

RIVERSIDE REGIONAL JAIL AUTHORITY

NORTH PRINCE GEORGE, VIRGINIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDING
JUNE 30, 2015

RIVERSIDE REGIONAL JAIL AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JULY 1, 2014 THROUGH JUNE 30, 2015



**500 FOLAR Trail
North Prince George, Virginia 23860
(Prince George County)**

Prepared by Administrative Services - Finance Department

**Jeffery L. Newton, CJM
Superintendent**

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

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INTRODUCTORY SECTION



Riverside Regional Jail

Colonel Jeffery L. Newton, CJM
Superintendent

November 6, 2015

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, 2015. 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 Brown Edwards & Company, L.L.P. whose reports are included herein.

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

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

PROFILE OF THE ORGANIZATION

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

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

A Nationally Accredited Jail

500 FOLAR Trail, North Prince George, Virginia 23860
Phone: (804) 524-6600 Fax: (804) 524-6659
www.rrjva.org

ECONOMIC CONDITON AND OUTLOOK

The Jail Authority is in sound financial condition and the economic outlook is stable. The economic stability of the jail is based on the contractual obligation of each member jurisdiction to pay a per diem rate of \$40 per inmate per day.

The financial condition of the Jail Authority is primarily dependent upon the number of inmates housed at the facility. The Jail Authority experienced a decline in the average daily population of inmates for fiscal year 2015. The average daily population for the member jurisdictions decreased 5.4% from the previous fiscal year.

In December 2014, the Petersburg City Council voted to close the City of Petersburg Jail and move all inmates to the Jail Authority. The Jail Authority developed a plan of action and timeline of tasks/objectives that needed to be accomplished to ensure a smooth transition. Communication with the Petersburg City Manager, Sheriff and the Virginia Compensation Board was initiated to ensure a smooth transition of inmates and Petersburg Sheriff's Office staff members that were interested in being employed by the Jail Authority. The Jail Authority began processing newly arrested inmates by the City of Petersburg Police Department on March 1, 2015. Prior to the Petersburg City Jail closing, the Jail Authority and the Sheriff's Office staff worked closely to transition inmates from the city jail to the Jail Authority with the final inmates transferred by May 1, 2015.

In January 2015, the Jail Authority took action to allocate available cash to establish four funds (Rainy Day Fund, Fund Balance Reserve, Capital Improvement Fund and Operating Fund). The establishment of these funds is important to maintain the Jail Authority's strong credit rating, liquidity strength and the ability to operate independently from the member jurisdictions. The Jail Authority allocated cash from the Operating Fund to be distributed to the following accounts:

- Rainy Day Fund – The purpose of this fund is to provide a stable financial base for annual, unanticipated expenses and/or revenue shortfalls until a more permanent solution can be developed. The intent of this fund is to limit the unexpected impact to member jurisdictions' budgets during a budget cycle.
- Fund Balance Reserve (formerly the General Surplus Fund) – The purpose of this fund is to provide a stable financial base for one-time revenue shortfalls or unanticipated expenditures. The Fund Balance Reserve is unrestricted and may be used for any purpose, including paying debt service.
- Capital Improvement Fund – The purpose of this fund is to provide a stable financial base for facility capital improvement needs. The intent of this fund is to limit the impact of annual capital improvement expenditures to member jurisdictions' budgets. The Jail Authority has carefully reviewed its future capital needs and has developed a twenty year Capital Plan. The Jail Authority prudently determined to establish this fund with the anticipated amount needed to accomplish the first five years of the Capital Plan.
- Operating Fund – The purpose of this fund is to provide a stable financial base for month to month operational expenses and to ensure sufficient cash is on hand to meet the Jail Authority expenses. The intent of this fund is to limit the unexpected impact to member jurisdictions' budgets during a budget cycle.

In February 2015, the Jail Authority received an assigned rating of "Aa2" on the 2015 Jail Facility Refunding Revenue Bonds, Series 2015 from Moody's Investors Service. This assigned rating by Moody's Investor Services means that the Jail Authority's obligations are judged to be of high quality and are subject to very low credit risk.

ECONOMIC CONDITON AND OUTLOOK (Continued)

In March 2015, the Jail Authority refunded its Series 2007 Jail Facility Revenue Bonds. The Jail Authority issued the Series 2015 Jail Facility Refunding Revenue Bonds in the amount of \$44,765,000 to refund its Series 2007 Jail Facility Revenue Bonds (\$47,220,000) and pay related refinancing costs of issuing the 2015 Bonds. The Series 2015 Refunding was structured to provide the Jail Authority with annual debt savings of approximately \$289,000 per year. This process included:

- Finalizing the restructuring plans
- Obtaining underwriter services
- Obtaining bond ratings
- Developing an updated 2015 series bond indenture

MAJOR INITIATIVES

In order to demonstrate compliance in correctional management, the Jail Authority (Main Jail) was accredited by the American Correction Association (ACA), Adult Local Detention Standards (ALDF) in 1999, 2002, 2006, 2010 and 2013. The accreditation program is a professional peer review process based on national standards that have evolved since the founding of the ACA in 1870. ACA standards address services, programs and operations essential to effective correctional management. Standards set by ACA reflect practical up-to-date policies and procedures and function as a management tool for agencies and facilities throughout the world. The Jail Authority is one of over 1,500 correctional facilities currently involved in the accreditation process across the nation. The Jail Authority is one of only nine (9) jail facilities in Virginia that is accredited by ACA; there are sixty (60) jail facilities in Virginia. The Jail Authority received a compliance score of 98.1 percent on the ACA audit that was conducted in January 2013. The Jail Authority will be audited by ACA in May 2016 for its re-accreditation under the ALDF standards.

In addition, the Jail Authority (Pre-Release Center) will be receiving its first audit from ACA under the Adult Community Residential Standards (ACRS) in May 2016. This accreditation process for the Pre-Release Center is to enhance the Jail Authority's ability to compete for and maintain Federal Bureau of Prison contracts.

The Jail Authority received its first certification for compliance with the provisions of the Prison Rape Elimination Act (PREA). The act was passed in 2003. The purpose of the act is to provide for the analysis of the incidence and effects of prison rape in Federal, State and local institutions and to provide information, resources, recommendations and funding to protect individuals from prison rape. During the inspection, it was noted by the PREA auditor that the Jail Authority was in full compliance with the PREA standards and in four areas had found the Jail Authority exceeding the standards.

In order to demonstrate compliance with the provision of appropriate correctional healthcare, the Jail Authority received its first accreditation from the National Commission on Correctional Healthcare (NCCHC) in March 2014. An initial audit was conducted by the NCCHC to determine the Jail Authority's compliance in the provision of quality health care for inmates. NCCHC accredits 500 jails, prisons and juvenile detention facilities throughout the nation. The Jail Authority is one of twelve (12) jail facilities in Virginia that is accredited by NCCHC; there are sixty (60) jail facilities in Virginia.

The Jail Authority received certification from the Virginia State Board of Corrections in April 2015. An extensive audit was conducted and the Jail Authority received unconditional certification to house adult and juvenile offenders.

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. The Jail Authority is committed to maintaining a sustainable long-term financial plan.

BASIS OF ACCOUNTING

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

INDEPENDENT AUDIT

State statute requires an annual audit by independent certified public accountants. The public accounting firm of Brown, Edwards & Company, L.L.P. was selected by the Jail Authority's Audit Committee to perform the audit for the fiscal year ended June 30, 2015. The independent auditor's report on the financial statements is included in the financial section of this report.

AWARDS AND ACHIEVEMENTS

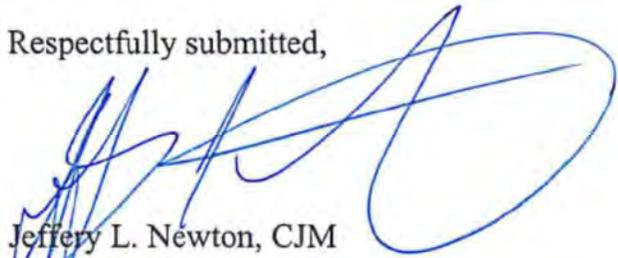
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Riverside Regional Jail Authority for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the seventeenth consecutive year that Riverside Regional Jail Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the requirements of the Certificate of Achievement program and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

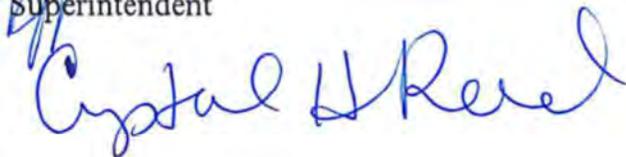
This report reflects the strong financial policies enacted by the Jail Authority and the active participation of the Authority's Finance Committee. The result is the Jail Authority is in sound financial position. The Jail Authority's support and cooperation in planning and conducting the financial operations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

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

Respectfully submitted,

A large, stylized handwritten signature in blue ink, appearing to read "Jeffery L. Newton".

Jeffery L. Newton, CJM
Superintendent

A handwritten signature in blue ink, appearing to read "Crystal H. Reid".

Crystal H. Reid, MBA
Director of Administrative Services

CERTIFICATE OF ACHIEVEMENT



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Riverside Regional Jail Authority
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

A handwritten signature in black ink, reading "Jeffrey R. Emer".

