

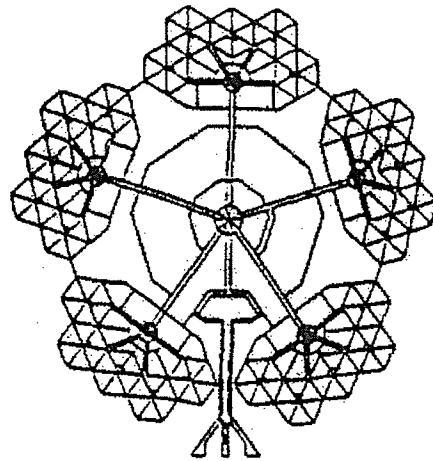
Comprehensive Annual Financial Report



RIVERSIDE REGIONAL JAIL AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JULY 1, 2010 THROUGH JUNE 30, 2011



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

Prepared by Administrative Services - Finance Department

Jeffery L. Newton, CJM
Superintendent

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



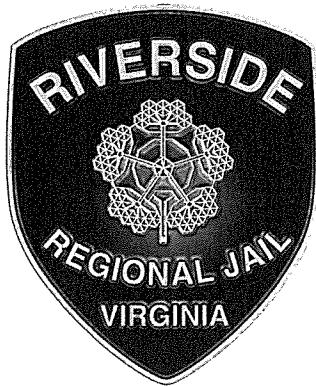
DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

RIVERSIDE REGIONAL JAIL AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2011

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INTRODUCTORY SECTION



Riverside Regional Jail

Colonel Jeffery L. Newton, CJM
Superintendent

November 14, 2011

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, 2011. 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.

The CAFR is presented in four sections: Introductory, Financial, Statistical and Compliance. The Introductory section contains this transmittal letter, the Certificate of Achievement for Excellence in Financial Reporting, a listing of the Jail Authority board members and the Jail Authority's organizational chart. The Financial Section contains the report of independent auditors and the financial statements and related notes. The Statistical Section includes a number of statistical tables that present financial trends and the fiscal capacity of the Jail Authority. The Compliance Section contains the *Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.

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.

A Nationally Accredited Jail

ECONOMIC CONDITION AND OUTLOOK

The shortfall of the projected average daily population has resulted in many challenges for the Jail Authority. The financial condition of the Jail Authority is primarily dependent upon the number of inmates housed at the facility. Due to this shortfall and a higher debt service payment required due to the recent expansion of the Main Jail Facility, the Jail Authority has experienced a negative change in net assets for the current fiscal year.

Based on results of the mid-year budget projections denoting a shortfall, the Jail Authority amended the fiscal year 2011 budget by reducing the budget \$504,701 directing operational expenses to be closely monitored through the remainder of the fiscal year to identify additional potential savings.

The Jail Authority subsequently assessed additional inmate housing fees (supplemental billing) in the amount of \$3,262,075 to member jurisdictions. To provide budget relief for the member jurisdictions, the Jail Authority elected to distribute the prior years' accumulated excess cash balances from the General Surplus Fund (Local Government Investment Pool-LGIP) to equal the additional supplemental billing fees. The additional fee of \$3,262,075 was received by June 30, 2011 from the member jurisdictions.

MAJOR INITIATIVES

The Jail Superintendent, after seventeen years of service at the Jail Authority, retired on June 30, 2011. After a national recruitment effort, a new Superintendent was located and began employment on August 1, 2011.

The Jail Authority elected to commission an Operational and Effectiveness Business Model (OEBM) study to evaluate the jail procedures, financial activities and use the OEBM's recommendations as a vehicle to improve operational efficiency and financial management.

In an effort to increase the inmate average daily population, jail staff contacted various federal agencies to extend an offer to house federal prisoners. Ultimately, the Jail Authority entered into an Intergovernmental Agreement with the Federal Bureau of Prisons to house inmates for the Community Corrections Work Release Program.

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

The Jail Authority also received accreditation from the Virginia State Board of Corrections in January 2011. An extensive audit was conducted and the Jail Authority received unconditional certification, a grade of 100 percent under Board of Corrections standards.

FINANCIAL CONTROLS

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

Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for

preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments made by management.

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

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

LONG-TERM FINANCIAL PLANNING

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

BASIS OF ACCOUNTNG

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.

CASH MANAGEMENT

The Jail Authority's investment policy is to minimize credit and market risks while maintaining a competitive yield on investments. Accordingly, deposits were either insured by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposit Acts. During the fiscal year, investments and deposits accounts generated interest revenue totaling \$562,635. Inmate funds totaling \$29,042 and employee association funds totaling \$27,610 were not invested.

RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts, property damage, loss of assets, and errors and omissions, natural disasters and workers' compensation claims. The Jail Authority maintains commercial coverage as well as coverage under the Virginia Constitutional Officers Risk Management Plan which we believe provides adequate protection against possible losses.

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, 2011. 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, 2010. This was the thirteenth 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

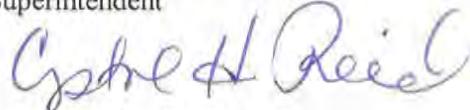
The preparation of this report could not be accomplished without the efficient and dedicated efforts of the employees of the Riverside Regional Jail Authority. Of special mention are Donna Albanese, Christine Beach, Patricia Fazio, Michelle Jackson, and Maria Montijo.

Further appreciation is extended to each member of the Riverside Regional Jail Authority for their continued interest, dedication and support.

Respectfully submitted,



Jeffery L. Newton, CJM
Superintendent



Crystal H. Reid, MBA
Director of Administrative Services

Riverside Regional Jail Authority Members Fiscal Year 2011

Chairman William Johnson, Director of Finance
City of Colonial Heights

Vice Chairman Sheriff Greg Anderson
City of Hopewell

Secretary/Treasurer Dr. Sheryl D. Bailey
Chesterfield County

Other Members

Dr. Edwin C. Daley Tyrone Franklin
City of Hopewell Surry County Administrator

Sheriff Todd Wilson Sheriff Vanessa Crawford
City of Colonial Heights City of Petersburg

B. David Canada Sheriff Javier J. Smith
City of Petersburg Charles City County

Percy C. Ashcraft Sheriff H. E. Allin, III
Prince George County Administrator Prince George County

John F. Miniclier, Jr. Sheriff Dennis Proffitt
Charles City County Administrator Chesterfield County

Sheriff Alvin Clayton, Sr.
Surry County

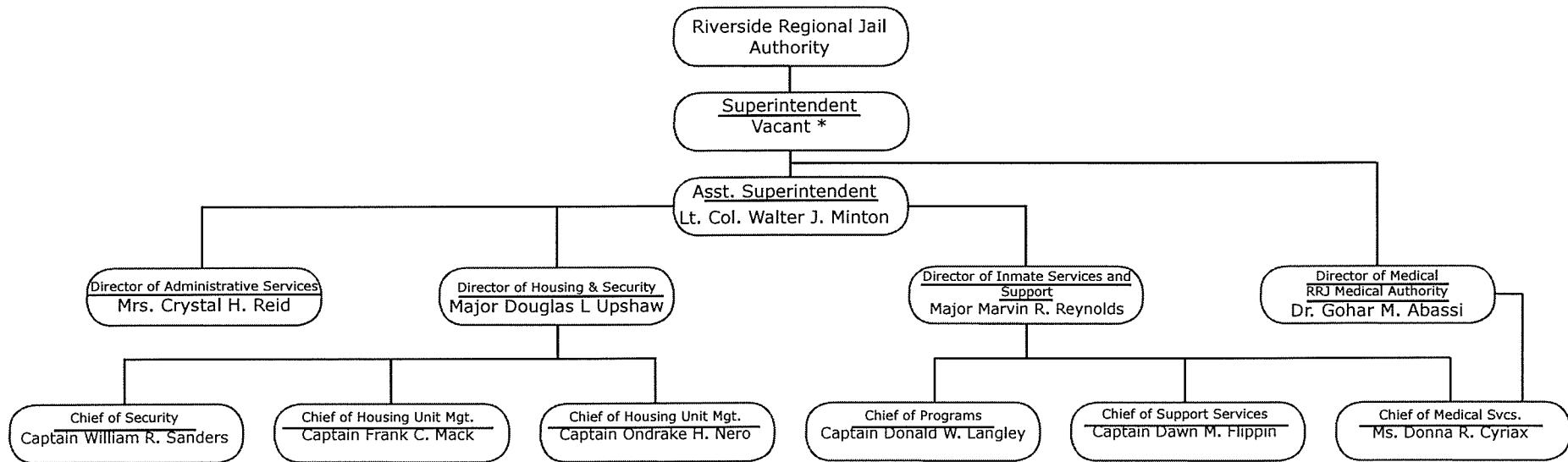
William H. Hefty, Esq.
Counsel

*Vacant
Superintendent

* The Superintendent position was vacant until Colonel Jeffery L. Newton's appointment on August 1, 2011.

