

# RIVERSIDE REGIONAL JAIL AUTHORITY

NORTH PRINCE GEORGE, VIRGINIA



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDING  
JUNE 30, 2016

***RIVERSIDE REGIONAL JAIL AUTHORITY***  
***COMPREHENSIVE ANNUAL FINANCIAL REPORT***

***JULY 1, 2015 THROUGH JUNE 30, 2016***



**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**

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# *Riverside Regional Jail*

Colonel Jeffery L. Newton, CJM  
Superintendent

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September 30, 2016

## **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, 2016. 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.

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*A Nationally Accredited Jail*

500 FOLAR Trail, North Prince George, Virginia 23860  
Phone: (804) 524-6600 Fax: (804) 524-6659  
[www.rrjva.org](http://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 outlook for population growth is expected to increase 4% for the member jurisdictions by 2020. The Jail Authority experienced an increase in the average daily population of inmates for fiscal year 2016. The average daily population for the member jurisdictions increased 2.07% from the previous fiscal year.

## **MAJOR INITIATIVES**

In order to demonstrate compliance in correctional facility management, the Jail Authority has undertaken a number of initiatives to ensure operations meet national standards for a local correctional facility.

- The (Main Jail) has been accredited by the American Correction Association (ACA), Adult Local Detention Standards (ALDF) for a three-year period in each of the following years: 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 received a compliance score of 99 % on the ACA re-accreditation audit that was conducted in May 2016.
- The (Pre-Release Center) received an initial audit from ACA under the Adult Community Residential Standards (ACRS) in May 2016. The audit 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 a compliance score of 100% on the ACRS audit.
- The Jail Authority received its first certification for compliance with the provisions of the Prison Rape Elimination Act (PREA) in June 2014. The certification is for a three-year period. 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. The Jail Authority is already schedule for the required re-certification inspection for May 2017.
- In order to demonstrate compliance with the provision of appropriate correctional healthcare, the Jail Authority received initial accreditation from the National Commission on Correctional Healthcare (NCCHC) in March 2014. The Jail Authority anticipates a re-accreditation audit for Spring 2017
- Finally, the Jail Authority received unconditional certification to house adult and juvenile offenders from the Virginia State Board of Corrections in February 2016.

The Jail Authority is also committed to providing offenders an opportunity to address the underlying causes of the criminal behavior. The facility publishes an Annual Programs Report documenting the various programs designed to provide offenders the opportunity to change. Additionally, the Jail Authority established a Veterans Housing Unit with programs and services designed specifically for those offenders that have service in our Nations Armed Services.

## **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. The budget preparation process is initiated annually in August of each fiscal year (July 1 through June 30). The Director of Administrative Services, with input from other departments, prepares a Preliminary Budget for the Jail Authority Finance Committee to review. The Preliminary Budget must be submitted to the Jail Authority before January 1<sup>st</sup> of each year. The Jail Authority Finance Committee reviews the Preliminary Budget and adoption of the final budget must be completed by March 1<sup>st</sup> annually.

## **RELEVANT FINANCIAL POLICIES**

During the fiscal year, the Jail Authority developed (4) four policies to assist in maintaining a strong credit rating, liquidity strength and the ability to operate independently from the member jurisdictions.

- Fund Policy – The Jail Authority believes that sound financial management principles require that sufficient funds be retained by the Jail Authority to provide a stable financial base at all times. To retain this stable financial base, the Jail Authority has determined to maintain a balance in its funds and accounts sufficient to fund all cash flows of the Jail Authority, to provide financial reserves for unanticipated expenditures and revenue shortfalls and to provide funds for all existing encumbrances.
- Debt Management – The purpose of the Debt Management Policy is to provide a framework for the issuance, management, and reporting of the Jail Authority's debt obligations.
- Capital Improvement Plan – The purpose of the Capital Improvement Plan Policy is to provide the framework for the maintenance and improvement to the physical plant of the Jail Authority.
- Accounting and Auditing Complaints – The Jail Authority is committed to compliance with all applicable securities laws and regulations, accounting standards, accounting controls and appropriate audit practices.

## **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, 2016. The independent auditor's report on the financial statements is included in the financial section of this report.

## **AWARDS AND ACHIEVEMENTS**

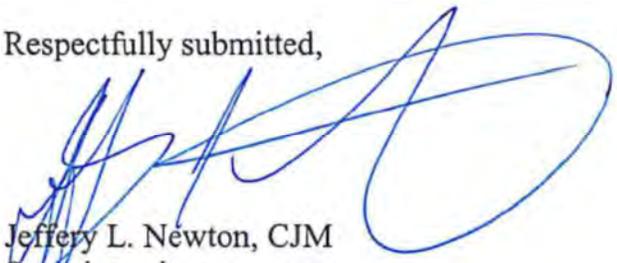
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Riverside Regional Jail Authority for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the eighteenth consecutive year that Riverside Regional Jail Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the requirements of the Certificate of Achievement program and we are submitting it to the GFOA to determine its eligibility for another certificate.

## **ACKNOWLEDGEMENTS**

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

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

Respectfully submitted,



Jeffery L. Newton, CJM  
Superintendent



Crystal H. Reid, 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, 2015**

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is written in a cursive style.