Executive Director/CEO

DIRECTORY OF PRINCIPAL OFFICIALS

June 30, 2015

Chair	William E. Johnson, III City of Petersburg
Vice Chair	William E. Johnson City of Colonial Heights
Secretary/Treasurer	Dr. Sheryl D. Bailey Chesterfield County

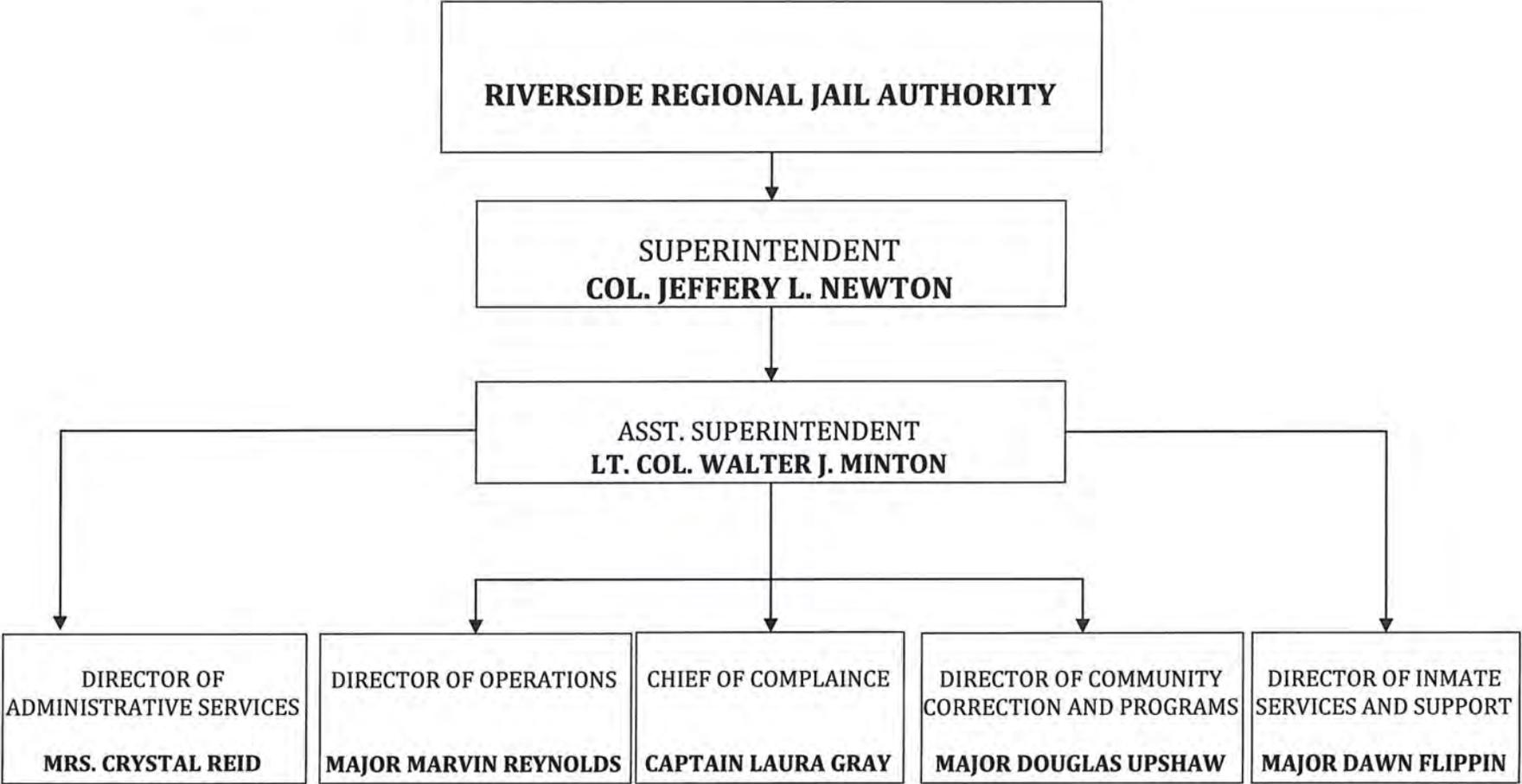
Other Members

Sheriff Alvin Clayton, Sr. Surry County	Tyrone Franklin Surry County Administrator
Sheriff Vanessa Crawford City of Petersburg	Sheriff Karl Leonard Chesterfield County
Zach Trogdaon Charles City County Adm.	Sheriff Javier J. Smith Charles City County
Percy C. Ashcraft Prince George Cty. Adm.	Sheriff H. E. Allin, III Surry County
Mark Haley City of Hopewell	Sheriff Luther Sodat City of Hopewell
Sheriff Todd Wilson City of Colonial Heights	

William H. Hefty, Esq.
Counsel

Jeffery L. Newton, CJM
Superintendent

**RIVERSIDE REGIONAL JAIL AUTHORITY
ADMINISTRATIVE STRUCTURE**



FINANCIAL SECTION

**Financial Section contains the
Basic Financial Statements.**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Riverside Regional Jail Authority
Hopewell, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of the Riverside Regional Jail Authority (the "Authority") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions 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 *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Authority, as of June 30, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 9 to the financial statements, the Authority adopted new accounting guidance, ***GASB Statement No. 68, Accounting and Financial Report for Pensions- an Amendment of GASB Statement No. 27, as amended by GASB Statement No. 71.*** Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2015 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
November 6, 2015

Riverside Regional Jail Authority

Management's Discussion and Analysis (Unaudited)

November 6, 2015

As management of Riverside Regional Jail Authority (Jail Authority), we offer readers of the Riverside Regional Jail Authority's financial statements this narrative overview and analysis of the financial activities of the Riverside Regional Jail for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented and it should be read in conjunction with the letter of transmittal and the Jail Authority's financial statements, which follow in this analysis.

Financial Highlights

- The Jail Authority's change in net position was \$2,148,881 as a result of this year's operating and non-operating financial activities.
- The Jail Authority's operating and non-operating revenues decreased approximately \$2.3 million or approximately 5.5%, and operating and non-operating expenses decreased approximately \$554,000, or approximately 1.4%.
- The Jail Authority net investment in capital assets increased by approximately \$1.0 million, or 1.8 %.
- The Jail Authority met its financial obligations with regard to the Series 2007 and Series 2013 bonds, making principal payments totaling approximately \$3,200,000.
- The Jail Authority refunded its Series 2007 Jail Facility Revenue Bonds with the Series 2015 Jail Facility Revenue Refunding Bonds in the amount of \$44,765,000. Annual debt service has a savings of approximately \$289,000 per year.
- The Jail Authority average daily population decreased approximately 65 inmates, or 4.2%.

Using this Annual Report

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

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

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

Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of Riverside Regional Jail Authority, assets exceeded liabilities by \$110,039,764 at June 30, 2015. The Jail Authority's total Operating Fund net position increased by \$2,187,926 as compared to last year and the Canteen Fund net position decreased by \$39,045. Our detailed analysis that follows focuses on the change in net position and the resulting changes in assets and liabilities of both the Operating Fund and Canteen Fund in the aggregate.

Operating Fund and Canteen Fund

	2015	2014	Increase (Decrease)	
			Dollars	Percent
Capital assets - net	\$ 150,804,770	\$ 153,797,830	\$ (2,993,060)	(1.9) %
Other assets	55,000,996	50,284,919	4,716,077	9.4 %
Total assets	<u>\$ 205,805,766</u>	<u>\$ 204,082,749</u>	<u>\$ 1,723,017</u>	0.8 %
Deferred outflows of resources	\$ 7,119,043	\$ 1,953,516	\$ 5,165,527	264.4 %
Long-term liabilities - net	\$ 93,508,292	\$ 92,658,145	\$ 850,147	0.9 %
Other liabilities	7,228,985	7,590,374	(361,389)	(4.8) %
Total liabilities	<u>\$ 100,737,277</u>	<u>\$ 100,248,519</u>	<u>\$ 488,758</u>	0.5 %
Deferred inflows of resources	\$ 2,147,768	\$ -	\$ 2,147,768	100.0 %
Net position:				
Net investment in capital assets	\$ 61,778,237	\$ 60,702,234	\$ 1,076,003	1.8 %
Restricted	20,274,448	19,757,014	517,434	2.6 %
Unrestricted	27,987,079	25,328,498	2,658,581	10.5 %
Total net position	<u>\$ 110,039,764</u>	<u>\$ 105,787,746</u>	<u>\$ 4,252,018</u>	4.0 %

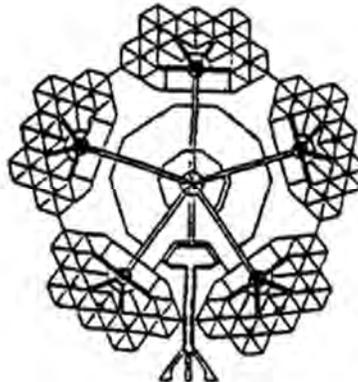
The Operating Fund and Canteen Fund had a combined change in net position of \$4,252,018. The total net position change was impacted by changes in several revenue and expense categories as well as implementation of GASB Statement No. 68. Please see Table on next page for a breakdown of the fluctuation by revenue and expense category.

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

Operating Fund and Canteen Fund

	2015	2014	Increase (Decrease)	
			Dollars	Percent
Operating revenues:				
Inmate housing	\$ 23,959,544	\$ 25,721,049	\$ (1,761,505)	(6.8) %
State Compensation Board	13,235,682	13,385,391	(149,709)	(1.1) %
Work release	277,182	243,207	33,975	14.0 %
Canteen sales	1,417,313	1,545,388	(128,075)	(8.3) %
Non-operating revenues:				
Interest revenue	38,903	346,856	(307,953)	(88.8) %
Telephone commissions	465,335	614,442	(149,107)	(24.3) %
Miscellaneous income	254,833	94,182	160,651	170.6 %
Daily incarceration fees	268,371	278,045	(9,674)	(3.5) %
Total revenues	\$ 39,917,163	\$ 42,228,560	\$ (2,311,397)	(5.5) %
Operating expenses:				
Salaries and wages	\$ 13,948,873	\$ 13,642,700	\$ 306,173	2.2 %
Fringe benefits	3,976,992	4,671,817	(694,825)	(14.9) %
Contractual services	1,433,461	1,390,918	42,543	3.1 %
Materials and supplies	468,785	551,661	(82,876)	(15.0) %
Medical services and supplies	5,590,650	5,439,134	151,516	2.8 %
Food services and supplies	1,521,714	1,509,434	12,280	0.8 %
Repairs and maintenance	891,359	979,798	(88,439)	(9.0) %
Utilities	2,097,263	2,060,824	36,439	1.8 %
Depreciation	3,735,242	3,675,804	59,438	1.6 %
Other	586,905	589,150	(2,245)	(0.4) %
Non-operating expenses:				
Interest expense	3,133,852	3,810,666	(676,814)	(17.8) %
Bond issuance expense	383,186	0	383,186	100.00 %
Total expenses	\$ 37,768,282	\$ 38,321,906	\$ (553,624)	(1.4) %
Change in net position	\$ 2,148,881	\$ 3,906,654	\$ (1,757,773)	(45.0) %
Beginning net position	* 107,890,883	101,881,092	6,009,791	5.9 %
Ending net position	\$ 110,039,764	\$ 105,787,746	\$ 4,252,018	4.0 %

* - Restated for implementation of GASB No. 68.



In 2015 the Authority adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions. The overall effect of this new standard is to reflect the Authority's long-term Virginia Retirement System (VRS) obligations directly in the financial statements. Previously, such amounts were mostly disclosed, but were not recognized as long as the Authority was current with its required VRS contributions. The new standard not only changes certain measurement methodologies, but also requires certain new disclosures and that the Authority record a net pension asset directly on the statement of net position. Beginning net position has been restated as discussed in footnote 9, and this has had a significant impact on the Authority's net position. However, because similar information has been disclosed in prior years, both in the notes to the financial statements and in required supplementary information, the effect of this new standard is not expected to negatively affect how most governmental entities are viewed by sophisticated readers of their financial statements. Because information to restate prior years is not readily available, the prior year comparative information included in this discussion and analysis has not been restated.