Riverside Regional Jail Authority

Organizational Chart



* Colonel Jeffery L. Newton appointed on August 1, 2011

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, 2010

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

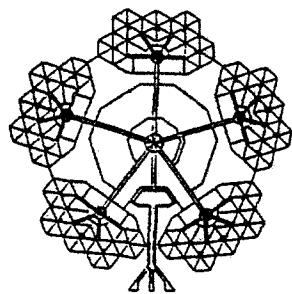


Linda C. Davidson

President

Jeffrey P. Ecker

Executive Director



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FINANCIAL SECTION

Report of Independent Auditors

Board of Directors
Riverside Regional Jail Authority

We have audited the accompanying financial statements of **Riverside Regional Jail Authority**, as of and for the year ended June 30, 2011 as listed in the table of contents. These financial statements are the responsibility of **Riverside Regional Jail Authority**'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Riverside Regional Jail Authority** as of June 30, 2011, and the changes in its financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2011, on our consideration of the **Riverside Regional Jail Authority** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussions and Analysis and the Schedule of Funding Progress as noted in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during

our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements of **Riverside Regional Jail Authority**. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Dixon Hughes Goodman LLP

Richmond, Virginia
November 14, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of Riverside Regional Jail Authority (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, 2011. 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 Authority's net assets decreased by approximately \$2.1 million, or approximately 2%, as a result of this year's operating and nonoperating financial activities.
- The Operating Fund's operating and nonoperating revenues increased approximately \$3.9 million or approximately 12.0%, and the Operating Fund's operating and nonoperating expenses increased by approximately \$4.4 million, or approximately 12.7%.
- The Authority met its financial obligations with regard to the Series 2003 and Series 2007 bonds, making principal payments totaling approximately \$44.2 million.
- The Authority transferred approximately \$3.2 million from the General Surplus Fund (LGIP) to member jurisdictions during the year. The member jurisdictions then returned their transfers in lieu of the Authority increasing the per diem rate mid-year.
- The member jurisdiction revenues increased approximately \$2.9 million, or approximately 17.7%, which is inclusive of an operating transfer of \$3.2 million for the supplemental billing.
- The authority was obligated to make a payment of \$872,274 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. 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 Authority maintains two funds, Operating and Canteen, which are accounted for as enterprise funds. This is an accounting method that is similar to that used by private sector companies. The Statement of Net Assets includes the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). The Statement of Revenues, Expenses and Changes in Net Assets report all of the current year's revenue and expenses. This statement measures the success of the 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 Authority's accounting policies, significant account balances and activities, obligations, commitments, segment information, contingencies and subsequent events, if any.

FINANCIAL ANALYSIS

Net Assets may serve over time as a useful indicator of a government's financial position. In the case of Riverside Regional Jail Authority, assets exceeded liabilities by \$100,655,510 at June 30, 2011. The Jail Authority's total Operating Fund net assets decreased by \$2,173,083 as compared to last year and the Canteen Fund net assets increased by \$100,644. Our analysis that follows focuses on the change in net assets and the resulting changes in assets and liabilities of both the Operating Fund and Canteen Fund in the aggregate.

Operating Fund and Canteen Fund

| | 2011 | 2010 | Increase (Decrease) | |
|---|-----------------------|-----------------------|------------------------|-----------------|
| | | | Dollars | Percent |
| Capital assets - net | \$ 159,548,087 | \$ 162,818,372 | \$ (3,270,285) | (2.0) % |
| Current assets and investments | <u>50,252,580</u> | <u>94,277,270</u> | <u>(44,024,690)</u> | <u>(46.7) %</u> |
| Total assets | <u>\$ 209,800,667</u> | <u>\$ 257,095,642</u> | <u>\$ (47,294,975)</u> | <u>(18.4) %</u> |
| Long-term liabilities – net | \$ 102,214,100 | \$ 104,386,734 | \$ (2,172,634) | (2.1) % |
| Other liabilities | <u>6,931,057</u> | <u>49,980,959</u> | <u>(43,049,902)</u> | <u>(86.1) %</u> |
| Total liabilities | <u>\$ 109,145,157</u> | <u>\$ 154,367,693</u> | <u>\$ (45,222,536)</u> | <u>(29.3) %</u> |
| Net assets | | | | |
| Investments in capital assets - net of related debt | \$ 66,809,229 | \$ 19,218,446 | \$ 47,590,783 | 247.6 % |
| Restricted | <u>20,354,400</u> | <u>71,523,261</u> | <u>(51,168,861)</u> | <u>(71.5) %</u> |
| Unrestricted | <u>13,491,881</u> | <u>11,986,242</u> | <u>1,505,639</u> | <u>12.6 %</u> |
| Total Net assets | <u>\$ 100,655,510</u> | <u>\$ 102,727,949</u> | <u>\$ 2,072,439</u> | <u>2.0 %</u> |

Current assets and investments decreased by approximately \$44 million and other liabilities decreased by approximately \$43 million. Both declines are primarily due to payments on debt obligations, specifically the 2007 Jail Facility Senior Revenue Anticipation Notes and Jail Facility Subordinate Revenue Anticipation Notes for which payments totaling \$41,910,000 were made on July 1, 2010. These same payments are the primary drivers in the change seen in net asset components (approximately \$47 million increase in Investments in capital assets – net of related debt and the related approximately \$51 million decrease in restricted net assets).

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

Operating Fund and Canteen Fund

| | 2011 | 2010 | Increase (Decrease) Dollars | Percent |
|-----------------------------------|-----------------------|-----------------------|--------------------------------|-----------|
| Operating revenues | | | | |
| Inmate housing | \$ 22,692,000 | \$ 19,640,607 | \$ 3,051,393 | 15.5 % |
| State Compensation Board | 12,493,133 | 11,327,571 | 1,165,562 | 10.3 % |
| Work release | 105,214 | 164,329 | (59,115) | (36.0) % |
| Canteen sales | 1,018,362 | 417,026 | 601,336 | 144.2 % |
| Nonoperating revenues | | | | |
| Interest revenue | 562,790 | 783,887 | (221,097) | (28.2) % |
| Telephone commissions | 467,910 | 411,611 | 56,299 | 13.7 % |
| Miscellaneous income | 292,306 | 340,703 | (48,397) | (14.2) % |
| Daily incarceration fees | 246,560 | 252,159 | (5,599) | (2.2) % |
| Total revenues | <u>37,878,275</u> | <u>33,337,894</u> | <u>4,540,381</u> | 13.6 % |
| Operating expenses | | | | |
| Salaries and wages | 14,358,464 | 14,381,868 | (23,404) | (0.2) % |
| Fringe benefits | 5,028,687 | 4,626,749 | 401,938 | 8.7 % |
| Contractual services | 955,665 | 535,817 | 419,848 | 78.4 % |
| Materials and supplies | 273,247 | 564,042 | (290,795) | (51.6) % |
| Medical services and supplies | 1,806,588 | 2,056,299 | (249,711) | (12.1) % |
| Food services and supplies | 1,957,951 | 1,876,909 | 81,042 | 4.3 % |
| Repairs and maintenance | 678,346 | 745,300 | (66,954) | (9.0) % |
| Utilities | 2,245,263 | 1,984,911 | 260,352 | 13.1 % |
| Depreciation | 3,330,193 | 2,139,853 | 1,190,340 | 55.6 % |
| Other | 414,760 | 647,093 | (232,333) | (35.9) % |
| Nonoperating expenses | | | | |
| Interest expense | 5,006,469 | 3,817,178 | 1,189,291 | 31.2 % |
| Bond discount | 633,006 | 659,472 | (26,466) | (4.0) % |
| Virginia Budget Reduction | - | 593,584 | (593,584) | (100.0) % |
| Transfer to member jurisdictions | <u>3,262,075</u> | <u>429,066</u> | <u>2,833,009</u> | 660.3 % |
| Total expenses | <u>39,950,714</u> | <u>35,058,141</u> | <u>4,892,573</u> | 14.0 % |
| Change in net assets | (2,072,439) | (1,720,248) | (352,191) | (20.5) % |
| Beginning net assets | 102,727,949 | 64,041,925 | 38,686,024 | 60.40 % |
| Contributed capital – Comm. of Va | - | 40,406,272 | (40,406,272) | (100.0) % |
| Ending net assets | <u>\$ 100,655,510</u> | <u>\$ 102,727,949</u> | <u>\$ 2,072,439</u> | (2.0) % |

Operating revenues increased by 12.8% in 2011 compared to 2010, which was primarily the result of a transfer of \$3,262,075 to the member localities for the inmate housing supplemental billing. Operating expenses increased 5.0% due to staff benefits and a full year of depreciation expense on the new expansion that was placed in service at the end of last fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2011, the Authority had \$159,548,087, net of depreciation, invested in a broad range of capital assets (Operating and Canteen Funds), including land, buildings, vehicles, office and computer equipment. This amount represents a net decrease (including additions and deletions) of \$3,270,285 over last year or (approximately 2.0%). Depreciation expense was \$3,330,194 for fiscal year 2011.