Executive Director/CEO

**DIRECTORY OF PRINCIPAL OFFICIALS**

June 30, 2016

<b>Chair</b>	William E. Johnson City of Colonial Heights
<b>Vice Chair</b>	Tyrone Franklin Surry County Administrator
<b>Secretary/Treasurer</b>	Vacant

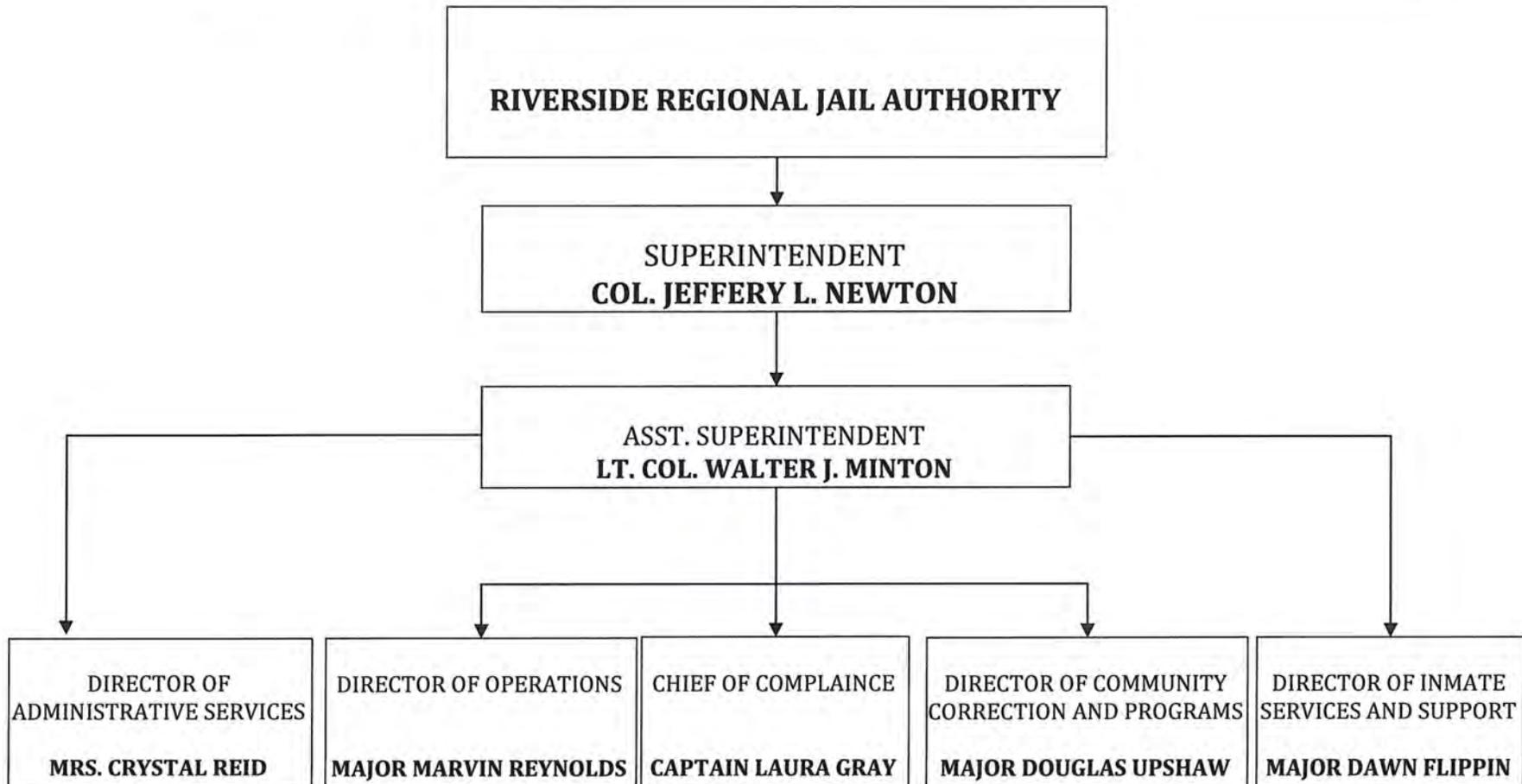
**Other Members**

Sheriff Carlos Turner Surry County	Dironna Belton City of Petersburg Interim City Mgr.
Sheriff Vanessa Crawford City of Petersburg	Sheriff Karl Leonard Chesterfield County
Zach Trogdon Charles City County Adm.	Sheriff Alan Jones, Sr. Charles City County
Percy C. Ashcraft Prince George Cty. Adm.	Sheriff H. E. Allin, III Prince George 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**

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**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, 2016, 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.

## ***Opinions***

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, 2016, 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.

## ***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 and statistical sections 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 September 30, 2016 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, S. L. P.*

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia  
September 30, 2016

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

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

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September 30, 2016

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, 2016. 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 \$3,963,220 as a result of this year's operating and non-operating financial activities.
- The Jail Authority's operating and non-operating revenues increased approximately \$2.4 million or approximately 6.2%, and operating and non-operating expenses increased approximately \$656,302, or approximately 1.7%.
- The Jail Authority net investment in capital assets increased by approximately \$671,080, or 1.1 %.
- The Jail Authority met its financial obligations with regard to the Series 2013 and Series 2015 bonds, making principal payments totaling approximately \$3,135,000.
- The Jail Authority average daily population increased approximately 34 inmates, or 2.3%.

