Amounts that are required to be reported as deferred outflows should be reported in a statement of net position in a separate section following assets. Similarly, amount required to be reported as deferred inflows of resources should be reported in a separated section following liabilities. The statement of net position should report the residual amount as net position, rather than net assets or equity. GASB 63 was implemented retroactively. The adoption of this statement resulted in a change in the presentation of the Statement of Net Assets to net position.

### **4. Accounts Receivable**

Accounts receivable balances at June 30, 2013 consisted of the following:

Description	Outstanding Balance
Member jurisdictions	\$ 2,637,880
Commonwealth of Virginia	2,006,009
Federal agencies	87,158
Other vendor	7,475
Other vendor	3,212
Total Accounts Receivable	<u>\$ 4,741,734</u>

### **5. 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 2007 and 2013 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**

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, 2013, the carrying value of the Authority's investments were as follows:

Type	Rating	Maturities	Carrying Value
Deposits:			
Demand deposits			\$ 11,555,195
Demand deposits - General Surplus Fund			7,233,518
Cash on hand			900
Money market - SNAP			8,192,618
Local Government Investment Pool	AAA*	-	1,120
			<u>26,983,351</u>
Investments:			
Money market - Dreyfus	AAA*	-	7,797,335
Guaranteed investment contract - Bayern LB	AAA*	06/20/14	4,449,216
			<u>12,246,551</u>
Total deposits and investments			\$ 39,229,902

### Reconciliation to Statement of Net Position:

#### Current:

Cash and cash equivalents	\$ 18,372,936
Current assets for restricted liabilities	1,638,017

#### Noncurrent:

Cash and cash equivalents with trustee	11,872,232
Investment with trustee	7,346,717
	<u>\$ 39,229,902</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, 2013, 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, 2013, the Jail Authority had a concentration in the following issues:

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

Accrued interest payable totaled \$1,130,207 at June 30, 2013. This amount is related to the Jail Authority's share of the Series 2007 Jail Facility Revenue Bonds. Accrued interest payable will be paid from restricted cash.

### **7. Noncurrent Liabilities**

A. This schedule reflects changes in noncurrent liabilities for the fiscal year ended June 30, 2013.

Description	Balance July 1, 2012	Increase	Decrease	Balance June 30, 2013
Series 2003 Jail Facility Revenue Bonds, average interest rate 4.79%	\$ 53,230,000	\$ -	\$ 53,230,000	\$ -
Series 2007 Jail Facility Revenue Bonds, average interest rate 4.26%	46,895,000	-	340,000	46,555,000
Series 2013 Jail Facility Revenue Bonds, average interest rate 4.27%	-	44,025,000	-	44,025,000
	100,125,000	\$ 44,025,000	\$ 53,570,000	90,580,000
Add:				
Original issue premium - (2007 Series)				911,724
Original issue premium - 2013 Series)				4,536,083
Compensated absences	738,265	932,251	803,006	867,510
Less:				
Current portion of bonds payable				(340,000)
Deferred amount on refunding (Series 2013)				(3,150,197)
Non-current liabilities				<u>\$ 93,405,120</u>

Current compensated absences of \$844,336 are shown as current liabilities on the Statement of Net Position. 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.

On June 27, 2013, the Jail Authority issued its Jail Facility Refunding Revenue Bonds, Series 2013, in the amount of \$44,025,000. The bond proceeds were used to refund and defease the entire outstanding principal balance of the 2003 Bonds, which occurred as an in-substance defeasance on June 27, 2013. The outstanding bond principal at June 30, 2013 related to the in-substance defeasance totaled \$50,725,000, which was paid on July 1, 2013. The new maximum annual debt service on the outstanding 2007 Bonds and the 2013 Bonds is \$7,346,388. The Authority reduced its aggregate debt service payments by \$7,142,086 over the next nineteen years. These savings created an economic gain (the difference between the present values of the old and new debt service payments, less additional cash payments) of \$2,180,393.