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2015, the Jail Authority had \$150,804,770, 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 \$2,993,060 over last year. Depreciation expense was \$3,735,242 for fiscal year 2015.

The following table summarizes the Jail Authority's capital assets, net of accumulated depreciation, as of June 30, 2015 and 2014 for Operating and Canteen Funds combined.

	2015	2014
Buildings	\$ 147,644,452	\$ 150,792,970
Furniture and equipment	2,614,249	2,451,258
Land	322,584	322,584
Land improvements	27,498	29,789
Vehicles	127,569	119,104
Computers	68,418	82,125
Total capital assets (net of accumulated depreciation)	<u>\$ 150,804,770</u>	<u>\$ 153,797,830</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 4 to the financial statements.

	2015	2014
Balance at beginning of year	\$ 189,419,160	\$ 188,513,174
Additions	742,182	950,845
Deletions	(37,716)	(46,527)
Accumulated depreciation	(39,318,856)	(35,619,662)
Balance at end of year	<u>\$ 150,804,770</u>	<u>\$ 153,797,830</u>

This year major capital asset additions include the following:

- Fixtures, furniture and equipment
- Renovations to housing unites
- Vehicles

Long-Term Debt

At year-end, the Jail Authority had bonded debt of \$85,955,000 outstanding as compared to fiscal year 2014 outstanding bonds in the amount of \$90,240,000. Additional information on the bonds is contained in Note 5.

Economic Factors and Next Year's Budgets and Rates

- The per diem rate remains at \$40 for member jurisdictions.
- The number of inmates participating in the Intergovernmental Agreement (IGA) with the Federal Bureau of Prisons remains steady.
- The Jail Authority plans to maintain its 2016 Annual Budget with limited increases in expenses.

All of these factors were considered in preparing the Jail Authority's budget for the 2016 fiscal year.

Contacting the Jail Authority's Financial Management

The financial report is designed to provide our customers, bondholders and creditors with a general overview of the Jail Authority's financial position and to demonstrate the Jail Authority's accountability for revenues received. Questions concerning information provided in this report or requests for additional financial information should be directed to the Jail Authority's Director of Administrative Services at 804-524-6604 or Riverside Regional Jail Authority, 500 FOLAR Trail, North Prince George, Virginia 23860. E-mail requests may be sent to: creid@rrjva.org.

**BASIC
FINANCIAL STATEMENTS**

RIVERSIDE REGIONAL JAIL AUTHORITY

STATEMENT OF NET POSITION

June 30, 2015

	<u>Operating Fund</u>	<u>Canteen Fund</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 11,234,748	\$ -	\$ 11,234,748
Cash and cash equivalents, restricted (Note 2)	4,810,331	428,220	5,238,551
Investments, unrestricted (Note 2)	13,143,117	-	13,143,117
Accounts receivable (Note 3)	4,647,797	-	4,647,797
Total current assets	<u>33,835,993</u>	<u>428,220</u>	<u>34,264,213</u>
Noncurrent assets			
Cash and cash equivalents, restricted (Note 2)	17,153,091	-	17,153,091
Net pension asset (Note 6)	3,536,730	46,962	3,583,692
Capital assets:			
Nondepreciable (Note 4)	322,584	-	322,584
Depreciable, net (Note 4)	150,477,076	5,110	150,482,186
Total noncurrent assets	<u>171,489,481</u>	<u>52,072</u>	<u>171,541,553</u>
Total assets	<u>205,325,474</u>	<u>480,292</u>	<u>205,805,766</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts from refunding of debt	5,681,959	-	5,681,959
Pension contributions subsequent to measurement date (Note 6)	1,427,437	9,647	1,437,084
Total deferred outflows of resources	<u>7,109,396</u>	<u>9,647</u>	<u>7,119,043</u>
LIABILITIES			
Current liabilities			
Accounts payable	917,071	54,347	971,418
Accrued liabilities	427,526	4,716	432,242
Unearned revenues - current	500,000	-	500,000
Compensated absences payable - current portion (Note 5)	520,242	5,522	525,764
Amounts held for others	183,092	-	183,092
Accrued interest payable	1,481,469	-	1,481,469
Bonds payable - current portion (Note 5)	3,135,000	-	3,135,000
Total current liabilities	<u>7,164,400</u>	<u>64,585</u>	<u>7,228,985</u>
Long-term liabilities			
Unearned revenues	1,334,247	-	1,334,247
Compensated absences payable, net of current portion (Note 5)	594,246	6,307	600,553
Bonds payable, net of current portion (Note 5)	91,573,492	-	91,573,492
Total long-term liabilities	<u>93,501,985</u>	<u>6,307</u>	<u>93,508,292</u>
Total liabilities	<u>100,666,385</u>	<u>70,892</u>	<u>100,737,277</u>
DEFERRED INFLOWS OF RESOURCES			
Net difference between projected and actual investment earnings on pension plan investments (Note 6)	2,119,623	28,145	2,147,768
NET POSITION			
Net investment in capital assets	61,773,127	5,110	61,778,237
Restricted for:			
Debt service	11,729,943	-	11,729,943
Operating reserve	7,849,366	-	7,849,366
Repair and replacement reserve	309,347	-	309,347
Canteen funds	-	385,792	385,792
Unrestricted	27,987,079	-	27,987,079
Total net position	<u>\$ 109,648,862</u>	<u>\$ 390,902</u>	<u>\$ 110,039,764</u>

RIVERSIDE REGIONAL JAIL AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Year Ended June 30, 2015

	<u>Operating Fund</u>	<u>Canteen Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services - inmate housing	\$ 23,959,544	\$ -	\$ 23,959,544
State Compensation Board	13,235,682	-	13,235,682
Work release	277,182	-	277,182
Canteen sales	-	1,417,313	1,417,313
Total operating revenues	<u>37,472,408</u>	<u>1,417,313</u>	<u>38,889,721</u>
OPERATING EXPENSES			
Salaries and wages	13,804,231	144,642	13,948,873
Fringe benefits	3,957,498	19,494	3,976,992
Contractual services	441,443	992,018	1,433,461
Materials and supplies	320,960	147,825	468,785
Medical services and supplies	5,590,650	-	5,590,650
Food services and supplies	1,463,505	58,209	1,521,714
Repairs and maintenance	891,359	-	891,359
Utilities	2,097,263	-	2,097,263
Depreciation	3,735,199	43	3,735,242
Other expenses	492,778	94,127	586,905
Total operating expenses	<u>32,794,886</u>	<u>1,456,358</u>	<u>34,251,244</u>
Operating income (loss)	<u>4,677,522</u>	<u>(39,045)</u>	<u>4,638,477</u>
NONOPERATING REVENUES (EXPENSES)			
Telephone commissions	465,335	-	465,335
Interest revenue	38,903	-	38,903
Daily incarceration fees	268,371	-	268,371
Miscellaneous income	254,833	-	254,833
Interest expense	(3,133,852)	-	(3,133,852)
Bond issuance expense	(383,186)	-	(383,186)
Total nonoperating revenue (expenses)	<u>(2,489,596)</u>	<u>-</u>	<u>(2,489,596)</u>
Change in net position	2,187,926	(39,045)	2,148,881
NET POSITION -- AT JULY 1, AS RESTATED (Note 9)	<u>107,460,936</u>	<u>429,947</u>	<u>107,890,883</u>
NET POSITION -- AT JUNE 30	<u>\$ 109,648,862</u>	<u>\$ 390,902</u>	<u>\$ 110,039,764</u>

RIVERSIDE REGIONAL JAIL AUTHORITY

STATEMENT OF CASH FLOWS

Year Ended June 30, 2015

	Operating Fund	Canteen Fund	Total
OPERATING ACTIVITIES			
Receipts from jurisdictions	\$ 24,338,827	\$ -	\$ 24,338,827
Receipts from state agencies	14,170,250	-	14,170,250
Receipts from canteen sales	-	1,417,313	1,417,313
Contract agreements and miscellaneous income received	2,822,786	-	2,822,786
Receipts on behalf of employees and inmates	9,105	-	9,105
Payments to suppliers	(11,403,264)	(1,321,915)	(12,725,179)
Payments to employees	(18,804,031)	(169,079)	(18,973,110)
Net cash provided by (used in) operating activities	<u>11,133,673</u>	<u>(73,681)</u>	<u>11,059,992</u>
CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(737,029)	(5,153)	(742,182)
Proceeds from debt refunding	50,099,415	-	50,099,415
Payment to escrow agent on bond refunding	(50,629,857)	-	(50,629,857)
Principal paid on capital debt	(3,200,000)	-	(3,200,000)
Debt issuance costs	(383,186)	-	(383,186)
Interest paid on capital debt	(4,074,031)	-	(4,074,031)
Net cash used in capital and related financing activities	<u>(8,924,688)</u>	<u>(5,153)</u>	<u>(8,929,841)</u>
INVESTING ACTIVITIES			
Sales of restricted investments	30,864	-	30,864
Purchase of restricted investments	(13,173,981)	-	(13,173,981)
Interest income received	38,903	-	38,903
Net cash used in investing activities	<u>(13,104,214)</u>	<u>-</u>	<u>(13,104,214)</u>
Net decrease in cash and cash equivalents	<u>(10,895,229)</u>	<u>(78,834)</u>	<u>(10,974,063)</u>
CASH AND CASH EQUIVALENTS			
Beginning at July 1	<u>44,093,399</u>	<u>507,054</u>	<u>44,600,453</u>
Ending at June 30	<u>\$ 33,198,170</u>	<u>\$ 428,220</u>	<u>\$ 33,626,390</u>
RECONCILIATION TO EXHIBIT 1			
Cash and cash equivalents	\$ 11,234,748	\$ -	\$ 11,234,748
Cash and cash equivalents, restricted	4,810,331	428,220	5,238,551
Cash and cash equivalents - non-current, restricted	17,153,091	-	17,153,091
	<u>\$ 33,198,170</u>	<u>\$ 428,220</u>	<u>\$ 33,626,390</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income (loss)	\$ 4,677,522	\$ (39,045)	\$ 4,638,477
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	3,735,199	43	3,735,242
Telephone commissions and miscellaneous income	988,539	-	988,539
Pension expense net of employer contributions	(768,967)	(904)	(769,871)
Changes in assets and liabilities:			
Accounts receivable	1,036,669	-	1,036,669
Accounts payable	(105,306)	(29,736)	(135,042)
Accrued liabilities	58,454	(628)	57,826
Unearned revenues	1,834,247	-	1,834,247
Compensated absences payable	(331,789)	(3,411)	(335,200)
Amounts held for others	9,105	-	9,105
Net cash provided by (used in) operating activities	<u>\$ 11,133,673</u>	<u>\$ (73,681)</u>	<u>\$ 11,059,992</u>

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies

Reporting entity:

The Riverside Regional Jail Authority (the "Authority") is a political subdivision of the Commonwealth of Virginia created by Chapter 726 of the 1990 Acts of the General Assembly of Virginia and was formed on June 21, 1990. The purpose of the Authority is to maintain and operate a regional jail to meet the needs of the participating jurisdictions for additional jail facilities.