#### **Using this Annual Report**

The Financial Section of this Annual Report consists of the Independent Auditor's Report, 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$114,002,984 at June 30, 2016. The Jail Authority's total Operating Fund net position increased by \$4,047,126 as compared to last year and the Canteen Fund net position decreased by \$110,906. 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

	2016	2015	Increase (Decrease)	
			Dollars	Percent
Capital assets - net	\$ 148,049,713	\$ 150,804,770	\$ (2,755,057)	(1.8) %
Other assets	58,082,850	55,000,996	3,081,854	5.6 %
Total assets	<u>\$ 206,132,563</u>	<u>\$ 205,805,766</u>	<u>\$ 326,797</u>	<u>0.2 %</u>
Deferred outflows of resources	\$ 6,648,475	\$ 7,119,043	\$ (470,568)	(6.6) %
Long-term liabilities - net	\$ 89,075,350	\$ 93,508,292	\$ (4,432,942)	(4.7) %
Other liabilities	8,217,810	7,228,985	988,825	13.7 %
Total liabilities	<u>\$ 97,293,160</u>	<u>\$ 100,737,277</u>	<u>\$ (3,444,117)</u>	<u>(3.4) %</u>
Deferred inflows of resources	\$ 1,484,894	\$ 2,147,768	\$ (662,874)	(30.9) %
Net position:				
Net investment in capital assets	\$ 62,449,317	\$ 61,778,237	\$ 671,080	1.1 %
Restricted	20,282,900	20,274,448	8,452	0.0 %
Unrestricted	31,270,767	27,987,079	3,283,688	11.7 %
Total net position	<u>\$ 114,002,984</u>	<u>\$ 110,039,764</u>	<u>\$ 3,963,220</u>	<u>3.6 %</u>

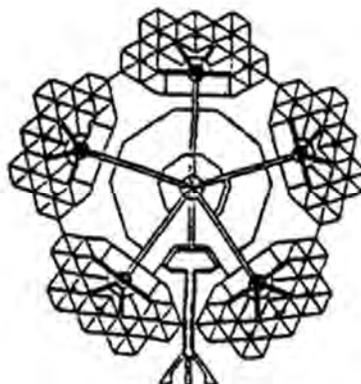
The Operating Fund and Canteen Fund had a combined change in net position of \$3,963,220. The total net position change was impacted by changes in several revenue and expense categories as well as the impact of GASB Statement No. 68 in fiscal year 2016. Please see Table on the next page for a breakdown 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**

	2016	2015	Increase (Decrease)	
			Dollars	Percent
<b>Operating revenues:</b>				
Inmate housing	\$ 24,766,756	\$ 23,959,544	\$ 807,212	3.4 %
State Compensation Board	14,352,174	13,235,682	1,116,492	8.4 %
Work release	398,422	277,182	121,240	43.7 %
Canteen sales	1,383,021	1,417,313	(34,292)	(2.4) %
<b>Non-operating revenues:</b>				
Investment income	209,599	38,903	170,696	438.8 %
Telephone commissions	-	465,335	(465,335)	(100.0) %
Miscellaneous income	698,810	254,833	443,977	174.2 %
Daily incarceration fees	579,022	268,371	310,651	115.8 %
<b>Total revenues</b>	<b>\$ 42,387,804</b>	<b>\$ 39,917,163</b>	<b>\$ 2,470,641</b>	<b>6.2 %</b>
<b>Operating expenses:</b>				
Salaries and wages	\$ 16,229,999	\$ 13,948,873	\$ 2,281,126	16.4 %
Fringe benefits	3,118,198	3,976,992	(858,794)	(21.6) %
Contractual services	1,525,689	1,433,461	92,228	6.4 %
Materials and supplies	540,461	468,785	71,676	15.3 %
Medical services and supplies	4,824,290	5,590,650	(766,360)	(13.7) %
Food services and supplies	1,558,699	1,521,714	36,985	2.4 %
Repairs and maintenance	909,809	891,359	18,450	2.1 %
Utilities	2,103,097	2,097,263	5,834	0.3 %
Depreciation	3,793,174	3,735,242	57,932	1.6 %
Other	479,640	586,905	(107,265)	(18.3) %
<b>Non-operating expenses:</b>				
Interest expense	3,341,528	3,133,852	207,676	6.6 %
Bond issuance expense	-	383,186	(383,186)	(100.0) %
<b>Total expenses</b>	<b>\$ 38,424,584</b>	<b>\$ 37,768,282</b>	<b>\$ 656,302</b>	<b>1.7 %</b>
<b>Change in net position</b>	<b>\$ 3,963,220</b>	<b>\$ 2,148,881</b>	<b>\$ 1,814,339</b>	<b>84.4 %</b>
<b>Beginning net position</b>	<b>110,039,764</b>	<b>* 107,890,883</b>	<b>2,148,881</b>	<b>2.0 %</b>
<b>Ending net position</b>	<b>\$ 114,002,984</b>	<b>\$ 110,039,764</b>	<b>\$ 3,963,220</b>	<b>3.6 %</b>

\* - Restated for implementation of GASB No. 68.



## Capital Asset and Debt Administration

### Capital Assets

At the end of fiscal year 2016, the Jail Authority had \$148,049,713, 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 \$2,755,057 over last year. Depreciation expense was \$3,793,174 for fiscal year 2016.

The following table summarizes the Jail Authority's capital assets, net of accumulated depreciation, as of June 30, 2016 and 2015 for Operating and Canteen Funds combined.

	2016	2015
Buildings	\$ 144,463,585	\$ 147,644,452
Furniture and equipment	3,006,540	2,614,249
Land	322,584	322,584
Land improvements	38,528	27,498
Vehicles	140,188	127,569
Computers	78,288	68,418
Total capital assets (net of accumulated depreciation)	<u>\$ 148,049,713</u>	<u>\$ 150,804,770</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.