Debt service requirements on outstanding long-term liabilities at June 30, 2013 were comprised of the following:

**Debt Service Requirements for the Series 2007 Bonds  
And the Remaining Outstanding Series 2013 Bonds**

Date	Series 2007 Bonds			Series 2013 Bonds		Total Debt Service
	Principal	Interest*		Principal	Interest*	
07/01/2013	\$ 340,000	\$ 2,260,413		\$ -	\$ -	\$ 2,600,413
07/01/2014	365,000	2,245,963		2,835,000	1,899,220	7,345,183
07/01/2015	375,000	2,230,450		2,945,000	1,793,300	7,343,750
07/01/2016	395,000	2,214,513		3,030,000	1,704,950	7,344,463
07/01/2017	415,000	2,197,231		3,115,000	1,614,050	7,341,281
07/08/2018 - 07/01/2022	2,310,000	10,712,039		17,530,000	6,156,000	36,708,039
07/01/2023 - 07/01/2027	11,920,000	9,952,738		13,175,000	1,656,150	36,703,888
07/01/2028 - 07/01/2032	30,435,000	4,704,175		1,395,000	171,400	36,705,575
	<b>\$ 46,555,000</b>	<b>\$ 36,517,522</b>		<b>\$ 44,025,000</b>	<b>\$ 14,995,070</b>	<b>\$ 142,092,592</b>

\* Interest paid semiannually January 1 and July 1.

## 8. Capital Assets

The following schedule denotes the changes in capital assets for the year ended June 30, 2013.

Description	Balance July 1, 2012	Increase	Decrease	Balance June 30, 2013
<b>Operating Fund</b>				
Non-depreciable capital assets:				
Land	\$ 322,584	\$ -	\$ -	\$ 322,584
Depreciable capital assets:				
Buildings and improvements	178,620,415	2,762,944	-	181,383,359
Furniture and equipment	4,744,669	773,509	1,944	5,516,234
Computers	715,909	34,624	13,695	736,838
Vehicles	481,713	84,970	46,896	519,787
Land improvements	1,501	32,872	-	34,373
Total capital assets	184,886,791	3,688,919	62,535	188,513,175
Less accumulated depreciation:				
Buildings	24,360,942	3,148,929	-	27,509,871
Furniture and equipment	3,051,758	313,818	1,944	3,363,632
Computers	703,056	16,592	13,695	705,953
Vehicles	425,421	27,043	43,896	408,568
Land improvements	-	2,292	-	2,292
Accumulated depreciation	28,541,177	3,508,674	59,535	31,990,316
Net capital assets	156,345,614			156,522,859
<b>Canteen Fund</b>				
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	\$ 156,345,614			\$ 156,522,859

## **9. 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
2014	\$ 45,531
2015	45,531
2016	45,531
Total	<u>\$ 136,593</u>

### **Inmate Trust and Employee Association**

Funds held for inmates totaled \$148,327 at June 30, 2013. 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 \$19,483, 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 2013, total approximately \$1.3 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. The Jail Authority paid \$5,326,056 for the medical services contract during fiscal year 2013.

### **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.

## **10. Defined Benefit Pension Plan**

### **Plan Description**

Name of Plan:	Virginia Retirement System (VRS)
Identification of Plan: 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 were vested as of January 1, 2013, 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 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2013 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. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. 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 3.00%. 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 most recent report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2012-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. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. 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, 2013 was 10.17% of the annual covered payroll.

### Annual Pension Cost

For the fiscal year ended June 30, 2013, the Jail Authority's annual pension cost of \$1,472,156 for VRS was equal to the required and actual contributions.

#### Trend Information for the Jail Authority

Fiscal Year Ended	Annual Pension Cost (APC)	Amount of APC Contributed	Net Pension Obligation
June 30, 2013	\$ 1,472,156	\$ 1,472,156	\$ -
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	\$ -

The Fiscal Year 2013 required contribution was determined as part of the June 30, 2011, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011, included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees 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 for Plan 1 employees and 2.25% for Plan 2 employees. 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, 2011, for the Unfunded Actuarial Liability (UAAL) was 30 years.

#### **Funded Status and Funding Progress**

As of June 30, 2012, the most recent actuarial valuation date, the plan was 94.50% funded. The actuarial accrued liability for benefits was \$27,043,079, and the actuarial value of assets was \$25,557,053, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,486,026. The covered payroll (annual payroll of active employees covered by the plan) was \$13,219,984, and the ratio of the UAAL to the covered payroll was 11.24%.