The Authority is governed by a fourteen-member board, comprised of the local Sheriff and an individual appointed by the governing body of each jurisdiction.

Measurement focus and basis of accounting:

The Authority maintains two funds, Operating and Canteen and its financial statements are reported using the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Authority distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are charges for services for inmate housing and revenue from the State Compensation Board. Operating expenses include salaries, wages and fringe benefits, medical services and supplies, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and cash equivalents:

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, money market investments, and short-term investments with original maturities three months or less from the date of acquisition.

Revenue recognition and accounts receivable:

Operating revenues are recognized as revenue when billed. Per diem charges and reimbursements from the Commonwealth of Virginia are billed monthly. Unbilled revenues through year end are accrued. Given the Authority's relationship with its member jurisdictions and prior history, no allowance has been established for uncollectible accounts.

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (Continued)

Capital assets:

Capital assets, if purchased or constructed, are recorded at cost. It is the Authority's policy to capitalize capital assets with a cost basis of \$5,000 or more. Items below this threshold are expensed in the period acquired. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is recognized. Maintenance and repairs which do not increase the capacity or efficiency of the item or extend its useful life are expensed.

The Authority provides for depreciation using the straight-line method over the following estimated useful lives:

Buildings & improvements	60 years
Land improvements	15 years
Furniture and equipment	10 years
Vehicles	5 years
Computers	3 years

Compensated absences:

The Authority grants vacation and sick leave in varying amounts as services are provided. Employees are compensated, with limits, for unused vested vacation leave upon termination, retirements, 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 Authority, except when separation is the result of retirement. Employees who retire with at least five years of service to the 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.

Pensions:

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Political Subdivision's Retirement Plan and the additions to/deductions from the Political Subdivision's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (Continued)

Net position:

Net position is the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Unrestricted net position represents the remaining net position not included as the previous two categories. The Authority has a policy in which it has allocated a portion of unrestricted net position as fund balance reserve in the amount of \$7,678,033, a rainy day fund in the amount of \$3,802,629, a capital improvements fund in the amount of \$5,604,974 and an operating fund of \$7,291,330.

Deferred outflows/inflows of resources:

In addition to assets, the statements which present financial position report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has two items that qualify for reporting in this category. The first is a deferred charge on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item that qualifies for reporting in this category consists of contributions subsequent to the measurement date for pensions; this will be applied to the net pension liability (asset) in the next fiscal year.

In addition to liabilities, the statements which present financial position report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has one item that qualifies under this category, which is the net difference between projected and actual earnings on pension plan investments. This difference will be recognized in pension expense over a closed five year period.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Unearned revenues:

Unearned revenues represent a liability that arises when resources are obtained before revenue recognition criteria have been satisfied.

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 2. Deposits and Investments

Deposits:

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in amount from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments:

Statutes authorize the Authority to invest in 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).

Credit risk:

The Authority's policy limits investments to instruments specified in Section 26-40 of the *Code of Virginia*.

Interest rate risk:

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates. The Authority does not have a formal policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The operating funds of the Authority are by nature short-term and are not considered to have investment rate risk.

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 2. Deposits and Investments (Continued)

As of June 30, 2015, the Authority's deposits and investments consisted of the following:

Type	Fair Value	S&P Credit Rating	Weighted Average Maturity*
Deposits:			
Demand Deposits	\$ 11,740,238	N/A	N/A
Demand Deposits –Fund Balance Reserve	104,921	N/A	N/A
Cash on hand	900	N/A	N/A
Money Market – SNAP	8,213,313	AAA	N/A
Money Market	<u>13,567,018</u>	AAA	N/A
Total deposits	<u>33,626,390</u>		
Investments:			
Federal agency bonds and notes	<u>13,143,117</u>	AA+	2.79
Total deposits and investments	<u>\$ 46,769,507</u>		

*-Average maturity in years

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 2. Deposits and Investments (Continued)

Reconciliation of deposits and investments to Exhibit 1:

Cash and cash equivalents	\$ 11,234,748
Cash and cash equivalents, restricted	5,238,551
Cash and cash equivalents – non - current, restricted	17,153,091
Investments, unrestricted	13,143,117
	<hr/>
	\$ 46,769,507
	<hr/>

Restricted amounts:

Details on restricted cash and cash equivalents are as follows:

Cash held for inmates	\$ 183,092
2013 Bond fund, fiscal year 2016 payment	3,841,661
2015 Bond fund, fiscal year 2016 payment	774,819
Costs of 2015 debt issuance	10,759
Inmate canteen funds	428,220
Cash and cash equivalents – restricted	<u>\$ 5,238,551</u>
Construction fund	\$ 1,880,914
Operating reserve	7,849,366
Repair and replacement reserve	309,347
Arbitrage rebate reserve	54,600
Debt service reserve fund	7,058,864
Cash and cash equivalents – non-current, restricted	<u>\$ 17,153,091</u>

Note 3. Accounts Receivable

Accounts receivable consist of the following:

Member jurisdictions	\$ 2,966,240
Commonwealth of Virginia	1,527,963
Federal agencies	150,385
Other	3,209
	<hr/>
	\$ 4,647,797
	<hr/>

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 4. Capital Assets

Capital asset activity for the operating fund for the year was as follows:

	<u>Beginning July 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending June 30</u>
Capital assets, nondepreciable				
Land	\$ 322,584	\$ -	\$ -	\$ 322,584
Total capital assets, nondepreciable	<u>322,584</u>	<u>-</u>	<u>-</u>	<u>322,584</u>
Capital assets, depreciable				
Buildings and improvements	181,482,748	36,487	-	181,519,235
Furniture and equipment	6,208,719	637,345	15,525	6,830,539
Computers	804,714	17,177	22,191	799,700
Vehicles	564,354	46,020	-	610,374
Land improvements	34,373	-	-	34,373
Total capital assets, depreciable	<u>189,094,908</u>	<u>737,029</u>	<u>37,716</u>	<u>189,794,221</u>
Less accumulated depreciation:				
Buildings and improvements	30,689,778	3,185,005	-	33,874,783
Furniture and equipment	3,757,461	479,464	15,525	4,221,400
Computers	722,589	30,884	22,191	731,282
Vehicles	445,250	37,555	-	482,805
Land improvements	4,584	2,291	-	6,875
Total accumulated depreciation	<u>35,619,662</u>	<u>3,735,199</u>	<u>37,716</u>	<u>39,317,145</u>
Total capital assets depreciable, net	<u>153,475,246</u>	<u>(2,998,170)</u>	<u>-</u>	<u>150,477,076</u>
Total capital assets, net	<u>\$ 153,797,830</u>	<u>\$ (2,998,170)</u>	<u>\$ -</u>	<u>\$ 150,799,660</u>

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 4. Capital Assets (Continued)

Capital asset activity for the canteen fund for the year was as follows:

	<u>Beginning July 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending June 30</u>
Capital assets, depreciable				
Computers	\$ 1,668	\$ -	\$ -	\$ 1,668
Equipment	-	5,153	-	5,153
Total capital assets, being depreciated	<u>1,668</u>	<u>5,153</u>	<u>-</u>	<u>6,821</u>
Less accumulated depreciation:				
Computers	1,668	-	-	1,668
Equipment	-	43	-	43
Total accumulated depreciation	<u>1,668</u>	<u>43</u>	<u>-</u>	<u>1,711</u>
Total capital assets depreciable, net	<u>-</u>	<u>5,110</u>	<u>-</u>	<u>5,110</u>
Total capital assets, net	<u>\$ -</u>	<u>\$ 5,110</u>	<u>\$ -</u>	<u>\$ 5,110</u>

Note 5. Long-Term Liabilities

Long-term liability activities for the year were as follows:

	<u>Beginning July 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending June 30</u>	<u>Due Within One Year</u>
Jail Facility Revenue Bonds	\$ 90,240,000	\$ 44,765,000	\$ 49,050,000	\$ 85,955,000	\$ 3,135,000
Issuance premiums	4,809,112	5,334,415	1,390,035	8,753,492	-
	<u>95,049,112</u>	<u>50,099,415</u>	<u>50,440,035</u>	<u>94,708,492</u>	<u>3,135,000</u>
Compensated absences	<u>1,461,517</u>	<u>1,850,064</u>	<u>2,185,264</u>	<u>1,126,317</u>	<u>525,764</u>
Total long-term liabilities	<u>\$ 96,510,629</u>	<u>\$ 51,949,479</u>	<u>\$ 52,625,299</u>	<u>\$ 95,834,809</u>	<u>\$ 3,660,764</u>

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 5. Long-Term Liabilities (Continued)

The annual requirements to amortize bond principal and related interest are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 3,135,000	\$ 3,297,801	\$ 6,432,801
2017	3,425,000	3,581,288	7,006,288
2018	3,520,000	3,475,088	6,995,088
2019	3,630,000	3,347,663	6,977,663
2020	3,780,000	3,199,463	6,979,463
2021-2025	21,600,000	13,148,753	34,748,753
2026-2030	27,335,000	7,299,303	34,634,303
2031-2033	19,530,000	1,197,308	20,727,308
	<u>\$ 85,955,000</u>	<u>\$ 38,546,667</u>	<u>\$ 124,501,667</u>

Details of long-term indebtedness are as follows:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Authorized and Issued</u>	<u>Average Interest Rate</u>	<u>Amount Outstanding</u>
Series 2015 Jail Facility Revenue Bonds	03/12/2015	07/01/2032	\$ 44,765,000	3.67%	\$ 44,765,000
Series 2013 Jail Facility Revenue Bonds	06/27/2013	07/01/2032	\$ 44,025,000	4.27%	\$ 41,190,000
					<u>\$ 85,955,000</u>

The Authority's debt agreements contain certain financial covenants with which the Authority was in compliance at June 30, 2015.