	2016	2015
<b>Balance at beginning of year</b>	\$ 190,123,626	\$ 189,419,160
Additions	1,038,117	742,182
Deletions	(12,330)	(37,716)
Accumulated depreciation	<u>(43,099,700)</u>	<u>(39,318,856)</u>
<b>Balance at end of year</b>	<u>\$ 148,049,713</u>	<u>\$ 150,804,770</u>

This year major capital asset additions include the following:

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

### Long-Term Debt

At year-end, the Jail Authority had bonded debt of \$82,820,000 outstanding as compared to fiscal year 2015 outstanding bonds in the amount of \$85,955,000. 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 2017 Annual Budget with limited increases in expenses.

All of these factors were considered in preparing the Jail Authority's budget for the 2017 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](mailto:creid@rrjva.org).

**BASIC  
FINANCIAL STATEMENTS**

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## RIVERSIDE REGIONAL JAIL AUTHORITY

## STATEMENT OF NET POSITION

June 30, 2016

	<u>Operating Fund</u>	<u>Canteen Fund</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents (Note 2)	\$ 13,061,129	\$ -	\$ 13,061,129
Cash and cash equivalents, restricted (Note 2)	5,433,543	311,794	5,745,337
Investments, unrestricted (Note 2)	12,487,725	-	12,487,725
Accounts receivable (Note 3)	6,516,809	-	6,516,809
Total current assets	<u>37,499,206</u>	<u>311,794</u>	<u>37,811,000</u>
<b>Noncurrent assets</b>			
Cash and cash equivalents, restricted (Note 2)	16,581,674	-	16,581,674
Net pension asset (Note 6)	3,651,892	38,284	3,690,176
Capital assets:			
Nondepreciable (Note 4)	322,584	-	322,584
Depreciable, net (Note 4)	147,722,534	4,595	147,727,129
Total noncurrent assets	<u>168,278,684</u>	<u>42,879</u>	<u>168,321,563</u>
Total assets	<u>205,777,890</u>	<u>354,673</u>	<u>206,132,563</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amounts from refunding of debt	5,338,935	-	5,338,935
Pension contributions subsequent to measurement date (Note 6)	1,300,233	9,307	1,309,540
Total deferred outflows of resources	<u>6,639,168</u>	<u>9,307</u>	<u>6,648,475</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	1,094,780	46,429	1,141,209
Accrued liabilities	500,529	6,732	507,261
Unearned revenues - current	500,000	-	500,000
Compensated absences payable - current portion (Note 5)	629,422	7,199	636,621
Amounts held for others	191,387	-	191,387
Accrued interest payable	1,816,332	-	1,816,332
Bonds payable - current portion (Note 5)	3,425,000	-	3,425,000
Total current liabilities	<u>8,157,450</u>	<u>60,360</u>	<u>8,217,810</u>
<b>Long-term liabilities</b>			
Unearned revenues	834,247	-	834,247
Compensated absences payable, net of current portion (Note 5)	718,553	8,219	726,772
Bonds payable, net of current portion (Note 5)	87,514,331	-	87,514,331
Total long-term liabilities	<u>89,067,131</u>	<u>8,219</u>	<u>89,075,350</u>
Total liabilities	<u>97,224,581</u>	<u>68,579</u>	<u>97,293,160</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related deferred inflows (Note 6)	1,469,489	15,405	1,484,894
<b>NET POSITION</b>			
Net investment in capital assets	62,444,722	4,595	62,449,317
<b>Restricted for:</b>			
Debt service	10,486,388	-	10,486,388
Operating reserve	8,301,049	-	8,301,049
Repair and replacement reserve	310,499	-	310,499
Construction reserve	909,563	-	909,563
Canteen funds	-	275,401	275,401
Unrestricted	31,270,767	-	31,270,767
Total net position	<u>\$ 113,722,988</u>	<u>\$ 279,996</u>	<u>\$ 114,002,984</u>

The Notes to Financial Statements are an integral part of this statement

## RIVERSIDE REGIONAL JAIL AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
Year Ended June 30, 2016

	<u>Operating Fund</u>	<u>Canteen Fund</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges for services - inmate housing	\$ 24,766,756	\$ -	\$ 24,766,756
State Compensation Board	14,352,174	-	14,352,174
Work release	398,422	-	398,422
Canteen sales	-	1,383,021	1,383,021
Total operating revenues	<u>39,517,352</u>	<u>1,383,021</u>	<u>40,900,373</u>
<b>OPERATING EXPENSES</b>			
Salaries and wages	16,058,292	171,707	16,229,999
Fringe benefits	3,112,613	5,585	3,118,198
Contractual services	469,584	1,056,105	1,525,689
Materials and supplies	363,416	177,045	540,461
Medical services and supplies	4,824,290	-	4,824,290
Food services and supplies	1,536,794	21,905	1,558,699
Repairs and maintenance	909,809	-	909,809
Utilities	2,103,097	-	2,103,097
Depreciation	3,792,659	515	3,793,174
Other expenses	418,575	61,065	479,640
Total operating expenses	<u>33,589,129</u>	<u>1,493,927</u>	<u>35,083,056</u>
Operating income (loss)	<u>5,928,223</u>	<u>(110,906)</u>	<u>5,817,317</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	209,599	-	209,599
Daily incarceration fees	579,022	-	579,022
Miscellaneous income	698,810	-	698,810
Interest expense	(3,341,528)	-	(3,341,528)
Total nonoperating revenue (expenses)	<u>(1,854,097)</u>	<u>-</u>	<u>(1,854,097)</u>
Change in net position	4,074,126	(110,906)	3,963,220
<b>NET POSITION -- AT JULY 1</b>	<u>109,648,862</u>	<u>390,902</u>	<u>110,039,764</u>
<b>NET POSITION -- AT JUNE 30</b>	<u>\$ 113,722,988</u>	<u>\$ 279,996</u>	<u>\$ 114,002,984</u>