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	Accrued Liability (UAAL)	Unfunded Actuarial	Annual Covered Payroll	UAAL as Percent of Payroll
June 30, 2012	\$ 25,557,053	\$ 27,043,079	\$ 1,486,026	94.50%	\$ 13,219,984	11.24%
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%)

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

The actuarial assumptions and methods of the June 30, 2012 valuation were as follows:

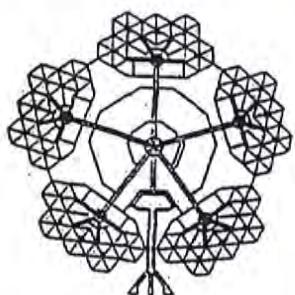
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Pay, Open
Payroll growth rate	3.0%
Remaining amortization period	29 Years (decreasing by one each year in subsequent valuations until reaching 20 years)
Asset valuation method	Five-Year Smoothed Market Value
Actuarial assumptions	
Investment rate of return <sup>1</sup>	7.00%
Projected salary increases <sup>1</sup>	
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%

<sup>1</sup> 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*.

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*Riverside Regional Jail Authority*

*Required Supplementary Information - (Unaudited)*

*Riverside Regional Jail Authority*  
*Schedule of Funding Progress - Enterprise Funds*

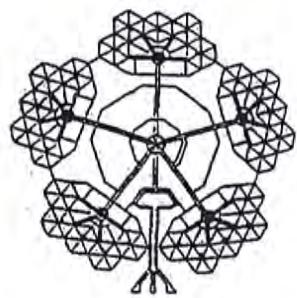
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**June 30, 2013**

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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, 2012	\$ 25,557,053	\$ 27,043,079	\$ 1,486,026	94.5%	\$ 13,219,984	11.2%
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%

\* The Jail Authority is in its sixteenth valuation cycle.



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*Riverside Regional Jail Authority*

*Statistical Section*

## **Riverside Regional Jail Authority**

### **Statistical Section**

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**June 30, 2013**

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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 1-2

#### **Revenue Capacity**

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

Tables 3 - 4

#### **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 5

#### **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 6

#### **Operating Information**

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

Table 7

#### **Other Information**

These tables present a summary of capital assets and related accumulated depreciation, by category and insurance coverage in force separated by type and insurance company.

Tables 8 - 9

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*

*Net Position by Component - Enterprise Funds*

Table 1

Last Ten Fiscal Years	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Net investment in capital assets</b>										
Restricted	\$ 67,377,090	\$ 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
Unrestricted	15,596,539	20,096,513	20,354,400	71,525,261	23,929,384	28,973,307	14,822,297	22,090,891	22,753,255	23,054,770
Total net assets	\$ 103,626,411	\$ 103,063,000	\$ 100,655,510	\$ 102,727,949	\$ 64,041,925	\$ 56,569,848	\$ 52,247,062	\$ 50,966,418	\$ 48,282,129	\$ 47,993,575

Source: Comprehensive Annual Financial Reports

*Riverside Regional Jail Authority*

*Change in Net Position - Enterprise Funds*

Table 2

Last Ten Fiscal Years	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Operating revenues</b>										
Charges for services - inmate housing	\$ 23,256,688	\$ 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
State Compensation Board	12,726,338	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
Federal grants passed through the Commonwealth of Virginia	-	-	-	616,930	2,756,813	-	-	-	-	-
Reimbursements	-	-	-	-	658,415	157,655	183,377	164,234	237,000	209,214
Per diems, net of recoveries	294,850	225,927	105,214	164,329	415,649	440,090	475,657	411,016	395,992	356,957
Work release	1,096,987	1,018,362	417,026	-	-	-	-	-	-	-
Canteen sales - net 2004 - 2010, gross 2011 - 2013	1,357,162	-	-	-	-	-	-	-	-	-
<b>Nonoperating revenues</b>										
Interest revenue	572,409	569,367	562,790	783,887	3,225,177	4,944,678	1,753,238	1,622,327	1,035,486	795,649
Miscellaneous income	199,255	132,127	292,306	340,703	113,059	99,617	54,149	71,769	84,285	75,279
Telephone commissions	633,036	488,040	467,910	411,611	375,404	411,248	326,296	318,532	316,710	339,214
Daily incarceration fees	263,236	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	39,301,974	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
<b>Operating expenses</b>										
Salaries and wages	13,758,502	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
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	2,979,172
Contractual services	1,268,453	1,100,609	955,665	535,817	488,118	616,276	525,938	486,835	481,098	462,906
Materials and supplies	456,643	584,612	273,247	564,042	471,884	557,319	508,234	454,554	393,202	367,111
Medical services and supplies	5,326,272	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
Food service and supplies	1,400,026	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
Repairs and maintenance	688,519	713,627	678,346	745,300	768,513	588,955	570,130	645,811	591,606	599,101
Utilities	2,094,137	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
Depreciation	3,508,674	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
Other	496,778	384,897	414,759	647,093	616,867	718,258	449,097	510,743	488,115	286,018
<b>Nonoperating expenses</b>										
Interest expense	4,735,369	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
Bond discount and issuance costs - amortization	578,919	605,027	633,006	659,472	714,476	738,781	685,015	692,388	699,545	779,085
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
Total expenses	38,738,563	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
<b>Change in net assets</b>										
Beginning net assets	563,411	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
Contributed capital - Commonwealth of Virginia	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	45,938,499
Ending net assets	\$ 103,626,411	\$ 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