Current Year Defeasance of Debt:

In March 2015, the Authority issued \$44,765,000 in Jail Facility Refunding Revenue bonds with an average interest rate of 3.67%. These bonds were issued to refund and defease approximately \$45,850,000 in outstanding bond issuances in 2007. The net proceeds of the refunding were \$49,976,530 (including \$5,334,415 in bond premium and payment of \$122,885 in underwriting fees). The liability for the refunded bonds has been replaced with the liability from the new debt with the difference between the reacquisition price and the net carrying amount of the old debt being deferred and amortized over the life of the new debt in proportion to the stated interest due on the new debt. The outstanding principal of the defeased bonds is \$45,850,000 at June 30, 2015.

The advanced refunding reduced total debt service payments over the next 17 years by approximately \$5,007,000. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$3,595,000.

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Defined Benefit Pension Plan

Plan Description

All full-time, salaried permanent employees of the Authority, (the “Political Subdivision”) are automatically covered by VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer are paying contributions to VRS. Members are eligible to purchase prior service, based on specific criteria a defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1</p> <p>Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2</p> <p>Plan 2 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan</p> <p>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see “Eligible Members”)</p> <ul style="list-style-type: none"> • The defined benefit is based on a member’s age, creditable service, and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

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RIVERSIDE REGIONAL JAIL AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 6. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS		
Eligible Members	Eligible Members	Eligible Members
<p>Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election</p> <p>VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election</p> <p>Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p>*Non-Eligible Members</p> <p>Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>

RIVERSIDE REGIONAL JAIL AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 6. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS		
Retirement Contributions	Retirement Contributions	Retirement Contributions
<p>Employees contribute 5.00% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5.00% member contribution but all employees will be paying the full 5.00% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Employees contribute 5.00% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5.00% member contribution but all employees will be paying the full 5.00% by July 1, 2016.</p>	<p>A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS		
<p>Creditable Service</p> <p>Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service</p> <p>Same as Plan 1.</p>	<p>Creditable Service</p> <p><u>Defined Benefit Component:</u></p> <p>Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contributions Component:</u></p> <p>Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS		
<p>Vesting</p> <p>Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting</p> <p>Same as Plan 1.</p>	<p>Vesting</p> <p><u>Defined Benefit Component:</u></p> <p>Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u></p> <p>Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p>

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS		
		<p>Vesting (Continued)</p> <p><u>Defined Contributions Component: (Continued)</u></p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit</p> <p>The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier, and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit</p> <p>See definition under Plan 1.</p>	<p>Calculating the Benefit</p> <p><u>Defined Benefit Component:</u></p> <p>See definition under Plan 1.</p> <p><u>Defined Contribution Component:</u></p> <p>The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS		
<p>Average Final Compensation</p> <p>A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation</p> <p>A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation</p> <p>Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier</p> <p>VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier</p> <p>VRS: Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased, or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier</p> <p><u>Defined Benefit Component:</u></p> <p>VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u></p> <p>Not applicable.</p>

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS		
<p>Normal Retirement Age</p> <p>VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age</p> <p>VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age</p> <p><u>Defined Benefit Component:</u></p> <p>VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u></p> <p>Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility</p> <p>VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility</p> <p>VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility</p> <p><u>Defined Benefit Component:</u></p> <p>VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u></p> <p>Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 6. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS		
<p>Earliest Reduced Retirement Eligibility</p> <p>VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility</p> <p>VRS: Age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility</p> <p><u>Defined Benefit Component:</u></p> <p>VRS: Age Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u></p> <p>Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 3.00% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4.00%) up to a maximum COLA of 5.00%.</p> <p><u>Eligibility:</u></p> <p>For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 2.00% increase in the CPI-U and half of any additional increase (up to 2.00%), for a maximum COLA of 3.00%.</p> <p><u>Eligibility:</u></p> <p>Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p><u>Defined Benefit Component:</u></p> <p>Same as Plan 2.</p> <p><u>Defined Contribution Component:</u></p> <p>Not applicable.</p> <p><u>Eligibility:</u></p> <p>Same as Plan 1 and Plan 2.</p>

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS		
<p>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</p> <p><u>Exceptions to COLA Effective Dates:</u> (Continued)</p> <ul style="list-style-type: none"> • The member dies in service and the member’s survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 		
<p>Disability Coverage</p> <p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage</p> <p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased, or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage</p> <p>Employees of political subdivisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>

RIVERSIDE REGIONAL JAIL AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 6. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS		
<p>Purchase of Prior Service</p> <p>Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service</p> <p>Same as Plan 1.</p>	<p>Purchase of Prior Service</p> <p><u>Defined Benefit Component:</u></p> <p>Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4.00% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. <p><u>Defined Contribution Component:</u></p> <p>Not applicable.</p>

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Defined Benefit Pension Plan (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	37
Inactive members:	
Vested inactive members	50
Non-vested inactive members	312
Inactive members active elsewhere in VRS	<u>135</u>
Total inactive members	497
Active members	<u>339</u>
Total covered employees	<u><u>873</u></u>

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The political subdivision's contractually required contribution rate for the year ended June 30, 2015 was 9.16% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were \$1,437,084 and \$1,356,380 for the years ended June 30, 2015 and June 30, 2014, respectively.

RIVERSIDE REGIONAL JAIL AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 6. Defined Benefit Pension Plan (Continued)

Net Pension Asset

The political subdivision's net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.50%
Salary increases, including inflation	3.50 – 5.35%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.00%. However, since the difference was minimal, and a more conservative 7.00% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.00% to simplify preparation of pension liabilities.

Mortality rates: 14% of deaths are assumed to be service related.

Largest 10 – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions – General Employees (Continued)

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

All Others (Non 10 Largest) – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions – Public Safety Employees

The total pension liability for Public Safety employees in the Political Subdivision Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.50%
Salary increases, including inflation	3.50 – 4.75%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.00%. However, since the difference was minimal, and a more conservative 7.00% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.00% to simplify preparation of pension liabilities.

Mortality rates: 60% of deaths are assumed to be service related.

Largest 10 – LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions – Public Safety Employees (Continued)

All Others (Non 10 Largest) – LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 –LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Defined Benefit Pension Plan (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
U.S. Equity	19.50 %	6.46 %	1.26 %
Developed Non U.S. Equity	16.50 %	6.28 %	1.04 %
Emerging Market Equity	6.00 %	10.00 %	0.60 %
Fixed Income	15.00 %	0.09 %	0.01 %
Emerging Debt	3.00 %	3.51 %	0.11 %
Rate Sensitive Credit	4.50 %	3.51 %	0.16 %
Non Rate Sensitive Credit	4.50 %	5.00 %	0.23 %
Convertibles	3.00 %	4.81 %	0.14 %
Public Real Estate	2.25 %	6.12 %	0.14 %
Private Real Estate	12.75 %	7.10 %	0.91 %
Private Equity	12.00 %	10.41 %	1.25 %
Cash	1.00 %	(1.50)%	(0.02)%
Total	100.00 %		<u>5.83 %</u>
	Inflation		<u>2.50 %</u>
	* Expected arithmetic nominal return		<u>8.33 %</u>

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

RIVERSIDE REGIONAL JAIL AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 6. Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Political Subdivision Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances at June 30, 2013	\$ 28,960,947	\$ 29,707,704	\$ (746,757)
Changes for the year:			
Service cost	1,970,573	-	1,970,573
Interest	2,008,571	-	2,008,571
Contributions – employer	-	1,356,380	(1,356,380)
Contributions – employee	-	668,321	(668,321)
Net investment income	-	4,815,572	(4,815,572)
Benefit payments, including refunds of employee contributions	(534,137)	(534,137)	-
Administrative expenses	-	(24,447)	24,447
Other changes	-	253	(253)
Net changes	3,445,007	6,281,942	(2,836,935)
Balances at June 30, 2014	\$ 32,405,954	\$ 35,989,646	\$ (3,583,692)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Defined Benefit Pension Plan (Continued)

Sensitivity of the Net Pension Asset to Changes in the Discount Rate

The following presents the net pension asset of the political subdivision using the discount rate of 7.00%, as well as what the political subdivision's net pension asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Political subdivision's net pension liability (asset)	\$ 1,999,796	\$ (3,583,692)	\$ (8,108,444)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the political subdivision recognized pension expense of \$667,213. At June 30, 2015, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 2,147,768
Employer contributions subsequent to the measurement date	1,437,084	-
Total	\$ 1,437,084	\$ 2,147,768

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 6. Defined Benefit Pension Plan (Continued)

The Authority reported as deferred outflows of resources related to pensions resulting from the Political Subdivision's contributions subsequent to the measurement date will be recognized as an increase of the Net Pension Asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Reduction to Pension Expense
2016	\$ (536,942)
2017	(536,942)
2018	(536,942)
2019	(536,942)
Thereafter	-

Note 7. 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.

Note 8. Risk Management

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

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, 2015 or claims not covered by existing policies.

Claims have not exceeded coverage for the last three fiscal years.

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 9. Restatement of Net Position

In the current year the Authority adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27, as amended by GASB Statement No. 71*. This standard replaces the requirements of GASB Statements No. 27 and No. 50 as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. The new Statement requires governments providing defined benefit pensions to recognize the long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information, including disclosing descriptive information about the types of benefits provided, how contributions to the pension plan are determined, and assumptions and methods used to calculate the pension liability. Comparative prior year information, to the extent presented, has not been restated because the necessary information is not available.

The following is a summary of the restatements to fund balance and net position, as applicable, resulting from the adoption of GASB Statement No. 68:

	Operating	Canteen
Fund Net position, July 1, 2014, as previously restated	\$ 105,385,359	\$ 402,387
Recognition of pension related asset and and deferred outflows of resources	2,075,577	27,560
Fund Net position, July 1, 2014, as restated	\$ 107,460,936	\$ 429,947

Note 10. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective.

GASB Statement No. 72, *Fair Value Measurement and Application* addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement will be effective for the year ending June 30, 2016.

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 10. New Accounting Standards (Continued)

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pensions* improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ending June 30, 2017.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ending June 30, 2018.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* identifies—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement will be effective for the year ending June 30, 2016 and should be applied retroactively. Earlier application is permitted.

Management is aware of these standards, however has not yet incorporated these changes into the accounting records and financial statements.