The following table summarizes the Authority's capital assets, net of accumulated depreciation, as of June 30, 2011 and 2010 for Operating and Canteen Funds combined.

| | 2011 | 2010 |
|--|-----------------------|-----------------------|
| Land | \$ 322,584 | \$ 322,584 |
| Buildings | 157,250,121 | 160,240,769 |
| Furniture and equipment | 1,906,528 | 2,135,948 |
| Computers | 28,891 | 44,929 |
| Vehicles | <u>39,963</u> | <u>74,142</u> |
| Total capital assets (net of accumulated depreciation) | <u>\$ 159,548,087</u> | <u>\$ 162,818,372</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.

| | 2011 | 2010 |
|------------------------------|-----------------------|-----------------------|
| Balance at beginning of year | \$ 184,779,850 | \$ 172,569,385 |
| Additions | 59,909 | 101,102,132 |
| Deletions | (2,816) | (88,891,667) |
| Accumulated depreciation | <u>(25,288,856)</u> | <u>(21,961,478)</u> |
| Balance at end of year | <u>\$ 159,548,087</u> | <u>\$ 162,818,372</u> |

This year major capital asset additions include the following:

- Maintenance equipment
- Officer duress system
- Fixtures, furniture and equipment

Long-Term Debt

At year-end, the Authority had net bonded debt of \$104,258,672 outstanding as compared to fiscal year 2010 outstanding bonds in the amount of \$148,601,734. Additional information on the bonds is contained in Note 6.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The inmate population remains steady.
- The per diem charge was increased for the first time since fiscal year 1999 during fiscal year 2012 from \$37 to \$40.
- The Authority plans to maintain its 2012 Annual Budget with limited increases in expenses due to the budget shortfall that affects the participating member jurisdictions.

All of these factors were considered in preparing the Authority's budget for the 2012 fiscal year.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

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

RIVERSIDE REGIONAL JAIL AUTHORITY
STATEMENT OF NET ASSETS
ENTERPRISE FUNDS
June 30, 2011

| | Operating Fund | Canteen Fund | Total |
|---|-----------------------|-------------------|-----------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 11,236,419 | \$ 513,133 | \$ 11,749,552 |
| Accounts receivable | 5,086,866 | - | 5,086,866 |
| Inventory | - | 16,782 | 16,782 |
| Current assets for restricted liabilities: | | | |
| Cash and cash equivalents with trustee | 5,213,235 | - | 5,213,235 |
| Cash held for inmates | 29,042 | - | 29,042 |
| Cash held for Employee Association | 27,610 | - | 27,610 |
| Total current assets for restricted liabilities | <u>5,269,887</u> | <u>-</u> | <u>5,269,887</u> |
| Total current assets | <u>21,593,172</u> | <u>529,915</u> | <u>22,123,087</u> |
| Noncurrent assets: | | | |
| Restricted cash, cash equivalents, and investments: | | | |
| Cash and cash equivalents with trustee | 14,630,060 | - | 14,630,060 |
| Investments with trustee | 9,080,183 | - | 9,080,183 |
| Interest receivable-investments | 9,109 | - | 9,109 |
| Total noncurrent restricted assets | <u>23,719,352</u> | <u>-</u> | <u>23,719,352</u> |
| Bond issuance costs | <u>4,410,141</u> | <u>-</u> | <u>4,410,141</u> |
| Capital assets: | | | |
| Land | 322,584 | - | 322,584 |
| Buildings | 178,620,416 | - | 178,620,416 |
| Furniture and equipment | 4,694,812 | - | 4,694,812 |
| Computers | 715,909 | 22,278 | 738,187 |
| Vehicles | 483,222 | - | 483,222 |
| Less - accumulated depreciation | (25,288,856) | (22,278) | (25,311,134) |
| Capital assets - net | <u>159,548,087</u> | <u>-</u> | <u>159,548,087</u> |
| Total noncurrent assets | <u>187,677,580</u> | <u>-</u> | <u>187,677,580</u> |
| Total assets | <u>209,270,752</u> | <u>529,915</u> | <u>209,800,667</u> |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | 179,432 | 1,073 | 180,505 |
| Accrued payroll payable | 817,939 | 10,445 | 828,384 |
| Compensated absences payable - current portion | 640,343 | 11,938 | 652,281 |
| Current liabilities payable from restricted assets: | | | |
| Amounts held for inmates | 29,042 | - | 29,042 |
| Amounts held for Employee Association | 27,610 | - | 27,610 |
| Accrued interest payable | 2,503,235 | - | 2,503,235 |
| Bonds payable - current portion | 2,710,000 | - | 2,710,000 |
| Total current liabilities payable from restricted assets | <u>5,269,887</u> | <u>-</u> | <u>5,269,887</u> |
| Total current liabilities | <u>6,907,601</u> | <u>23,456</u> | <u>6,931,057</u> |
| Noncurrent liabilities: | | | |
| Compensated absences payable, net of current portion | 665,428 | - | 665,428 |
| Bonds payable, net of current portion | 102,401,350 | - | 102,401,350 |
| Bond discount | (852,678) | - | (852,678) |
| Total noncurrent liabilities | <u>102,214,100</u> | <u>-</u> | <u>102,214,100</u> |
| Total liabilities | <u>109,121,701</u> | <u>23,456</u> | <u>109,145,157</u> |
| Net assets | | | |
| Invested in capital assets - net of related debt | 66,809,229 | - | 66,809,229 |
| Restricted for: | | | |
| Debt service | 12,251,670 | - | 12,251,670 |
| Operating reserve | 7,786,742 | - | 7,786,742 |
| Other restricted assets | 315,988 | - | 315,988 |
| Unrestricted | <u>12,985,422</u> | <u>506,459</u> | <u>13,491,881</u> |
| Total net assets | <u>\$ 100,149,051</u> | <u>\$ 506,459</u> | <u>\$ 100,655,510</u> |

RIVERSIDE REGIONAL JAIL AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
ENTERPRISE FUNDS
Year Ended June 30, 2011

| | Operating Fund | Canteen Fund | Total |
|---|-----------------------|-------------------|-----------------------|
| Operating revenues: | | | |
| Charges for services - inmate housing | \$ 22,692,000 | \$ - | \$ 22,692,000 |
| State Compensation Board | 12,493,133 | - | 12,493,133 |
| Work release | 105,214 | - | 105,214 |
| Canteen sales | - | 1,018,362 | 1,018,362 |
| Total operating revenues | <u>35,290,347</u> | <u>1,018,362</u> | <u>36,308,709</u> |
| Operating expenses: | | | |
| Salaries and wages | 14,217,194 | 141,270 | 14,358,464 |
| Fringe benefits | 5,003,246 | 25,441 | 5,028,687 |
| Contractual services | 296,206 | 659,459 | 955,665 |
| Materials and supplies | 200,688 | 72,559 | 273,247 |
| Medical services and supplies | 1,806,220 | 368 | 1,806,588 |
| Food services and supplies | 1,952,484 | 5,467 | 1,957,951 |
| Repairs and maintenance | 678,346 | - | 678,346 |
| Utilities | 2,245,263 | - | 2,245,263 |
| Depreciation | 3,330,194 | - | 3,330,194 |
| Other | 401,450 | 13,309 | 414,759 |
| Total operating expenses | <u>30,131,291</u> | <u>917,873</u> | <u>31,049,164</u> |
| Operating income | <u>5,159,056</u> | <u>100,489</u> | <u>5,259,545</u> |
| Nonoperating revenues (expenses): | | | |
| Interest revenue | 562,635 | 155 | 562,790 |
| Miscellaneous income | 292,306 | - | 292,306 |
| Telephone commissions | 467,910 | - | 467,910 |
| Daily incarceration fees | 246,560 | - | 246,560 |
| Interest expense | (5,006,469) | - | (5,006,469) |
| Bond discount and issuance costs - amortization | (633,006) | - | (633,006) |
| Transfer to member jurisdictions | (3,262,075) | - | (3,262,075) |
| Total nonoperating revenues (expenses) | <u>(7,332,139)</u> | <u>155</u> | <u>(7,331,984)</u> |
| Change in net assets | <u>(2,173,083)</u> | <u>100,644</u> | <u>(2,072,439)</u> |
| Net assets - July 1, 2010 | <u>102,322,134</u> | <u>405,815</u> | <u>102,727,949</u> |
| Net assets - June 30, 2011 | <u>\$ 100,149,051</u> | <u>\$ 506,459</u> | <u>\$ 100,655,510</u> |