## RIVERSIDE REGIONAL JAIL AUTHORITY

## STATEMENT OF CASH FLOWS

Year Ended June 30, 2016

	Operating Fund	Canteen Fund	Total
<b>OPERATING ACTIVITIES</b>			
Receipts from jurisdictions	\$ 23,643,024	\$ -	\$ 23,643,024
Receipts from state agencies	14,005,316	-	14,005,316
Receipts from canteen sales	-	1,383,021	1,383,021
Contract agreements and miscellaneous income received	777,832	-	777,832
Receipts on behalf of employees and inmates	8,295	-	8,295
Payments to suppliers	(10,447,856)	(1,324,038)	(11,771,894)
Payments to employees	(19,502,507)	(175,409)	(19,677,916)
Net cash provided by (used in) operating activities	<u>8,484,104</u>	<u>(116,426)</u>	<u>8,367,678</u>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	(1,038,117)	-	(1,038,117)
Principal paid on capital debt	(3,135,000)	-	(3,135,000)
Interest paid on capital debt	(3,297,802)	-	(3,297,802)
Net cash used in capital and related financing activities	<u>(7,470,919)</u>	<u>-</u>	<u>(7,470,919)</u>
<b>INVESTING ACTIVITIES</b>			
Sales of restricted investments	10,339,253	-	10,339,253
Purchase of restricted investments	(9,534,534)	-	(9,534,534)
Interest income received	60,272	-	60,272
Net cash provided by investing activities	<u>864,991</u>	<u>-</u>	<u>864,991</u>
Net increase (decrease) in cash and cash equivalents	<u>1,878,176</u>	<u>(116,426)</u>	<u>1,761,750</u>
<b>CASH AND CASH EQUIVALENTS</b>			
Beginning at July 1	<u>33,198,170</u>	<u>428,220</u>	<u>33,626,390</u>
Ending at June 30	<u>\$ 35,076,346</u>	<u>\$ 311,794</u>	<u>\$ 35,388,140</u>
<b>RECONCILIATION TO EXHIBIT 1</b>			
Cash and cash equivalents	\$ 13,061,129	\$ -	\$ 13,061,129
Cash and cash equivalents, restricted	5,433,543	311,794	5,745,337
Cash and cash equivalents - non-current, restricted	<u>16,581,674</u>	<u>-</u>	<u>16,581,674</u>
	<u>\$ 35,076,346</u>	<u>\$ 311,794</u>	<u>\$ 35,388,140</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 5,928,223	\$ (110,906)	\$ 5,817,317
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	3,792,659	515	3,793,174
Miscellaneous income	1,277,832	-	1,277,832
Pension expense, net of employer contributions	(638,092)	(3,722)	(641,814)
Changes in assets and liabilities:			
Accounts receivable	(1,869,012)	-	(1,869,012)
Accounts payable	177,709	(7,918)	169,791
Accrued liabilities	73,003	2,016	75,019
Unearned revenues	(500,000)	-	(500,000)
Compensated absences payable	233,487	3,589	237,076
Amounts held for others	8,295	-	8,295
Net cash provided by (used in) operating activities	<u>\$ 8,484,104</u>	<u>\$ (116,426)</u>	<u>\$ 8,367,678</u>

# RIVERSIDE REGIONAL JAIL AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

June 30, 2016

### 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, 2016**

**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, 2016**

**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 \$7,783,007, a rainy day fund in the amount of \$4,028,646, a capital improvements fund in the amount of \$6,668,045, and an operating fund of \$7,435,897.

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 two types of items that qualify for reporting under this category. The first item represents differences between expected and actual experience in the pension plan. The second item is the net difference between projected and actual earnings on pension plan investments. Both these differences 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, 2016

#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Fair value measurement:

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

#### 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), a 2a-7 like pool, and the Commonwealth of Virginia State Non-Arbitrage Program (SNAP), a pooled investment fund. Both the LGIP and SNAP are not registered with the SEC but are overseen by the Treasurer of Virginia and the State Treasury Board. The fair value of the Authority's position in the pools is the same as the value of the pool shares.

##### 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, 2016**

**Note 2. Deposits and Investments (Continued)**

Interest rate risk (continued):

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. As of June 30, 2016, \$2,841,276 of the Authority's investments were valued using Level 1 inputs with the remaining \$9,646,449 valued using Level 2 inputs.