RIVERSIDE REGIONAL JAIL AUTHORITY

EXHIBIT 4

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
FOR YEAR ENDED JUNE 30, 2015

Total Pension Liability	
Service cost	\$ 1,970,573
Interest on total pension liability	2,008,571
Benefit payments, including refunds of employee contributions	<u>(534,137)</u>
Net change in total pension liability	3,445,007
Total pension liability - beginning	<u>28,960,947</u>
Total pension liability - ending	<u><u>\$ 32,405,954</u></u>
 Plan Fiduciary Net Position	
Contributions - employer	\$ 1,356,380
Contributions - employee	668,321
Net investment income	4,815,572
Benefit payments, including refunds of employee contributions	(534,137)
Administrative expenses	(24,447)
Other changes	<u>253</u>
Net change in plan fiduciary net position	6,281,942
Plan fiduciary net position - beginning	<u>29,707,704</u>
Plan fiduciary net position - ending	<u><u>\$ 35,989,646</u></u>
 Net pension liability (asset) - ending	 <u><u>\$ (3,583,692)</u></u>
 Plan fiduciary net position as a percentage of total pension asset	 <u><u>111%</u></u>
 Covered employee payroll	 <u><u>\$ 14,017,010</u></u>
 Net pension asset as a percentage of covered employee payroll	 <u><u>26%</u></u>

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

RIVERSIDE REGIONAL JAIL AUTHORITY

EXHIBIT 5

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PENSION CONTRIBUTIONS

June 30, 2015

Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 1,437,084	\$ 1,437,084	\$ -	\$ 14,017,010	10.25%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

**REQUIRED SUPPLEMENTARY
INFORMATION**

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2015

Note 1. Changes of Benefit Terms

There have been no significant changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012 (fiscal year 2014 for the teacher cost sharing pool). The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013, and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

Note 2. Changes of Assumptions

The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 –LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

Teacher cost-sharing pool

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

STATISTICAL SECTION

This part 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 financial health.

Financial Trends

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

Tables 1-2

Revenue Capacity

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

Tables 3 - 4

Debt Capacity

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

Table 5

Demographic and Economic Information

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

Table 6

Operating Information

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

Table 7

Other Information

These tables present a summary of capital assets and related accumulated depreciation, by category and insurance coverage in force separated by type and insurance company, outstanding debt by type, region principle employers and demographic and economic statistics.

Tables 8 - 12

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

TABLE 1

**RIVERSIDE REGIONAL JAIL AUTHORITY
NET POSITION BY COMPONENT**

Last Ten Fiscal Years	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Net investment in capital assets	\$ 61,778,237	\$ 60,702,234	\$* 66,463,717	\$ 65,847,316	\$ 66,809,229	\$ 19,218,446	\$ 20,883,322	\$ 13,255,361	\$ 23,042,051	\$ 20,896,098
Restricted	20,274,448	19,757,014	15,596,539	20,096,513	20,354,400	71,523,261	23,929,384	28,973,307	14,822,297	22,090,891
Unrestricted	27,987,079	** 25,328,498	* 19,820,836	17,119,171	13,491,881	11,986,242	19,229,219	14,341,180	14,382,714	7,979,429
Total Net Position	\$ 110,039,764	\$ 105,787,746	\$ 101,881,092	\$ 103,063,000	\$ 100,655,510	\$ 102,727,949	\$ 64,041,925	\$ 56,569,848	\$ 52,247,062	\$ 50,966,418

* Restated for implementation of GASB Statement No. 65

** GASB Statement No. 68 was adopted in fiscal year 2015.

TABLE 2

RIVERSIDE REGIONAL JAIL AUTHORITY
CHANGES IN NET POSITION

Last Ten Fiscal Years	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Operating revenues										
Charges for services- inmate housing	\$ 23,959,544	\$ 25,721,049	\$ 23,256,688	\$ 23,155,970	\$ 22,692,000	\$ 19,640,607	\$ 19,132,352	\$ 20,781,683	\$ 19,499,515	\$ 18,688,456
State Compensation Board	13,235,682	13,385,391	12,726,338	12,735,177	12,493,133	10,710,641	7,078,241	9,433,856	8,684,980	8,174,818
Federal Grants passed through the Commonwealth of Virginia										
Reimbursements	-	-	-	-	-	616,930	2,756,813	-	-	-
Per diems, net of recoveries	-	-	-	-	-	-	658,415	-	-	-
Work Release	277,182	243,207	294,850	225,927	105,214	164,329	157,655	183,377	164,234	237,000
Canteen sales- net 2006-2010, gross 2011-2015	1,417,313	1,545,388	1,357,162	1,096,987	1,018,362	417,026	415,649	440,090	475,637	411,016
Nonoperating revenues										
Interest Revenue	38,903	346,856	572,409	569,367	562,790	783,887	3,225,177	4,944,678	1,753,238	1,622,327
Miscellaneous income	254,833	94,182	199,255	132,127	292,306	340,703	113,059	99,617	54,149	71,769
Telephone Commissions	465,335	614,442	633,036	488,040	467,910	411,611	375,404	411,248	326,296	318,532
Daily incarceration fees	268,371	278,045	262,236	250,911	246,560	252,159	229,165	231,172	225,660	216,635
RSAT grant revenue	-	-	-	-	-	-	65,996	64,921	59,454	60,597
Commonwealth of Virginia reimbursements	-	-	-	-	-	-	5,420,483	-	-	-
Total revenues	39,917,163	42,228,560	39,301,974	38,654,506	37,878,275	33,337,893	39,628,409	36,590,642	31,243,163	29,801,150
Operating expenses										
Salaries and Wages	13,948,873	13,642,700	13,758,502	13,722,458	14,358,464	14,381,868	13,214,293	12,546,749	11,751,202	10,779,381
Fringe Benefits	3,976,992	4,671,817	4,426,271	4,650,730	5,028,687	4,626,749	3,904,974	3,836,145	3,774,622	3,312,251
Contractual services	1,433,461	1,390,918	1,268,453	1,100,609	955,665	535,817	488,118	616,276	525,938	486,836
Materials and supplies	468,785	551,661	456,643	584,612	273,247	564,042	471,884	557,319	508,234	454,554
Medical services and supplies	5,590,650	5,439,134	5,326,272	2,482,628	1,806,588	2,056,299	1,921,576	1,923,598	1,474,246	1,429,458
Food service and supplies	1,521,714	1,509,434	1,400,026	1,549,234	1,957,951	1,876,909	1,770,483	1,675,318	1,460,300	1,335,469
Repairs and maintenance	891,359	979,798	688,519	713,627	678,346	745,300	768,513	588,955	570,130	645,811
Utilities	2,097,263	2,060,824	2,094,137	2,267,726	2,245,263	1,984,911	1,731,210	1,630,270	1,589,137	1,388,745
Depreciation	3,735,242	3,675,804	3,508,674	3,311,249	3,330,194	2,139,853	1,737,811	1,677,926	1,697,476	1,698,046
Other	586,905	589,150	496,778	384,897	414,759	647,093	616,867	718,258	449,097	510,743
Nonoperating expenses										
Interest expense	3,133,852	3,810,666	5,314,288	5,479,246	5,639,475	4,476,650	3,587,244	3,764,301	3,800,698	3,892,898
Bond issuance expense	383,186	-	-	-	-	-	-	-	-	-
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
Total expenses	37,768,282	38,321,906	38,738,563	36,247,016	39,950,714	35,058,141	32,156,332	32,267,856	29,962,519	27,116,861
Change in net position	2,148,881	3,906,654	563,411	2,407,490	(2,072,439)	(1,720,248)	7,472,077	4,322,786	1,280,644	2,684,289
Beginning net position	** 107,890,883	101,881,092	* 101,881,092	100,655,510	102,727,949	64,041,925	56,569,848	52,247,062	50,966,418	48,282,129
Contributed capital- Commonwealth of Virginia	-	-	-	-	-	40,406,272	-	-	-	-
Ending net position	\$ 110,039,764	\$ 105,787,746	\$ 103,626,411	\$ 103,063,000	\$ 100,655,510	\$ 102,727,949	\$ 64,041,925	\$ 56,569,848	\$ 52,247,062	\$ 50,966,418

* Restated for implementation of GASB Statement No. 65

** Restated for implementation of GASB Statement No. 68

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
2015	\$ 238,760	\$ 10,847,280	\$ 2,295,800	\$ 2,637,640	\$ 1,512,960	\$ 1,845,360	\$ 208,880	\$ 19,586,680
2014	\$ 335,200	\$ 11,618,200	\$ 2,607,600	\$ 2,622,640	\$ 1,139,440	\$ 2,139,960	\$ 223,840	\$ 20,686,880
2013	\$ 346,640	\$ 10,231,560	\$ 2,397,560	\$ 2,605,640	\$ 1,409,400	\$ 1,907,480	\$ 250,880	\$ 19,149,160
2012	\$ 310,240	\$ 9,630,850	\$ 2,551,320	\$ 2,224,280	\$ 2,102,440	\$ 1,940,080	\$ 206,240	\$ 18,965,450
2011	\$ 173,082	\$ 9,787,651	\$ 2,343,993	\$ 2,647,885	\$ 2,204,910	\$ 1,926,157	\$ 216,898	\$ 19,300,576
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

	Federal Inmates				
	Regional and Local Jails	Commonwealth of Virginia	Housing and Transportation	Sub-total	Total
2015	\$ 4,890	\$ 2,511,638	\$ 1,856,336	\$ 4,372,864	\$ 23,959,544
2014	\$ 4,083	\$ 3,295,919	\$ 1,734,167	\$ 5,034,169	\$ 25,721,049
2013	\$ 58,221	\$ 2,792,710	\$ 1,256,597	\$ 4,107,528	\$ 23,256,688
2012	\$ 398,060	\$ 2,883,644	\$ 908,816	\$ 4,190,520	\$ 23,155,970
2011	\$ 506,810	\$ 2,723,567	\$ 161,047	\$ 3,391,424	\$ 22,692,000
2010	\$ 120,674	\$ 3,068,106	\$ 50,357	\$ 3,239,136	\$ 19,640,607
2009	\$ 213,757	\$ 3,335,564	\$ 1,167,868	\$ 4,717,189	\$ 19,790,767
2008	\$ 246,684	\$ 3,035,620	\$ 2,273,065	\$ 5,555,369	\$ 20,781,683
2007	\$ 253,071	\$ 3,431,382	\$ 898,586	\$ 4,583,039	\$ 19,499,515
2006	\$ 743,901	\$ 3,504,198	\$ 439,131	\$ 4,687,230	\$ 18,688,456