RIVERSIDE REGIONAL JAIL AUTHORITY
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
Year Ended June 30, 2011

| | Operating Fund | Canteen Fund | Total |
|--|-----------------------------|--------------------------|-----------------------------|
| Cash flows from operating activities | | | |
| Receipts from jurisdictions | \$ 22,168,474 | \$ - | \$ 22,168,474 |
| Receipts from state agencies | 12,598,347 | - | 12,598,347 |
| Receipts from canteen sales | - | 1,018,362 | 1,018,362 |
| Telephone commissions and miscellaneous income received | 1,006,776 | - | 1,006,776 |
| Payments on behalf of employees and inmates | (30,233) | - | (30,233) |
| Payments to suppliers | (12,649,740) | (797,740) | (13,447,480) |
| Payments to employees | (14,068,881) | (137,708) | (14,206,589) |
| Net cash from operating activities | <u>9,024,743</u> | <u>82,914</u> | <u>9,107,657</u> |
| Cash flows from noncapital financing activities | | | |
| Transfer to member jurisdictions | <u>(3,262,075)</u> | <u>-</u> | <u>(3,262,075)</u> |
| Cash flows from capital and related financing activities | | | |
| Purchases of capital assets | (59,909) | - | (59,909) |
| Purchases of restricted investments | (1,210,978) | - | (1,210,978) |
| Principal paid on capital debt | (44,207,661) | - | (44,207,661) |
| Interest paid on capital debt | (5,937,394) | - | (5,937,394) |
| Net cash from capital and related financing activities | <u>(51,415,942)</u> | <u>-</u> | <u>(51,415,942)</u> |
| Cash flows from investing activities | | | |
| Interest income received | <u>336,019</u> | <u>155</u> | <u>336,174</u> |
| Net cash from investing activities | <u>336,019</u> | <u>155</u> | <u>336,174</u> |
| Net change in cash and cash equivalents | (45,317,255) | 83,069 | (45,234,186) |
| Cash and cash equivalents, July 1, 2010 (Restricted cash, \$63,781,709) | <u>76,453,621</u> | <u>430,064</u> | <u>76,883,685</u> |
| Cash and cash equivalents, June 30, 2011 (Restricted cash, \$19,899,947) | <u>\$ 31,136,366</u> | <u>\$ 513,133</u> | <u>\$ 31,649,499</u> |
| Reconciliation of operating income to net cash provided by operating activities | | | |
| Operating income | \$ 5,159,056 | \$ 100,489 | \$ 5,259,545 |
| Adjustments to reconcile operating income to net cash from operating activities: | | | |
| Depreciation expense | 3,330,194 | - | 3,330,194 |
| Telephone commissions and miscellaneous income | 1,006,776 | - | 1,006,776 |
| (Increase) decrease in accounts receivable | (523,527) | - | (523,527) |
| (Increase) decrease in inventory | - | (16,782) | (16,782) |
| Increase (decrease) in accounts payable | (65,836) | (4,354) | (70,190) |
| Increase (decrease) in accrued payroll | 27,247 | 2,226 | 29,473 |
| Increase (decrease) in compensated absences | 121,066 | 1,335 | 122,401 |
| Increase (decrease) in amounts held for others | (30,233) | - | (30,233) |
| | <u>\$ 9,024,743</u> | <u>\$ 82,914</u> | <u>\$ 9,107,653</u> |

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

1. DESCRIPTION OF THE JAIL AUTHORITY AND ITS ACTIVITIES

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

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

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

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

A portion of the Series 2003 Jail Facility Revenue Bond proceeds and the Local Government Investment Pool (LGIP) expansion fund were used to pay certain costs of constructing expansion to the existing Pre-Release Center to provide an additional 180 beds to alleviate some of the space pressures of an increasing jail population. The total cost of expansion of the Jail Authority's existing Pre-Release Center was \$10,175,297 and the Certificate of Occupancy was issued in December 2007.

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

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

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

Following the completion of the 2007 Project, the Jail Authority has a rated capacity of 1,396 beds. The 2007 Project, plus the recent expansion of the Pre-Release Center, will alleviate some of the space pressures arising from a current average jail population of approximately 1,262 to include inmates in the Jail Contract Bed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Jail Authority maintains two funds, Operating and Canteen, which are accounted for as enterprise funds. Enterprise funds account for operations (a) that are financed and operated in a manner similar to a private business, where the intent of the governing body is that the costs (expenses, including depreciation) of providing services be financed or recovered primarily through user charges; or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The financial statements for the Operating and Canteen Funds were prepared using the flow of economic resources measurement focus and the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recognized as incurred.

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

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

B. 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.

C. Capital Assets

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

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

| | |
|-------------------------|----------|
| Buildings | 60 years |
| Furniture and equipment | 10 years |
| Vehicles | 5 years |
| Computers | 3 years |

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

D. 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.

E. Operating and Nonoperating Revenue and Expenses Recognition

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

F. 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.

G. Restricted Assets

Certain cash and investments held by the trustee (The Bank of New York Mellon) and the Jail Authority are classified as noncurrent - restricted assets on the statement of net assets in accordance with the Series 2003 Jail Facility Revenue Bond and the Series 2007 Jail Facility Revenue Bond indentures. The bond indentures also require the establishment of Debt Service, and Principal and Interest Reserve accounts. At June 30, 2011, the Debt Service Reserve reflected a balance of \$9,080,183 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 \$306,879 and the Operating Reserve of \$7,786,742 are restricted for extraordinary repairs and revenue shortfalls, respectively. The Construction Fund totaled \$7,109,673 on June 30, 2011. During the fiscal year, the Jail Authority passed a resolution stating that 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, 2011 |
|---|--------------------|--------------------|--------------------------|
| <u>Cash Equivalents:</u> | | | |
| Operating Reserve | SNAP | Money Market | \$ 7,786,742 |
| Repair and Replacement Reserve | SNAP | Money Market | 306,879 |
| Arbitrage Rebate Reserve | SNAP | Money Market | 54,171 |
| Principal Account 2003 Bond Series | SNAP | Money Market | 2,389,223 |
| Capitalized Interest Fund | Dreyfus | Money Market | 728,093 |
| Construction Fund | Dreyfus | Money Market | 7,109,673 |
| 2007 Bond Fund | Dreyfus | Money Market | 1,468,514 |
| Total Cash Equivalents | | | <u>19,843,295</u> |
| <u>Non-cash Equivalents:</u> | | | |
| Debt Service Reserve-Principal | Bayern LB | Guarantee | 4,449,216 |
| Debt Service Reserve 2003 Bond | Dreyfus | Money Market | 1,359,728 |
| Debt Service Reserve 2007 Bond | Dreyfus | Money Market | 3,271,239 |
| Total Non-Cash Equivalents | | | <u>9,080,183</u> |
| Cash Held For Inmates | RRJ | None | 29,042 |
| Cash Held For Employee Association | RRJ | Savings | 27,610 |
| Interest receivable – restricted accounts | | | <u>9,109</u> |
| Total Restricted Cash and Investments | | | <u>\$ 28,989,239</u> |

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

H. 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.

I. 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 \$4,410,141 at June 30, 2011, after \$541,790 was amortized during the year. Unamortized bond discounts totaled \$852,678 after \$91,216 was amortized during the year.

J. 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.

K. 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, inland marine and worker's compensation insurance is provided through the Virginia Municipal Self-Insurance Association (Association). The purpose of the Association is to create and administer group self-insurance pools for political subdivisions of the Commonwealth of Virginia pursuant to the authority provided in Chapter 11.1 of Title 15.1 of the *Code of Virginia* (1950), as amended. The Association is managed by an eight 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.