As of June 30, 2016, the Authority's deposits and investments consisted of the following:

Type	Fair Value	S&P Credit Rating	Weighted Average Maturity*
<b>Deposits:</b>			
Cash in bank	\$ 13,759,814	N/A	N/A
Cash in bank –Fund Balance Reserve	171,237	N/A	N/A
Cash on hand	900	N/A	N/A
Money Market – SNAP	8,243,906	N/A	N/A
Money Market	13,212,283	N/A	N/A
Total deposits	<u>35,388,140</u>		
<b>Investments:</b>			
Federal agency bonds and notes	<u>12,487,725</u>	AA+	2.02
Total deposits and investments	<u>\$ 47,875,865</u>		

\*-Average maturity in years

Reconciliation of deposits and investments to Exhibit 1:

Cash and cash equivalents	\$ 13,061,129
Cash and cash equivalents, restricted	5,745,337
Cash and cash equivalents – non - current, restricted	16,581,674
Investments, unrestricted	<u>12,487,725</u>
	<u>\$ 47,875,865</u>

**RIVERSIDE REGIONAL JAIL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2016**

**Note 2. Deposits and Investments (Continued)**

Restricted amounts:

Details on restricted cash and cash equivalents are as follows:

Cash held for inmates	\$ 191,387
2013 Bond fund, fiscal year 2016 payment	3,883,119
2015 Bond fund, fiscal year 2016 payment	1,359,037
Inmate canteen funds	311,794
Cash and cash equivalents – restricted	<u>\$ 5,745,337</u>
Construction fund	\$ 909,563
Operating reserve	8,301,049
Repair and replacement reserve	310,499
Debt service reserve fund	7,060,563
Cash and cash equivalents – non-current, restricted	<u>\$ 16,581,674</u>

**Note 3. Accounts Receivable**

Accounts receivable consist of the following:

Member jurisdictions	\$ 4,089,960
Commonwealth of Virginia	2,135,860
Federal agencies	287,768
Other	3,221
	<u>\$ 6,516,809</u>

One member jurisdiction is substantially delinquent on payments to the Authority. As of June 30, 2016, a member jurisdiction owed approximately \$1.69 million to the Authority. From the end of the fiscal year through the date of this report, a total of \$550,440 of this balance has been collected from the member jurisdiction.

**RIVERSIDE REGIONAL JAIL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2016**

**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	181,519,235	3,200	-	181,522,435
Furniture and equipment	6,830,539	914,901	12,330	7,733,110
Computers	799,700	44,403	-	844,103
Vehicles	610,374	61,513	-	671,887
Land improvements	34,373	14,100	-	48,473
Total capital assets, depreciable	<u>189,794,221</u>	<u>1,038,117</u>	<u>12,330</u>	<u>190,820,008</u>
Less accumulated depreciation:				
Buildings and improvements	33,874,783	3,184,067	-	37,058,850
Furniture and equipment	4,221,400	522,095	12,330	4,731,165
Computers	731,282	34,533	-	765,815
Vehicles	482,805	48,894	-	531,699
Land improvements	6,875	3,070	-	9,945
Total accumulated depreciation	<u>39,317,145</u>	<u>3,792,659</u>	<u>12,330</u>	<u>43,097,474</u>
Total capital assets depreciable, net	<u>150,477,076</u>	<u>(2,754,542)</u>	<u>-</u>	<u>147,722,534</u>
Total capital assets, net	<u>\$ 150,799,660</u>	<u>\$ (2,754,542)</u>	<u>\$ -</u>	<u>\$ 148,045,118</u>

**RIVERSIDE REGIONAL JAIL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**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	6,821	-	-	6,821
Less accumulated depreciation:				
Computers	1,668	-	-	1,668
Equipment	43	515	-	558
Total accumulated depreciation	1,711	515	-	2,226
Total capital assets depreciable, net	5,110	(515)	-	4,595
Total capital assets, net	<u>\$ 5,110</u>	<u>\$ (515)</u>	<u>\$ -</u>	<u>\$ 4,595</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	\$ 85,955,000	\$ -	\$ 3,135,000	\$ 82,820,000	\$ 3,425,000
Issuance premiums	8,753,492	-	634,161	8,119,331	-
	94,708,492	-	3,769,161	90,939,331	3,425,000
Compensated absences	1,126,317	2,463,204	2,226,128	1,363,393	636,621
Total long-term liabilities	<u>\$ 95,834,809</u>	<u>\$ 2,463,204</u>	<u>\$ 5,995,289</u>	<u>\$ 92,302,724</u>	<u>\$ 4,061,621</u>

**RIVERSIDE REGIONAL JAIL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2016**

**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>
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	3,935,000	3,031,113	6,966,113
2022-2026	22,620,000	12,093,803	34,713,803
2027-2031	28,580,000	6,023,178	34,603,178
2032-2034	13,330,000	497,270	13,827,270
	<u>\$ 82,820,000</u>	<u>\$ 35,248,866</u>	<u>\$ 118,068,866</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%	\$ 44,575,000
Series 2013 Jail Facility Revenue Bonds	06/27/2013	07/01/2032	\$ 44,025,000	4.27%	<u>38,245,000</u>
					<u>\$ 82,820,000</u>

The Authority's debt agreements contain certain financial covenants with which the Authority was in compliance at June 30, 2016.