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

TABLE 4

RIVERSIDE REGIONAL JAIL AUTHORITY
REVENUES AND BILLED DAYS - BY CUSTOMER

Years Ended June 30, 2015 and 2014 and Nine Years Ago

Fiscal Year 2015

<u>Customer</u>	<u>2015 Revenue</u>	<u>Per Diem Rate</u>	<u>Inmate Days Billed</u>
Charles City County	\$ 238,760	\$ 40	5,969
Chesterfield County	10,847,280	\$ 40	271,261
City of Hopewell	2,295,800	\$ 40	57,456
City of Colonial Heights	2,637,640	\$ 40	65,922
City of Petersburg	1,512,960	\$ 40	37,763
Prince George County	1,845,360	\$ 40	46,074
Surry County	208,880	\$ 40	5,222
Regional and Local Jails	4,890	Various	111
Commonwealth of Virginia (b)	2,511,638	Various	N/A
Federal Inmates - Housing	1,856,336	Various	27,137
Federal Inmates - Transportation	-	N/A	N/A
Total	<u>\$ 23,959,544</u>		<u>516,915</u>

Fiscal Year 2014

<u>Customer</u>	<u>2014 Revenue</u>	<u>Per Diem Rate</u>	<u>Inmate Days Billed</u>
Charles City County	\$ 335,200	\$ 40	8,380
Chesterfield County	11,618,200	\$ 40	290,455
City of Hopewell	2,607,600	\$ 40	65,190
City of Colonial Heights	2,622,640	\$ 40	65,566
City of Petersburg	1,139,440	\$ 40	28,486
Prince George County	2,139,960	\$ 40	53,499
Surry County	223,840	\$ 40	5,596
Regional and Local Jails	4,083	Various	95
Commonwealth of Virginia (b)	3,295,919	Various	N/A
Federal Inmates - Housing	1,734,167	Various	25,768
Federal Inmates - Transportation	-	N/A	N/A
Total	<u>\$ 25,721,049</u>		<u>543,035</u>

Fiscal Year 2006

<u>Customer</u>	<u>2006 Revenue</u>	<u>Per Diem Rate</u>	<u>Inmate Days Billed</u>
Charles City County	\$ 411,625	\$ 37	11,125
Chesterfield County	7,105,813	\$ 37	192,049
City of Hopewell	2,009,211	\$ 37	54,303
City of Colonial Heights	1,591,407	\$ 37	43,011
City of Petersburg	1,591,221	\$ 37	43,006
Prince George County	1,099,401	\$ 37	29,714
Surry County	192,548	\$ 37	5,204
Regional and Local Jails	743,901	\$ 43	17,300
Commonwealth of Virginia (b)	3,504,198	Various	N/A
Federal Inmates - Housing	435,122	\$ 66	6,557
Federal Inmates - Transportation	4,009	N/A	N/A
Total	<u>\$ 18,688,456</u>		<u>402,269</u>

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

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

N/A - Not Applicable

TABLE 5

RIVERSIDE REGIONAL JAIL AUTHORITY
REVENUE BOND COVERAGE

Last Ten Fiscal Years

Fiscal Year	Operating and Nonoperating Revenues ⁽¹⁾	Operating Expense ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements ⁽³⁾			Bond Coverage
				Principal	Interest	Total	
2015	\$ 40,280,934	\$ 29,059,687	\$ 11,221,247	\$ 3,385,000	\$ 3,850,826	\$ 7,235,826	155.08%
2014	\$ 40,393,713	\$ 29,229,276	\$ 11,164,437	\$ 3,200,000	\$ 3,855,725	\$ 7,055,725	158.23%
2013	\$ 37,438,039	\$ 28,896,317	\$ 8,541,722	\$ 2,980,000	\$ 4,092,071	\$ 7,072,071	120.78%
2012	\$ 37,041,831	\$ 26,301,140	\$ 10,740,691	\$ 2,845,000	\$ 4,230,101	\$ 7,075,101	151.81%
2011	\$ 36,336,948	\$ 26,801,097	\$ 9,535,851	\$ 2,710,000	\$ 4,377,935	\$ 7,087,935	134.54%
2010	\$ 32,203,031	\$ 27,592,451	\$ 4,610,580	\$ 2,305,000	\$ 2,410,563	\$ 4,715,563	97.77%
2009	\$ 30,852,101	\$ 25,118,271	\$ 5,733,830	\$ 2,235,000	\$ 1,988,735	\$ 4,223,735	135.75%
2008	\$ 35,288,647	\$ 23,697,261	\$ 11,591,386	\$ 2,125,000	\$ 2,502,227	\$ 4,627,227	250.50%
2007	\$ 30,023,667	\$ 21,642,749	\$ 8,380,918	\$ 1,815,000	\$ 2,558,689	\$ 4,373,689	191.62%
2006	\$ 28,686,326	\$ 19,804,697	\$ 8,881,629	\$ 1,730,000	\$ 2,682,590	\$ 4,412,590	201.28%

(1) Nonoperating revenues include payments from vendor contracts and exclude interest income on bond accounts.

(2) Operating expenses exclude depreciation, interest expense, bond 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

Average Daily Population											
Fiscal Year	Charles City County	Chesterfield County	City of Hopewell	City of Colonial Heights	City of Petersburg	Prince George County	Surry County	Regional and Local Jails	Federal Inmates		Total
									Housing and Transportation	Jail Contract Beds (1)	
2015	16.36	742.69	157.36	180.56	103.46	126.14	14.28	0.30	74.41	45.84	1,461.40
2014	22.93	796.25	178.56	179.62	78.08	146.64	15.33	0.39	70.70	38.31	1,526.81
2013	23.76	701.19	164.27	178.57	96.45	130.61	17.17	4.31	52.37	52.61	1,421.31
2012	21.22	657.93	174.30	151.94	143.59	132.56	14.11	29.69	35.90	38.23	1,399.47
2011	10.76	602.33	145.12	162.92	135.77	117.41	13.15	37.73	6.71	30.57	1,262.47
2010	29.70	613.00	152.80	184.60	125.10	100.00	9.50	9.20	2.00	26.97	1,252.87
2009	29.29	531.14	156.30	169.82	137.65	79.73	12.34	14.13	47.83	28.07	1,206.30
2008	22.27	539.17	171.40	155.38	142.24	83.23	10.72	15.95	93.50	20.90	1,254.76
2007	21.35	564.45	161.03	123.79	139.26	82.18	12.44	16.44	36.89	8.75	1,166.58
2006	30.64	526.17	148.77	117.84	117.24	81.38	14.28	47.60	17.99	26.07	1,127.98

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

Table 7

RIVERSIDE REGIONAL JAIL AUTHORITY
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Fiscal Year	Jail Operations Sworn	Civilian	Total
2015	299	61	360
2014	290	57	347
2013	277	59	336
2012	283	78	361
2011	269	100	369
2010	299	99	398
2009	232	116	348
2008	219	127	346
2007	208	122	330
2006	204	112	316

TABLE 8

**RIVERSIDE REGIONAL JAIL AUTHORITY
CAPITAL ASSETS**

Last Ten Fiscal Years	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Operating Fund										
Nondepreciable capital assets										
Land	\$ 322,584	\$ 322,584	\$ 322,584	\$ 322,584	\$ 322,584	\$ 322,584	\$ 322,584	\$ 322,584	\$ 322,584	\$ 322,584
Construction in progress	-	-	-	-	-	-	75,450,252	23,454,973	12,527,255	1,489,756
Depreciable capital assets										
Buildings	181,519,235	181,482,748	181,383,359	178,620,415	178,620,416	178,620,416	92,501,315	92,494,284	81,351,416	81,351,416
Furniture and equipment	6,830,539	6,208,719	5,516,234	4,744,669	4,694,812	4,637,719	3,141,597	3,044,437	2,846,016	2,801,062
Computers	799,700	804,714	736,838	715,909	715,909	715,909	670,415	670,415	664,368	664,728
Vehicles	610,374	564,354	519,787	481,713	483,222	483,222	483,222	442,415	442,415	459,588
Land improvements	34,373	34,373	34,373	1,501						
Total capital assets	190,116,805	189,417,492	188,513,175	184,886,791	184,836,943	184,779,850	172,569,385	120,429,108	98,154,054	87,089,134
Less accumulated depreciation										
Buildings	33,874,783	30,689,778	27,509,871	24,360,942	21,370,295	18,379,647	16,465,489	14,910,168	13,432,338	12,062,841
Furniture and equipment	4,221,399	3,757,461	3,363,632	3,051,758	2,788,284	2,501,771	2,322,995	2,185,977	2,033,935	1,779,703
Computers	731,282	722,589	705,953	703,056	687,018	670,980	662,651	656,096	648,336	638,986
Vehicles	482,806	445,250	408,568	425,421	443,259	409,080	370,910	334,676	298,739	320,698
Land improvements	6,875	4,584	2,292							
Accumulated depreciation	39,317,145	35,619,662	31,990,316	28,541,177	25,288,856	21,961,478	19,822,045	18,086,917	16,413,348	14,802,228
Net capital assets	\$ 150,799,660	\$ 153,797,830	\$ 156,522,859	\$ 156,345,614	\$ 159,548,087	\$ 162,818,372	\$ 152,747,340	\$ 102,342,191	\$ 81,740,706	\$ 72,286,906
Canteen Fund										
Depreciable capital assets										
Furniture and equipment	5,153	-	-	-	-	-	-	-	-	2,663
Computers	1,668	1,668	22,278	22,278	22,278	22,278	22,278	22,278	22,278	22,278
Total capital assets	6,821	1,668	22,278	22,278	22,278	22,278	22,278	22,278	22,278	24,941
Less accumulated depreciation										
Furniture and equipment	43	-	-	-	-	-	-	-	-	1,997
Computers	1,668	1,668	22,278	22,278	22,278	22,278	22,278	22,278	22,278	21,834
Accumulated depreciation	1,711	1,668	22,278	22,278	22,278	22,278	22,278	22,278	22,278	23,831
Net capital assets	5,110	-	-	1,110						
Total net capital assets	\$ 150,804,770	\$ 153,797,830	\$ 156,522,859	\$ 156,345,614	\$ 159,548,087	\$ 162,818,372	\$ 152,747,340	\$ 102,342,191	\$ 81,740,706	\$ 72,288,016