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, 2011 or claims not covered by existing policies.

L. Subsequent Events

In preparing these financial statements, the Jail Authority has evaluated events and transactions for potential recognition or disclosure through November 14, 2011, the date the financial statements were available to be issued.

3. ACCOUNTS RECEIVABLE

Accounts receivable balances at June 30, 2011 consisted of the following:

| Description | Outstanding Balance |
|---------------------------|---------------------|
| Member jurisdictions | \$ 3,001,107 |
| Commonwealth of Virginia | 1,984,576 |
| Other jails | 64,704 |
| Federal agencies | 36,479 |
| Total Accounts Receivable | <u>\$ 5,086,866</u> |

4. DEPOSITS AND INVESTMENTS

A. Definition of Cash and Cash Equivalents

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

B. 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).

C. Deposits

At year-end, the balance of the Jail Authority's deposits with the bank, including funds held for inmates, totaled \$5,709,642 and the bank balance was \$5,413,591. Cash on hand at June 30, 2011 totaled \$1,000. The difference between the Jail Authority's deposits with the bank and the bank balance is primarily due to outstanding deposits and checks. The bank balance is fully covered by the Federal Depository Insurance Corporation (FDIC) or collateralized in accordance with the Virginia Security for Public Deposits Act (Act) and is considered fully insured. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of the FDIC limits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loans. The State Treasurer manages the Virginia Local Government Investment Pool assets subject to State Treasury Board guidelines.

D. Investments

As of June 30, 2011, the carrying value of the Authority's investments was as follows:

| Type | Rating | Maturities | Carrying Value |
|---|--------|------------|----------------------|
| Deposits: | | | |
| Demand deposits | | | \$ 5,709,642 |
| Cash on hand | | | 1,000 |
| Money market – SNAP | | | 10,537,015 |
| Local Government | | | |
| Investment Pool | AAA* | - | 6,095,562 |
| | | | <u>22,343,219</u> |
| Investments: | | | |
| Money market – Dreyfus | AAA* | - | 7,109,673 |
| Money market – Dreyfus | AAA* | - | 1,468,514 |
| Money market – Dreyfus | AAA* | - | 728,093 |
| Money market – Dreyfus | AAA* | - | 4,630,967 |
| Guaranteed investment contract – Bayern LB | AAA* | 06/20/14 | 4,449,216 |
| | | | <u>18,386,463</u> |
| Total deposits and investments | | | <u>\$ 40,729,682</u> |
| Reconciliation to Statement of Net Assets: | | | |
| Current: | | | |
| Cash and cash equivalents | | | \$ 11,749,552 |
| Current assets for restricted liabilities | | | 5,269,887 |
| Noncurrent: | | | |
| Cash and cash equivalents with trustee | | | 14,630,060 |
| Investment with trustee | | | <u>9,080,183</u> |
| | | | <u>\$ 40,729,682</u> |

* Ratings are by Standard & Poor's

Custodial Credit Risk

Deposits in financial institutions, reported as components of cash and cash equivalents had a bank balance of \$5,413,591 at June 30, 2011, which was fully insured by depository insurance or collateralized under the Act.

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, 2011, 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 in Note 4.B 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, 2011, the Jail Authority had a concentration in the following issues:

| | |
|--|-------------|
| Bayern LB – guaranteed investment contract | \$4,449,216 |
|--|-------------|

Fair Value Measurement

Accounting standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Jail Authority has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at June 30, 2011.

Money market funds: Valued at quoted prices for similar instruments in active markets.

Local Government Investment Pool (LGIP): Valued at the allocated closing relative value of pooled assets. The value of the Jail Authority's position in the pool is the same as the value of its shares in the pool.

Guaranteed Investment Contracts: Valued at quoted prices for similar instruments in active markets.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Jail Authority believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables sets forth by level, within the fair value hierarchy, the Jail Authority's assets at fair value as of June 30, 2011:

| | Assets at Fair Value as of June 30, 2011 | | | | |
|------------------------------------|--|-------------|-------------|----------------------|--|
| | Level 1 | Level 2 | Level 3 | Total | |
| Money market funds | \$ 24,474,262 | \$ - | \$ - | \$ 24,474,262 | |
| LGIP | 6,095,562 | - | - | 6,095,562 | |
| Guaranteed investment contracts | 4,449,216 | - | - | 4,449,216 | |
| Totals assets at fair value | \$ 35,019,040 | \$ - | \$ - | \$ 35,019,040 | |

5. INTEREST PAYABLE

Accrued interest payable totaled \$2,503,235 at June 30, 2011. This amount is related to the Jail Authority's share of the Series 2003 and Series 2007 Jail Facility Revenue Bonds. Accrued interest payable will be paid from restricted cash.

6. BONDS PAYABLE

A. This schedule reflects changes in long-term liabilities for the fiscal year ended June 30, 2011.

| Description | Balance July 1, 2010 | Increase | Decrease | Balance June 30, 2011 |
|--|-------------------------|----------|---------------|--------------------------|
| Series 2003 Jail Facility Revenue Bonds, average interest rate 4.79% | \$ 57,920,000 | \$ - | \$ 2,305,000 | \$ 55,615,000 |
| Series 2007 Jail Facility Revenue Bonds, average interest rate 4.26% | 89,130,000 | - | 41,910,000 | 47,220,000 |
| | \$147,050,000 | \$ - | \$ 44,215,000 | \$ 102,835,000 |
| Add: Original Issue Premium (2003 Series) | | | | 1,234,786 |
| Add: Original Issue Premium (2007 Series) | | | | 1,041,564 |
| Less: Current Portion Bond Discount | | | | (2,710,000) |
| | | | | (852,678) |
| Bonds payable – noncurrent | | | | <u>\$ 101,548,672</u> |

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

B. Details of Bonds Payable

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

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

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

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

Debt service requirements on outstanding long-term liabilities at June 30, 2011 were comprised of the following:

**DEBT SERVICE REQUIREMENTS FOR THE SERIES 2007 BONDS
AND THE REMAINING OUTSTANDING SERIES 2003 BONDS**

| Date | Series 2007 Bonds | | Remaining Outstanding Series 2003 Bonds | | | Total Debt Service |
|--------------|---------------------|---------------------|--|---------------------|----------------------|-----------------------|
| | Principal | Interest* | Principal | Interest* | | |
| 07/01/2011 | \$ 325,000 | \$2,287,013 | \$ 2,385,000 | \$ 2,719,456 | \$ 7,716,469 | |
| 07/01/2012 | 340,000 | 2,274,013 | 2,505,000 | 2,600,206 | 7,719,219 | |
| 07/01/2013 | 340,000 | 2,260,413 | 2,640,000 | 2,474,956 | 7,715,369 | |
| 07/01/2014 | 365,000 | 2,245,963 | 2,765,000 | 2,342,956 | 7,718,919 | |
| 07/01/2015 | 375,000 | 2,230,450 | 2,910,000 | 2,204,706 | 7,720,156 | |
| 07/08/2016 - | | | | | | |
| 07/01/2020 | 2,140,000 | 10,895,757 | 16,865,000 | 8,692,530 | 38,593,287 | |
| 07/01/2021 - | | | | | | |
| 07/01/2025 | 2,625,000 | 10,403,839 | 21,500,000 | 4,055,105 | 38,583,944 | |
| 07/01/2025 - | | | | | | |
| 07/01/2029 | 27,645,000 | 7,493,350 | 2,755,000 | 691,669 | 38,585,019 | |
| 07/01/2030 - | | | | | | |
| 07/01/2032 | 13,065,000 | 987,750 | 1,290,000 | 90,188 | 15,432,938 | |
| Total | \$47,220,000 | \$41,078,548 | \$55,615,000 | \$25,871,772 | \$169,785,320 | |

* Interest paid semiannually January 1 and July 1.