**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 and is a multi-employer agent plan. 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, 2016**

**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:

<b>RETIREMENT PLAN PROVISIONS</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>About Plan 1</b></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><b>About Plan 2</b></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><b>About the Hybrid Retirement Plan</b></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"> <li>• The defined benefit is based on a member’s age, creditable service, and average final compensation at retirement using a formula.</li> <li>• 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.</li> <li>• 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.</li> </ul>

(Continued)

**RIVERSIDE REGIONAL JAIL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2016**

**Note 6. Defined Benefit Pension Plan (Continued)**

**Plan Description (Continued)**

<b>RETIREMENT PLAN PROVISIONS</b>		
<b>Eligible Members</b>	<b>Eligible Members</b>	<b>Eligible Members</b>
<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><b>Hybrid Opt-In Election</b></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><b>Hybrid Opt-In Election</b></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"> <li>• Political subdivision employees*</li> <li>• 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.</li> </ul> <p><b>*Non-Eligible Members</b></p> <p>Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees</li> </ul> <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, 2016**

**Note 6. Defined Benefit Pension Plan (Continued)**

**Plan Description (Continued)**

<b>RETIREMENT PLAN PROVISIONS</b>		
<b>Retirement Contributions</b>	<b>Retirement Contributions</b>	<b>Retirement Contributions</b>
<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, 2016**

**Note 6. Defined Benefit Pension Plan (Continued)**

**Plan Description (Continued)**

<b>RETIREMENT PLAN PROVISIONS</b>		
<p><b>Creditable Service</b></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><b>Creditable Service</b></p> <p>Same as Plan 1.</p>	<p><b>Creditable Service</b></p> <p><b><u>Defined Benefit Component:</u></b></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><b><u>Defined Contributions Component:</u></b></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, 2016**

**Note 6. Defined Benefit Pension Plan (Continued)**

**Plan Description (Continued)**

<b>RETIREMENT PLAN PROVISIONS</b>		
<p><b>Vesting</b></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><b>Vesting</b></p> <p>Same as Plan 1.</p>	<p><b>Vesting</b></p> <p><b><u>Defined Benefit Component:</u></b></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><b><u>Defined Contributions Component:</u></b></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, 2016**

**Note 6. Defined Benefit Pension Plan (Continued)**

**Plan Description (Continued)**

<b>RETIREMENT PLAN PROVISIONS</b>		
		<p><b>Vesting (Continued)</b></p> <p><b><u>Defined Contributions Component: (Continued)</u></b></p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70½.</p>
<p><b>Calculating the Benefit</b></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><b>Calculating the Benefit</b></p> <p>See definition under Plan 1.</p>	<p><b>Calculating the Benefit</b></p> <p><b><u>Defined Benefit Component:</u></b></p> <p>See definition under Plan 1.</p> <p><b><u>Defined Contribution Component:</u></b></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, 2016**

**Note 6. Defined Benefit Pension Plan (Continued)**

**Plan Description (Continued)**

<b>RETIREMENT PLAN PROVISIONS</b>		
<p><b>Average Final Compensation</b></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><b>Average Final Compensation</b></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><b>Average Final Compensation</b></p> <p>Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p><b>Service Retirement Multiplier</b></p> <p><b>VRS:</b> 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><b>Sheriffs and regional jail superintendents:</b> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p><b>Political subdivision hazardous duty employees:</b> 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><b>Service Retirement Multiplier</b></p> <p><b>VRS:</b> 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><b>Sheriffs and regional jail superintendents:</b> Same as Plan 1.</p> <p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Service Retirement Multiplier</b></p> <p><b><u>Defined Benefit Component:</u></b></p> <p><b>VRS:</b> 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><b>Sheriffs and regional jail superintendents:</b> Not applicable.</p> <p><b>Political subdivision hazardous duty employees:</b> Not applicable.</p> <p><b><u>Defined Contribution Component:</u></b></p> <p>Not applicable.</p>

(Continued)

**RIVERSIDE REGIONAL JAIL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**Note 6. Defined Benefit Pension Plan (Continued)**

**Plan Description (Continued)**

<b>RETIREMENT PLAN PROVISIONS</b>		
<p><b>Normal Retirement Age</b></p> <p><b>VRS:</b> Age 65.</p> <p><b>Political subdivisions hazardous duty employees:</b> Age 60.</p>	<p><b>Normal Retirement Age</b></p> <p><b>VRS:</b> Normal Social Security retirement age.</p> <p><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Normal Retirement Age</b></p> <p><b><u>Defined Benefit Component:</u></b></p> <p><b>VRS:</b> Same as Plan 2.</p> <p><b>Political subdivisions hazardous duty employees:</b> Not applicable.</p> <p><b><u>Defined Contribution Component:</u></b></p> <p>Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Unreduced Retirement Eligibility</b></p> <p><b>VRS:</b> 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><b>Political subdivisions hazardous duty employees:</b> Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b></p> <p><b>VRS:</b> 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><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b></p> <p><b><u>Defined Benefit Component:</u></b></p> <p><b>VRS:</b> 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><b>Political subdivisions hazardous duty employees:</b> Not applicable.</p> <p><b><u>Defined Contribution Component:</u></b></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, 2016**

**Note 6. Defined Benefit Pension Plan (Continued)**

**Plan Description (Continued)**

<b>RETIREMENT PLAN PROVISIONS</b>		
<p><b>Earliest Reduced Retirement Eligibility</b></p> <p><b>VRS:</b> 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><b>Political subdivisions hazardous duty employees:</b> 50 with at least five years of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility</b></p> <p><b>VRS:</b> Age 60 with at least five years (60 months) of creditable service.</p> <p><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b></p> <p><b><u>Defined Benefit Component:</u></b></p> <p><b>VRS:</b> 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><b>Political subdivisions hazardous duty employees:</b> Not applicable.</p> <p><b><u>Defined Contribution Component:</u></b></p> <p>Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b></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><b><u>Eligibility:</u></b></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><b>Cost-of-Living Adjustment (COLA) in Retirement</b></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><b><u>Eligibility:</u></b></p> <p>Same as Plan 1.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b></p> <p><b><u>Defined Benefit Component:</u></b></p> <p>Same as Plan 2.</p> <p><b><u>Defined Contribution Component:</u></b></p> <p>Not applicable.</p> <p><b><u>Eligibility:</u></b></p> <p>Same as Plan 1 and Plan 2.</p>