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
2013	\$ 346,640	\$ 10,231,560	\$ 2,397,560	\$ 2,605,640	\$ 1,409,400	\$ 1,907,480	\$ 250,880	\$ 19,149,160
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

Federal Inmates

Regional and Local Jails	Commonwealth of Virginia	Housing and Transportation	Sub-total	Total
2013	\$ 58,221	\$ 2,792,710	\$ 1,256,597	\$ 4,107,528
2012	\$ 398,060	\$ 2,883,644	\$ 908,816	\$ 4,190,520
2011	\$ 506,810	\$ 2,723,567	\$ 161,047	\$ 3,391,424
2010	\$ 120,674	\$ 3,068,106	\$ 50,357	\$ 3,239,136
2009	\$ 213,757	\$ 3,335,564	\$ 1,167,868	\$ 4,717,189
2008	\$ 246,684	\$ 3,035,620	\$ 2,273,065	\$ 5,555,369
2007	\$ 253,071	\$ 3,431,382	\$ 898,586	\$ 4,583,039
2006	\$ 743,901	\$ 3,504,198	\$ 439,131	\$ 4,687,230
2005	\$ 500,477	\$ 3,076,962	\$ 913,677	\$ 4,491,116
2004	\$ 186,684	\$ 2,552,766	\$ 1,183,913	\$ 3,923,363

(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.

*Riverside Regional Jail Authority*

**Table 4**

*Revenues and Billed Inmate Days - by Customer*

Years Ended June 30, 2013 and 2012

Fiscal Year 2013

<b>Customer</b>	<b>2013 Revenue</b>	<b>Per Diem Rate</b>	<b>Inmate Days Billed</b>
Charles City County	\$ 346,640	\$ 40	8,666
Chesterfield County	10,231,560	\$ 40	255,789
City of Hopewell	2,397,560	\$ 40	59,939
City of Colonial Heights	2,605,640	\$ 40	65,141
City of Petersburg	1,409,400	\$ 40	35,235
Prince George County	1,907,480	\$ 40	47,687
Surry County	250,880	\$ 40	6,272
Regional and Local Jails	58,221	Various	1,575
Commonwealth of Virginia (b)	2,792,710	Various	N/A
Federal Inmates - Housing	1,253,552	Various	19,118
Federal Inmates - Transportation	3,045	N/A	N/A
Total	<u>\$ 23,256,688</u>		<u>499,422</u>

Fiscal Year 2012

<b>Customer</b>	<b>2012 Revenue</b>	<b>Per Diem Rate</b>	<b>Inmate Days Billed</b>
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 (b)	2,883,644	Various	N/A
Federal Inmates - Housing	906,371	Various	12,078
Federal Inmates - Transportation	2,445	N/A	N/A
Total	<u>\$ 23,155,970</u>		<u>500,215</u>

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

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

N/A - Not Applicable

*Riverside Regional Jail Authority*  
*Revenue Bond Coverage*

**Table 5**

Fiscal Year	Operating and Nonoperating Revenues <sup>(1)</sup>	Operating Expense <sup>(2)</sup>	Net Revenue Available			Debt Service Requirements <sup>(3, 4)</sup>			Bond Coverage
			For Debt Service	Principal	Interest	Total			
2013	\$ 37,438,039	\$ 28,896,317	\$ 8,541,722	\$ 2,980,000	\$ 4,092,071	\$ 7,072,071			120.78%
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%

(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

Average Daily Population										Federal Inmates			
Fiscal Year	Charles City County	Chesterfield County	City of Hopewell	City of Colonial Height	City of Petersburg	Prince George County	Surry County	Regional and Housing and Local Jails	Transportation	Jail Contract Beds (1)	Total		
<b>Last Ten Fiscal Years</b>													
2013	23.76	701.19	164.27	178.57	96.45	130.61	17.17	4.31	52.37	52.61	1,421.31		
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		