7. CAPITAL ASSETS

The following schedule denotes the changes in capital assets for the year ended June 30, 2011.

| Description | Balance July 1, 2010 | Additions | Deletions | Balance June 30, 2011 |
|---------------------------------------|-------------------------|-----------|-----------|--------------------------|
| <u>Operating Fund</u> | | | | |
| Nondepreciable capital assets: | | | | |
| Land | \$ 322,584 | \$ - | \$ - | \$ 322,584 |
| Depreciable capital assets: | | | | |
| Buildings | 178,620,416 | - | - | 178,620,416 |
| Furniture and equipment | 4,637,719 | 59,909 | 2,816 | 4,694,812 |
| Computers | 715,909 | - | - | 715,909 |
| Vehicles | 483,222 | - | - | 483,222 |
| Total capital assets | 184,779,850 | 59,909 | 2,816 | 184,836,943 |
| Less accumulated depreciation: | | | | |
| Buildings | 18,379,647 | 2,990,648 | - | 21,370,295 |
| Furniture and equipment | 2,501,771 | 289,329 | 2,816 | 2,788,284 |
| Computers | 670,980 | 16,038 | - | 687,018 |
| Vehicles | 409,080 | 34,179 | - | 443,259 |
| Accumulated depreciation | 21,961,478 | 3,330,194 | 2,816 | 25,288,856 |
| Net capital assets | \$ 162,818,372 | | | \$ 159,548,087 |
| <u>Canteen Fund</u> | | | | |
| 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 | \$ 162,818,372 | | | \$ 159,548,087 |

8. COMMITMENTS AND CONTINGENT LIABILITIES

A. 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 |
|-------------------------|-----------------------|
| 2012 | \$ 45,531 |
| 2013 | 45,531 |
| 2014 | 45,531 |
| 2015 | 45,531 |
| 2016 | <u>45,531</u> |
| Total | \$ 227,655 |

B. Inmate Trust and Employee Association

Funds held for inmates totaled \$29,042 at June 30, 2011. These funds are maintained in a separate bank account and any remaining balance in an individual account will be paid to an inmate upon their release. The Jail Authority also acts as fiscal agent for the RRJ Employee Association. These funds, which total \$27,610, are also maintained in a separate bank account.

C. Contingent Liabilities

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

9. DEFINED BENEFIT PENSION PLAN

A. Plan Description

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

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

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

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 3 years of service credit. They may retire with a reduced benefit as early as age 55 with at least 10 years of service credit or age 50 with at least five years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

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

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

The system issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2010-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the Jail Authority is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. The Jail Authority contribution rate for the fiscal year ended June 30, 2011 was 7.60% of the annual covered payroll.

C. Annual Pension Cost

For the year ended June 30, 2011, the Jail Authority's annual pension cost of \$1,796,201 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, 2011 | \$ 1,796,201 | \$ 1,796,201 | \$ - |
| June 30, 2010 | \$ 1,724,210 | \$ 1,724,210 | \$ - |
| June 30, 2009 | \$ 1,584,339 | \$ 1,584,339 | \$ - |
| June 30, 2008 | \$ 1,580,450 | \$ 1,580,450 | \$ - |
| June 30, 2007 | \$ 1,628,492 | \$ 1,628,492 | \$ - |

The Fiscal Year 2011 required contribution was determined as part of the June 30, 2010 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2010 included (a) an investment rate of return net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% per year for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases also include an inflation component of 2.50%. The actuarial value of the Jail Authority's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five year period. The Jail Authority's unfunded actuarial accrued liability is being amortized as level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2010 for the Unfunded Actuarial Liability (UAAL) was 20 years.

D. Funded Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the plan was 96.37% funded. The actuarial accrued liability for benefits was \$22,670,714, and the actuarial value of assets was \$21,848,126, resulting in an unfunded actuarial accrued liability (UAAL) of \$822,588. The covered payroll (annual payroll of active employees covered by the plan) was \$14,859,448, and the ratio of the UAAL to the covered payroll was 5.54%.

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

Schedule of Funding Progress

| Actuarial Valuation Date (1) | Actuarial Value of Assets | Actuarial Accrued Liability | Unfunded Actuarial Accrued Liability (UAAL) | Funded Ratio | Annual Covered Payroll | UAAL as Percent of Payroll |
|------------------------------|---------------------------|-----------------------------|---|--------------|------------------------|----------------------------|
| June 30, 2010 | \$21,848,126 | \$22,670,714 | \$ 822,588 | 96.37% | \$ 14,859,448 | 5.54% |
| June 30, 2009 | \$20,019,204 | \$18,739,732 | \$ (1,279,472) | 106.83% | \$ 13,128,806 | -9.75% |
| June 30, 2008 | \$17,789,501 | \$16,298,625 | \$ (1,490,876) | 109.15% | \$ 11,989,560 | -12.43% |
| June 30, 2007 | \$14,865,445 | \$13,694,582 | \$ (1,170,863) | 108.55% | \$ 11,321,677 | -10.34% |
| June 30, 2006 | \$12,161,296 | \$11,453,660 | \$ (707,636) | 106.18% | \$ 10,382,989 | -6.82% |

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

E. The actuarial assumptions and methods of the June 30, 2010 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 | 20 Years |
| Asset valuation method | Five-Year Smoothed Market Value |
| Actuarial assumptions | |
| Investment rate of return ¹ | 7.00% |
| Projected salary increases ¹ | |
| Non-law enforcement officer employees | 3.75% to 5.60% |
| Law enforcement officer employees | 3.50% to 4.75% |
| Cost-of-living adjustments | 2.50% |

¹ Includes inflation at 2.50%

F. 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*.

REQUIRED SUPPLEMENTARY INFORMATION

RIVERSIDE REGIONAL JAIL AUTHORITY
SCHEDULE OF FUNDING PROGRESS
VIRGINIA RETIREMENT SYSTEM
June 30, 2011

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

* - The Jail Authority is in its fourteenth valuation cycle.

STATISTICAL SECTION

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

Financial Trends

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

Tables 1-4

Revenue Capacity

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

Table 5

Debt Capacity

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

Table 6

Demographic and Economic Information

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

Table 7

Operating Information

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

Table 8

Other Information

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

Table 9

Other Information

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

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The Authority implemented Governmental Accounting Standards Board Statement No. 34 in FY 2003; schedules presenting government-wide information includes information beginning in that year.

TABLE 1
RIVERSIDE REGIONAL JAIL AUTHORITY
NET ASSETS BY COMPONENT
ENTERPRISE FUNDS
Last Nine Fiscal Years

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

Source: Comprehensive Annual Financial Reports

Note: GASB 34 was implemented by the Jail Authority in fiscal year 2003; therefore, only nine years of information is presented.

TABLE 2
RIVERSIDE REGIONAL JAIL AUTHORITY
CHANGE IN NET ASSETS
ENTERPRISE FUNDS
Last Nine Fiscal Years

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

Source: Comprehensive Annual Financial Reports

Note: GASB 34 was implemented by the Jail Authority in fiscal year 2003; therefore, only nine years of information is presented.

Table 3
Riverside Regional Jail Authority
Revenues By Customer
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 |
|-------------|---------------------|---------------------|------------------|--------------------------|--------------------|----------------------|--------------|-------------------|
| 2011 | \$ 173,082 | \$ 9,787,651 | \$ 2,343,993 | \$ 2,647,885 | \$ 2,204,910 | \$ 1,926,157 | \$ 216,898 | \$ 19,300,576 (1) |
| 2010 | \$ 401,635 | \$ 8,272,978 | \$ 2,065,229 | \$ 2,493,356 | \$ 1,689,605 | \$ 1,349,760 | \$ 128,908 | \$ 16,401,471 |
| 2009 | \$ 394,901 | \$ 7,171,858 | \$ 2,109,962 | \$ 2,293,815 | \$ 1,860,249 | \$ 1,076,478 | \$ 166,315 | \$ 15,073,578 |
| 2008 | \$ 301,957 | \$ 7,299,397 | \$ 2,321,898 | \$ 2,103,561 | \$ 1,926,257 | \$ 1,128,093 | \$ 145,151 | \$ 15,226,314 |
| 2007 | \$ 291,782 | \$ 7,620,187 | \$ 2,175,045 | \$ 1,672,067 | \$ 1,879,600 | \$ 1,109,593 | \$ 168,202 | \$ 14,916,476 |
| 2006 | \$ 411,625 | \$ 7,105,813 | \$ 2,009,211 | \$ 1,591,407 | \$ 1,591,221 | \$ 1,099,401 | \$ 192,548 | \$ 14,001,226 |
| 2005 | \$ 306,000 | \$ 6,592,031 | \$ 1,798,903 | \$ 1,872,940 | \$ 1,223,960 | \$ 1,009,377 | \$ 125,097 | \$ 12,928,308 |
| 2004 | \$ 299,256 | \$ 7,113,990 | \$ 1,931,141 | \$ 1,995,521 | \$ 1,476,670 | \$ 984,644 | \$ 177,859 | \$ 13,979,081 |
| 2003 | \$ 317,238 | \$ 6,836,009 | \$ 1,788,654 | \$ 1,763,938 | \$ 1,475,264 | \$ 934,842 | \$ 237,614 | \$ 13,353,559 |
| 2002 | \$ 173,752 | \$ 6,043,395 | \$ 1,950,603 | \$ 1,588,114 | \$ 1,658,636 | \$ 880,933 | \$ 277,796 | \$ 12,573,229 |