Table 9

**RIVERSIDE REGIONAL JAIL AUTHORITY
SCHEDULE OF INSURANCE IN FORCE**

Insurance Coverage	Insurance Company	Expiration Date	Coverage Amount	Deductible
Building and Personal Property	Virginia Municipal Liability Pool	7/01/2015	\$ 232,504,657	\$ 5,000
Earthquake	Virginia Municipal Liability Pool	7/01/2015	\$ 10,000,000	\$ 25,000
Flood	Virginia Municipal Liability Pool	7/01/2015	\$ 10,000,000	\$ 25,000
Business Auto	Virginia Municipal Liability Pool	7/01/2015	\$ 1,000,000	1000/1000
Schedule Equipment (Tractor)	Virginia Municipal Liability Pool	7/01/2015	\$ 204,050	\$ 5,000
Boiler and Machinery	Virginia Municipal Liability Pool	7/01/2015	\$ 20,000,000	\$ 1,000
Business Interruption and Extra Expense	Virginia Municipal Liability Pool	7/01/2015	\$ 18,000,000	\$ 5,000
Local Government & Excess Liability Coverage	Virginia Municipal Liability Pool	7/01/2015	\$ 2,000,000	N/A
Workers' Compensation	Virginia Municipal Liability Pool	7/01/2015	Required statutory limit	
Line of Duty	Virginia Municipal Liability Pool	7/01/2015	Required statutory limit	
Faithful Performance of Duty Bond *	Commonwealth of Virginia - Division of Risk Management	Continuous	500,000	N/A
Constitutional Officer General Liability *	Commonwealth of Virginia - Division of Risk Management	Continuous	1,000,000	N/A

N/A - Not Applicable

* Provided by the Commonwealth of Virginia

TABLE 10

**RIVERSIDE REGIONAL JAIL AUTHORITY
SCHEDULE OF OUTSTANDING DEBT BY TYPE**

Last Ten Fiscal Years	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Series 2015 Jail Facility Revenue Bonds	\$ 50,099,415	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Series 2013 Jail Facility Revenue Bonds	44,609,077	47,986,559	44,025,000	-	-	-	-	-	-	-
Series 2007 Jail Facility Revenue Bonds	-	47,062,553	46,555,000	46,895,000	47,220,000	89,130,000	89,130,000	89,130,000	-	-
Series 2003 Jail Facility Revenue Bonds	-	-	-	53,230,000	55,615,000	57,920,000	60,155,000	60,665,000	60,945,000	61,220,000
Series 1995 Jail Facility Revenue Bonds	-	-	-	-	-	-	-	1,615,000	3,150,000	4,605,000
Total debt by type	\$ 94,708,492	\$ 95,049,112	\$ 90,580,000	\$ 100,125,000	\$ 102,835,000	\$ 147,050,000	\$ 149,285,000	\$ 151,410,000	\$ 64,095,000	\$ 65,825,000

Source: Comprehensive Annual Financial Reports

**RIVERSIDE REGIONAL JAIL AUTHORITY
CRATER PLANNING REGION PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

Employer	Calendar Year 2014*	Calendar Year 2004*
	Rank	Rank
Chesterfield County School Board	1	1
U.S Department of Defense	2	2
Integrity Staffing Solutions	3	-
County of Chesterfield	4	4
Wal-mart	5	3
Amazon.com KYDC Inc	6	-
HCA Virginia Health System	7	6
E.I. DuPont De Nemours Company	8	5
U.P.S.	9	7
Food Lion	10	10

*Final Quarter data for most recent calendar year (2014 and 2004)

**The Virginia Employment Commission does not disclose the actual number of employees, due to the Confidential Information Protection and Statistical Efficiency Act - Title V of Public Law 107-347. All Employers have over 1,000 individuals employed.

Source: Virginia Employment Commission

RIVERSIDE REGIONAL JAIL AUTHORITY
DEMOGRAPHIC AND ECONOMIC STATISTICS - LAST TEN CALENDAR YEARS BY MEMBER JURISDICTION

Jurisdiction	Year	Population	Household Income	Per Capita Personal Income	Unemployment Rate
Charles City County	2014 *	7,023	\$ 48,758	\$ 32,411	5.40%
	2013	7,106	\$ 48,428	\$ 32,205	4.50%
	2012	7,157	\$ 48,208	\$ 30,265	7.00%
	2011	7,241	\$ 47,093	\$ 32,500	7.60%
	2010	7,271	\$ 46,337	\$ 31,576	8.90%
	2009	7,217	\$ 49,747	\$ 33,028	10.20%
	2008 *	7,212	\$ 49,417	\$ 32,822	6.20%
	2007 *	7,130	\$ 49,087	\$ 32,616	5.20%
	2006 *	7,116	\$ 48,757	\$ 32,410	4.30%
	2005 *	7,041	\$ 48,427	\$ 32,204	4.40%

Jurisdiction	Year	Population	Household Income	Per Capita Personal Income	Unemployment Rate
City of Colonial Heights	2014 *	17,731	\$ 51,110	\$ 34,946	4.60%
	2013	17,481	\$ 50,835	\$ 34,439	5.30%
	2012	17,426	\$ 51,612	\$ 33,836	6.10%
	2011	17,439	\$ 51,396	\$ 35,651	6.70%
	2010	17,472	\$ 50,571	\$ 31,921	7.10%
	2009	17,823	\$ 49,734	\$ 32,411	8.70%
	2008 *	17,768	\$ 49,459	\$ 31,904	5.40%
	2007 *	17,756	\$ 49,184	\$ 31,397	3.60%
	2006 *	17,784	\$ 48,909	\$ 30,890	2.39%
	2005 *	17,516	\$ 48,634	\$ 30,383	3.70%

Jurisdiction	Year	Population	Household Income	Per Capita Personal Income	Unemployment Rate
Chesterfield County	2014	332,499	\$ 72,878	\$ 42,205	5.60%
	2013	327,745	\$ 66,881	\$ 40,507	6.70%
	2012	323,856	\$ 70,243	\$ 44,509	7.80%
	2011	320,346	\$ 71,110	\$ 41,617	6.20%
	2010	317,102	\$ 69,149	\$ 37,657	6.80%
	2009	306,670	\$ 69,922	\$ 38,607	7.20%
	2008	303,852	\$ 71,148	\$ 43,490	4.70%
	2007	299,689	\$ 69,409	\$ 46,250	2.90%
	2006	293,361	\$ 67,570	\$ 42,085	2.70%
	2005	284,956	\$ 66,659	\$ 41,399	3.40%

Jurisdiction	Year	Population	Household Income	Per Capita Personal Income	Unemployment Rate
City of Hopewell	2014 *	22,196	\$ 38,173	\$ 27,583	7.00%
	2013	22,346	\$ 37,933	\$ 27,204	7.70%
	2012	22,492	\$ 37,029	\$ 26,780	7.70%
	2011	22,562	\$ 36,477	\$ 26,619	9.00%
	2010	22,562	\$ 37,789	\$ 26,584	10.80%
	2009	23,137	\$ 38,892	\$ 25,689	10.50%
	2008 *	23,142	\$ 38,652	\$ 25,310	7.60%
	2007 *	23,066	\$ 38,412	\$ 24,931	5.10%
	2006 *	22,727	\$ 38,172	\$ 24,552	4.20%
	2005 *	22,514	\$ 37,932	\$ 24,173	4.80%

Jurisdiction	Year	Population	Household Income	Per Capita Personal Income	Unemployment Rate
City of Petersburg	2014 *	32,701	\$ 35,092	\$ 26,003	8.80%
	2013	32,593	\$ 34,424	\$ 25,335	8.40%
	2012	32,167	\$ 35,126	\$ 24,167	9.60%
	2011	32,159	\$ 36,289	\$ 26,479	10.80%
	2010	32,527	\$ 36,449	\$ 26,255	11.60%
	2009	32,986	\$ 35,874	\$ 26,003	14.00%
	2008 *	32,916	\$ 35,511	\$ 25,335	9.50%
	2007 *	32,907	\$ 35,149	\$ 24,667	6.40%
	2006 *	32,698	\$ 34,786	\$ 23,999	5.30%
	2005 *	32,387	\$ 34,424	\$ 23,331	6.50%

Jurisdiction	Year	Population	Household Income	Per Capita Personal Income	Unemployment Rate
Surry County	2014 *	6,790	\$ 48,799	\$ 32,906	5.34%
	2013	6,765	\$ 47,292	\$ 31,995	6.70%
	2012	6,821	\$ 52,955	\$ 30,901	6.90%
	2011	6,936	\$ 53,505	\$ 26,103	8.40%
	2010	7,064	\$ 55,030	\$ 26,161	8.50%
	2009	7,088	\$ 53,320	\$ 28,350	8.00%
	2008 *	7,128	\$ 51,813	\$ 27,439	5.50%
	2007 *	7,084	\$ 50,306	\$ 26,528	3.90%
	2006 *	7,000	\$ 48,799	\$ 25,617	3.00%
	2005 *	6,882	\$ 47,292	\$ 24,706	5.00%

Jurisdiction	Year	Population	Household Income	Per Capita Personal Income	Unemployment Rate
Prince George County	2014 *	37,333	\$ 63,551	\$ 38,870	5.20%
	2013	36,462	\$ 63,074	\$ 38,141	4.39%
	2012	36,013	\$ 63,031	\$ 37,272	6.60%
	2011	35,520	\$ 62,924	\$ 36,730	8.50%
	2010	35,129	\$ 64,171	\$ 34,835	7.40%
	2009	37,116	\$ 66,049	\$ 41,057	7.30%
	2008 *	36,089	\$ 65,305	\$ 40,328	5.00%
	2007 *	35,848	\$ 64,561	\$ 39,599	3.80%
	2006 *	35,941	\$ 63,817	\$ 38,870	2.80%
	2005 *	36,327	\$ 63,073	\$ 38,141	3.10%

Data Source: U.S. Department of Commerce, United States Census Bureau

*US Census information not available for this time period, averages of yearly increase were utilized

COMPLIANCE SECTION

INDEPENDENT AUDITOR’S 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

To the Board of Directors
Riverside Regional Jail Authority
Hopewell, Virginia

We have audited, 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 *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the business-type activities and each major fund of the Riverside Regional Jail Authority (the “Authority”), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated November 6, 2015.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.**

Purpose of this Report

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

Brown, Edwards & Company, S. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
November 6, 2015

RIVERSIDE REGIONAL JAIL AUTHORITY

SUMMARY OF COMPLIANCE MATTERS

June 30, 2015

As more fully described in the Independent Auditor's 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*, we performed tests of the Authority's compliance with certain provisions of laws, regulations, contracts, and grants shown below:

STATE COMPLIANCE MATTERS

Code of Virginia:

Cash and Investment Laws

Conflicts of Interest Act

Debt Provisions

Inmate Canteen Funds

Local Retirement Systems

Procurement Laws

Uniform Disposition of Unclaimed Property Act