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

*Riverside Regional Jail Authority***Table 7***Full-time Equivalent Employees by Function*

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**Last Ten Fiscal Years**

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Fiscal Year	Jail Operations Sworn	Civilian	Total
2013	277	59	336
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

*Riverside Regional Jail Authority*

Table 8

<i>Capital Assets</i>		2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Last Ten Fiscal Years											
<b>Operating Fund</b>											
Nondpreciable capital assets	\$ 322,584	\$ 322,584	\$ 322,584	\$ 322,584	\$ 322,584	\$ 322,584	\$ 322,584	\$ 322,584	\$ 322,584	\$ 322,584	\$ 322,584
Land											
Construction in progress											
Depreciable capital assets											
Buildings	18,383,359	178,620,415	178,620,416	178,620,416	92,501,315	92,494,284	81,351,416	81,351,416	81,187,736	81,187,736	
Furniture and equipment	5,116,234	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	
Computers	736,838	715,909	715,909	715,909	670,415	664,368	664,728	656,052	656,052		
Vehicles	519,787	481,713	483,222	483,222	442,415	442,415	459,588	388,373	368,547		
Land improvements	34,373	1,501	-	-	-	-	-	-	-	-	
Total capital assets	188,513,175	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	
Less accumulated depreciation											
Buildings	27,509,871	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	
Furniture and equipment	3,363,632	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	
Computers	705,953	703,056	687,018	670,980	662,651	656,096	648,336	638,986	598,092	557,626	
Vehicles	408,568	425,421	443,259	409,080	370,910	334,676	298,739	320,698	305,559	278,530	
Land improvements	2,292	-	-	-	-	-	-	-	-	-	
Accumulated depreciation	31,990,316	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	
Net capital assets	156,522,859	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	
<b>Canteen Fund</b>											
Depreciable capital assets											
Furniture and equipment											
Computers	22,278	22,278	22,278	22,278	22,278	22,278	22,278	22,278	22,278	22,278	22,278
Total capital assets	22,278	22,278	22,278	22,278	22,278	22,278	22,278	22,278	22,278	22,278	22,278
Less accumulated depreciation											
Furniture and equipment											
Computers	22,278	22,278	22,278	22,278	22,278	22,278	22,278	22,278	22,278	22,278	22,278
Accumulated depreciation	22,278	22,278	22,278	22,278	22,278	22,278	22,278	22,278	22,278	22,278	22,278
Net capital assets	-	-	-	-	-	-	-	-	-	-	-
Total net capital assets	\$ 156,522,859	\$ 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	

*Riverside Regional Jail Authority***Table 9***Schedule of Insurance in Force*

Insurance Coverage	Insurance Company	Expiration Date	Coverage Amount	Deductible
Building and Personal Property	Virginia Municipal Liability Pool	7/01/2013	\$ 219,091,753	\$ 5,000
Earthquake	Virginia Municipal Liability Pool	7/01/2013	\$ 10,000,000	\$ 25,000
Flood	Virginia Municipal Liability Pool	7/01/2013	\$ 10,000,000	\$ 25,000
Business Auto	Virginia Municipal Liability Pool	7/01/2013	\$ 1,000,000	1000/1000
Schedule Equipment (Tractor)	Virginia Municipal Liability Pool	7/01/2013	\$ 204,050	\$ 5,000
Boiler and Machinery	Virginia Municipal Liability Pool	7/01/2013	\$ 20,000,000	\$ 1,000
Business Interruption and Extra Expense	Virginia Municipal Liability Pool	7/01/2013	\$ 17,000,000	\$ 5,000
Local Government & Excess Liability Coverage	Virginia Municipal Liability Pool	7/01/2013	\$ 2,000,000	N/A
Workers' Compensation	Virginia Association of Counties Group Self Insurance Risk Pool	7/01/2013	Required statutory limit	
Line of Duty	Virginia Association of Counties Group Self Insurance Risk Pool	7/01/2013	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*

***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, in accordance with the 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, the accompanying financial statements of **Riverside Regional Jail Authority** as of and for the year ended June 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated October 9, 2013.

*Internal Control over Financial Reporting*

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

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

Our consideration of internal control 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 significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Compliance and Other Matters**

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

We noted certain matters that we reported to management of *Riverside Regional Jail Authority*, in a separate letter dated October 9, 2013.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Dixon Hughes Goodman LLP*

Richmond, Virginia  
October 9, 2013