| | Federal Inmates | | | | | |
|------|--------------------------|--------------------------|----------------------------|------------------------|--------------|---------------|
| | Regional and Local Jails | Commonwealth of Virginia | Housing and Transportation | Central State Hospital | Sub-total | Total |
| 2011 | \$ 506,810 | \$ 2,723,567 | \$ 161,047 | \$ - | \$ 3,391,424 | \$ 22,692,000 |
| 2010 | \$ 120,674 | \$ 3,068,106 | \$ 50,357 | \$ - | \$ 3,239,136 | \$ 19,640,607 |
| 2009 | \$ 213,757 | \$ 3,335,564 | \$ 1,167,868 | \$ - | \$ 4,717,189 | \$ 19,790,767 |
| 2008 | \$ 246,684 | \$ 3,035,620 | \$ 2,273,065 | \$ - | \$ 5,555,369 | \$ 20,781,683 |
| 2007 | \$ 253,071 | \$ 3,431,382 | \$ 898,586 | \$ - | \$ 4,583,039 | \$ 19,499,515 |
| 2006 | \$ 743,901 | \$ 3,504,198 | \$ 439,131 | \$ - | \$ 4,687,230 | \$ 18,688,456 |
| 2005 | \$ 500,477 | \$ 3,076,962 | \$ 913,677 | \$ - | \$ 4,491,116 | \$ 17,419,424 |
| 2004 | \$ 186,684 | \$ 2,552,766 | \$ 1,183,913 | \$ - | \$ 3,923,363 | \$ 17,902,444 |
| 2003 | \$ 87,594 | \$ 2,760,251 | \$ 541,086 | \$ 445,824 | \$ 3,834,755 | \$ 17,188,314 |
| 2002 | \$ 62,790 | \$ 3,129,070 | \$ 1,096,870 | \$ 630,720 | \$ 4,919,450 | \$ 17,492,679 |

(1) In fiscal year 2011, the 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 Authority the entire amount of the transfer before June 30, 2011. Included in charges for services is revenue of \$3,262,075.

TABLE 4
RIVERSIDE REGIONAL JAIL AUTHORITY
REVENUES AND BILLED INMATE DAYS - BY CUSTOMER
Years Ended June 30, 2011 and 2010 (a)

Fiscal Year 2011

| Customer | 2011 Revenue | Per Diem Rate | Inmate Days Billed |
|----------------------------------|----------------------|---------------|--------------------|
| Charles City County | \$ 173,082 | \$ 37 # | 3,932 (1) |
| Chesterfield County | 9,787,651 | \$ 37 | 219,883 (1) |
| City of Hopewell | 2,343,993 | \$ 37 | 52,956 (1) |
| City of Colonial Heights | 2,647,885 | \$ 37 | 59,479 (1) |
| City of Petersburg | 2,204,910 | \$ 37 | 49,544 (1) |
| Prince George County | 1,926,157 | \$ 37 | 42,884 (1) |
| Surry County | 216,898 | \$ 37 | 4,795 (1) |
| Regional and Local Jails | 506,810 | \$ Various | 13,973 |
| Commonwealth of Virginia (2) | 2,723,567 | \$ Various | N/A |
| Federal Inmates - Housing | 158,002 | \$ 66.36 | 2,445 |
| Federal Inmates - Transportation | 3,045 | \$ N/A | N/A |
| Total | <u>\$ 22,692,000</u> | | <u>449,891</u> |

Fiscal Year 2010

| Customer | 2010 Revenue | Per Diem Rate | Inmate Days Billed |
|----------------------------------|----------------------|---------------|--------------------|
| Charles City County | \$ 401,635 | \$ 37 # | 10,855 |
| Chesterfield County | 8,272,978 | \$ 37 | 223,594 |
| City of Hopewell | 2,065,229 | \$ 37 | 55,817 |
| City of Colonial Heights | 2,493,356 | \$ 37 | 67,388 |
| City of Petersburg | 1,689,605 | \$ 37 | 45,665 |
| Prince George County | 1,349,760 | \$ 37 | 36,480 |
| Surry County | 128,908 | \$ 37 | 3,484 |
| Regional and Local Jails | 120,674 | \$ Various | 3,320 |
| Commonwealth of Virginia (2) | 3,068,106 | \$ Various | N/A |
| Federal Inmates - Housing | 47,912 | \$ 66.36 | 722 |
| Federal Inmates - Transportation | 2,445 | \$ N/A | N/A |
| Total | <u>\$ 19,640,607</u> | | <u>447,325</u> |

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

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

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

N/A - Not Applicable

TABLE 5
RIVERSIDE REGIONAL JAIL AUTHORITY
REVENUE BOND COVERAGE
OPERATING FUND
Last Ten Fiscal Years

| Fiscal Year | Operating and Nonoperating Revenues⁽¹⁾ | | Net Revenue Available For Debt Service | Debt Service Requirements | | | Bond Coverage |
|--------------------|--|--|---|----------------------------------|-----------------|--------------|----------------------|
| | Nonoperating Revenues⁽¹⁾ | Operating Expense⁽²⁾ | | Principal | Interest | Total | |
| 2011 | \$ 36,336,948 | \$ 26,801,097 | \$ 9,535,851 | \$ 2,710,000 | \$ 4,377,935 | \$ 7,087,935 | 134.54% |
| 2010 | \$ 32,203,031 | \$ 27,592,451 | \$ 4,610,580 | \$ 2,305,000 | \$ 2,410,563 | \$ 4,715,563 | 97.77% |
| 2009 | \$ 30,852,101 | \$ 25,118,271 | \$ 5,733,830 | \$ 2,235,000 | \$ 1,988,735 | \$ 4,223,735 | 135.75% |
| 2008 | \$ 35,288,647 | \$ 23,697,261 | \$ 11,591,386 | \$ 2,125,000 | \$ 2,502,227 | \$ 4,627,227 | 250.50% |
| 2007 | \$ 30,023,667 | \$ 21,642,749 | \$ 8,380,918 | \$ 1,815,000 | \$ 2,558,689 | \$ 4,373,689 | 191.62% |
| 2006 | \$ 28,686,326 | \$ 19,804,697 | \$ 8,881,629 | \$ 1,730,000 | \$ 2,682,590 | \$ 4,412,590 | 201.28% |
| 2005 | \$ 26,402,623 | \$ 18,724,550 | \$ 7,678,073 | \$ 1,675,000 | \$ 2,900,545 | \$ 4,575,545 | 167.81% |
| 2004 | \$ 26,095,811 | \$ 17,434,342 | \$ 8,661,469 | \$ 1,595,000 | \$ 1,980,817 | \$ 3,575,817 | 242.22% |
| 2003 | \$ 25,426,561 | \$ 17,542,803 | \$ 7,883,758 | \$ 1,265,000 | \$ 3,009,859 | \$ 4,274,859 | 184.42% |
| 2002 | \$ 25,821,907 | \$ 16,352,654 | \$ 9,469,253 | \$ 1,205,000 | \$ 3,056,605 | \$ 4,261,605 | 222.20% |

(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.

Table 6
Riverside Regional Jail Authority
Inmate Population Statistics
Last Ten Fiscal Years

| Fiscal Year | Average Daily Population | | | | | | | | | | | | |
|-------------|--------------------------|---------------------|------------------|--------------------------|--------------------|----------------------|--------------|--------------------------|---|------------------------|----------------------------|----------|--|
| | Charles City County | Chesterfield County | City of Hopewell | City of Colonial Heights | City of Petersburg | Prince George County | Surry County | Regional and Local Jails | Federal Inmates Housing and Transportation | Jail Contract Beds (1) | Central State Hospital (2) | Total | |
| 2011 | 10.76 | 602.33 | 145.12 | 162.92 | 135.77 | 117.41 | 13.15 | 37.73 | 6.71 | 30.57 | - | 1,262.47 | |
| 2010 | 29.70 | 613.00 | 152.80 | 184.60 | 125.10 | 100.00 | 9.50 | 9.20 | 2.00 | 26.97 | - | 1,252.87 | |
| 2009 | 29.29 | 531.14 | 156.30 | 169.82 | 137.65 | 79.73 | 12.34 | 14.13 | 47.83 | 28.07 | - | 1,206.30 | |
| 2008 | 22.27 | 539.17 | 171.40 | 155.38 | 142.24 | 83.23 | 10.72 | 15.95 | 93.50 | 20.90 | - | 1,254.76 | |
| 2007 | 21.35 | 564.45 | 161.03 | 123.79 | 139.26 | 82.18 | 12.44 | 16.44 | 36.89 | 8.75 | - | 1,166.58 | |
| 2006 | 30.64 | 526.17 | 148.77 | 117.84 | 117.24 | 81.38 | 14.28 | 47.60 | 17.99 | 26.07 | - | 1,127.98 | |
| 2005 | 22.70 | 488.38 | 133.22 | 138.63 | 91.25 | 74.75 | 9.27 | 31.84 | 37.42 | 25.98 | - | 1,053.44 | |
| 2004 | 22.09 | 525.17 | 142.55 | 147.40 | 109.07 | 72.63 | 13.15 | 12.74 | 48.51 | 6.57 | - | 1,099.88 | |
| 2003 | 23.49 | 506.47 | 132.56 | 130.69 | 109.20 | 69.37 | 17.57 | 4.50 | 22.05 | 11.87 | 48.00 | 1,075.77 | |
| 2002 | 12.87 | 447.41 | 144.53 | 117.65 | 122.76 | 65.63 | 20.54 | 4.43 | 45.12 | 15.60 | 48.00 | 1,044.54 | |

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

(2) Contract ended fiscal year 2003

Table 7
Riverside Regional Jail Authority
Full-time Equivalent Employees by Function
Last Ten Fiscal Years

| Fiscal Year | Jail Operations | | |
|------------------------|------------------------|-----------------|--------------|
| | Sworn | Civilian | Total |
| 2011 | 269 | 100 | 369 |
| 2010 | 299 | 99 | 398 |
| 2009 | 232 | 116 | 348 |
| 2008 | 219 | 127 | 346 |
| 2007 | 208 | 122 | 330 |
| 2006 | 204 | 112 | 316 |
| 2005 | 204 | 103 | 307 |
| 2004 | 203 | 101 | 304 |
| 2003 | 202 | 100 | 302 |
| 2002 | 218 | 73 | 291 |

Table 8
Riverside Regional Jail Authority
Capital Assets
Last Ten Fiscal Years

| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <u>Operating Fund</u> | | | | | | | | | | |
| Nondepreciable capital assets: | | | | | | | | | | |
| Land | | | | | | | | | | |
| Construction in progress | \$ 322,584 | \$ 322,584 | \$ 322,584 | \$ 75,450,252 | \$ 322,584 | \$ 322,584 | \$ 322,584 | \$ 322,584 | \$ 322,584 | \$ 322,584 |
| Depreciable capital assets: | | | | | | | | | | |
| Buildings | 178,620,416 | 178,620,416 | 92,501,315 | 92,494,284 | 81,351,416 | 81,351,416 | 81,187,736 | 81,187,736 | 81,187,736 | 81,187,736 |
| Furniture and equipment | 4,694,812 | 4,637,719 | 3,141,597 | 3,044,437 | 2,846,016 | 2,801,062 | 2,641,133 | 2,193,751 | 2,063,681 | 1,921,712 |
| Computers | 715,909 | 715,909 | 670,415 | 670,415 | 664,368 | 664,728 | 656,052 | 656,052 | 592,016 | 494,471 |
| Vehicles | 483,222 | 483,222 | 483,222 | 442,415 | 442,415 | 459,588 | 388,373 | 368,547 | 350,720 | 350,720 |
| Total capital assets | \$ 184,836,943 | \$ 184,779,850 | \$ 172,569,385 | \$ 120,429,108 | \$ 98,154,054 | \$ 87,089,134 | \$ 85,687,383 | \$ 85,147,663 | \$ 84,516,737 | \$ 84,277,223 |
| Less accumulated depreciation: | | | | | | | | | | |
| Buildings | 21,370,295 | 18,379,647 | 16,465,489 | 14,910,168 | 13,432,338 | 12,062,841 | 10,705,620 | 9,352,491 | 7,999,362 | 6,646,233 |
| Furniture and equipment | 2,788,284 | 2,501,771 | 2,322,995 | 2,185,977 | 2,033,935 | 1,779,703 | 1,507,463 | 1,272,282 | 1,056,216 | 857,151 |
| Computers | 687,018 | 670,980 | 662,651 | 656,096 | 648,336 | 638,986 | 598,092 | 537,626 | 459,359 | 413,588 |
| Vehicles | 443,259 | 409,080 | 370,910 | 334,676 | 298,739 | 320,698 | 305,559 | 278,530 | 286,443 | 251,042 |
| Accumulated depreciation | 25,288,856 | 21,961,478 | 19,822,045 | 18,086,917 | 16,413,348 | 14,802,228 | 13,116,734 | 11,440,929 | 9,801,380 | 8,168,014 |
| Net capital assets | \$ 159,548,087 | \$ 162,818,372 | \$ 152,747,340 | \$ 102,342,191 | \$ 81,740,706 | \$ 72,286,906 | \$ 72,570,649 | \$ 73,706,734 | \$ 74,715,357 | \$ 76,109,209 |
| Canteen Fund | | | | | | | | | | |
| Depreciable capital assets: | | | | | | | | | | |
| Furniture and equipment | - | - | - | - | - | 2,663 | 2,663 | 2,663 | 2,663 | 2,663 |
| Computers | 22,278 | 22,278 | 22,278 | 22,278 | 22,278 | 22,278 | 22,278 | 22,278 | 20,279 | 11,700 |
| Total capital assets | 22,278 | 22,278 | 22,278 | 22,278 | 22,278 | 24,941 | 24,941 | 24,941 | 22,942 | 14,363 |
| Less accumulated depreciation: | | | | | | | | | | |
| Furniture and equipment | - | - | - | - | - | 1,997 | 1,730 | 1,464 | 1,198 | 932 |
| Computers | 22,278 | 22,278 | 22,278 | 22,278 | 22,278 | 21,834 | 19,203 | 15,677 | 12,594 | 11,266 |
| Accumulated depreciation | 22,278 | 22,278 | 22,278 | 22,278 | 22,278 | 23,831 | 20,933 | 17,141 | 13,792 | 12,198 |
| Net capital assets | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,110 | \$ 4,008 | \$ 7,800 | \$ 9,150 | \$ 2,165 |
| Total net capital assets | \$ 159,548,087 | \$ 162,818,372 | \$ 152,747,340 | \$ 102,342,191 | \$ 81,740,706 | \$ 72,288,016 | \$ 72,574,657 | \$ 73,714,534 | \$ 74,724,507 | \$ 76,111,374 |

Table 9
Riverside Regional Jail Authority
Schedule of Insurance in Force
As of June 30, 2011

| Insurance Coverage | Insurance Company | Expiration Date | Coverage Amount | Deductible |
|--|--|------------------------|---------------------------|-------------------|
| Building and Personal Property | Virginia Municipal Liability Pool | 7/01/2011 | \$ 133,516,452 | \$ 5,000 |
| Earthquake | Virginia Municipal Liability Pool | 7/01/2011 | \$ 10,000,000 | \$ 25,000 |
| Flood | Virginia Municipal Liability Pool | 7/01/2011 | \$ 10,000,000 | \$ 25,000 |
| Business Auto | Virginia Municipal Liability Pool | 7/01/2011 | \$ 1,000,000 | \$ 1000/1000 |
| Schedule Equipment (Tractor) | Virginia Municipal Liability Pool | 7/01/2011 | \$ 301,841 | \$ 5,000 |
| Boiler and Machinery | Virginia Municipal Liability Pool | 7/01/2011 | \$ 20,000,000 | \$ 1,000 |
| Business Interruption and Extra Expense | Virginia Municipal Liability Pool | 7/01/2011 | \$ 17,000,000 | \$ 5,000 |
| Workers' Compensation | Virginia Municipal Group Self Insurance Association | 7/01/2011 | Required Statutory Limits | |
| 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

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 the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Riverside Regional Jail Authority** as of and for the year ended June 30, 2011, which collectively comprise **Riverside Regional Jail Authority's** basic financial statements and have issued our report thereon dated November 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **Riverside Regional Jail Authority's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the **Riverside Regional Jail Authority's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the **Riverside Regional Jail Authority's** internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of *Riverside Regional Jail Authority* in a separate letter dated November 14, 2011.

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

Dixon Hughes Goodman LLP

Richmond, Virginia
November 14, 2011