**RIVERSIDE REGIONAL JAIL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2016**

**Note 6. Defined Benefit Pension Plan (Continued)**

**Plan Description (Continued)**

<b>RETIREMENT PLAN PROVISIONS</b>		
<p><b>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</b></p> <p><b><u>Exceptions to COLA Effective Dates:</u></b> (Continued)</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>		
<p><b>Disability Coverage</b></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><b>Disability Coverage</b></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><b>Disability Coverage</b></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, 2016**

**Note 6. Defined Benefit Pension Plan (Continued)**

**Plan Description (Continued)**

<b>RETIREMENT PLAN PROVISIONS</b>		
<p><b>Purchase of Prior Service</b></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><b>Purchase of Prior Service</b></p> <p>Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b></p> <p><b><u>Defined Benefit Component:</u></b></p> <p>Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported service.</li> <li>• The cost for purchasing refunded service is the higher of 4.00% of creditable compensation or average final compensation.</li> <li>• 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.</li> </ul> <p><b><u>Defined Contribution Component:</u></b></p> <p>Not applicable.</p>

**RIVERSIDE REGIONAL JAIL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2016**

**Note 6. Defined Benefit Pension Plan (Continued)**

**Employees Covered by Benefit Terms**

As of the June 30, 2014 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	39
Inactive members:	
Vested inactive members	49
Non-vested inactive members	314
Inactive members active elsewhere in VRS	<u>137</u>
Total inactive members	500
Active members	<u>341</u>
Total covered employees	<u><u>880</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, 2016 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 \$1,309,540 and \$1,437,084 for the years ended June 30, 2016 and June 30, 2015, respectively.

**RIVERSIDE REGIONAL JAIL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2016**

**Note 6. Defined Benefit Pension Plan (Continued)**

**Net Pension Asset**

The political subdivision's net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

**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, 2014, 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, 2015.

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, 2016**

**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, 2016**

**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, 2014, 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, 2015.

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.

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**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2016**

**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, 2016**

**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, 2016**

**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)**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) – (b)</b>
Balances at June 30, 2014	\$ 32,405,954	\$ 35,989,646	\$ (3,583,692)
Changes for the year:			
Service cost	2,060,095	-	2,060,095
Interest	2,252,657	-	2,252,657
Difference between expected and actual experience	(772,215)	-	(772,215)
Contributions – employer	-	1,272,768	(1,272,768)
Contributions – employee	-	697,572	(697,572)
Net investment income	-	1,698,455	(1,698,455)
Benefit payments, including refunds of employee contributions	(450,291)	(450,291)	-
Administrative expenses	-	(21,410)	21,410
Other changes	-	(364)	364
Net changes	<u>3,090,246</u>	<u>3,196,730</u>	<u>(106,484)</u>
Balances at June 30, 2015	<u>\$ 35,496,200</u>	<u>\$ 39,186,376</u>	<u>\$ (3,690,176)</u>

**RIVERSIDE REGIONAL JAIL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2016**

**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:

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
Political subdivision's net pension liability (asset)	\$ 2,268,572	\$ (3,690,176)	\$ (8,532,364)

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

For the year ended June 30, 2016, the political subdivision recognized pension expense of \$667,726. At June 30, 2016, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 572,676
Net difference between projected and actual earnings on pension plan investments	-	912,218
Employer contributions subsequent to the measurement date	1,309,540	-
Total	\$ 1,309,540	\$ 1,484,894

**RIVERSIDE REGIONAL JAIL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2016**

**Note 6. Defined Benefit Pension Plan (Continued)**

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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,	Increase (Reduction) to Pension Expense
2017	\$ (561,829)
2018	(561,829)
2019	(535,888)
2020	174,652
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.

**RIVERSIDE REGIONAL JAIL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2016**

**Note 8. Risk Management (Continued)**

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, 2016 or claims not covered by existing policies.

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

**Note 9. New Accounting Standards**

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

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. This Statement will be effective for the year ending June 30, 2017.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. This Statement will be effective for the year ending June 30, 2017.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements* provides recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. This Statement will be effective for the year ending June 30, 2018.

**RIVERSIDE REGIONAL JAIL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2016**

**Note 9. New Accounting Standards (Continued)**

GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73* addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement will be effective for the year ending June 30, 2017, except for certain provisions regarding assumptions for plans with a measurement date that differs from the employer’s reporting date – those provisions are effective for the year ending June 30, 2018.

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

**REQUIRED SUPPLEMENTARY  
INFORMATION**

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RIVERSIDE REGIONAL JAIL AUTHORITY

EXHIBIT 4

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

	2016	2015
<b>Total Pension Liability</b>		
Service cost	\$ 2,060,095	\$ 1,970,573
Interest on total pension liability	2,252,657	2,008,571
Difference between actual and expected experience	(772,215)	-
Benefit payments, including refunds of employee contributions	(450,291)	(534,137)
Net change in total pension liability	3,090,246	3,445,007
<b>Total pension liability - beginning</b>	32,405,954	28,960,947
<b>Total pension liability - ending</b>	<u>\$ 35,496,200</u>	<u>\$ 32,405,954</u>
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 1,272,768	\$ 1,356,380
Contributions - employee	697,572	668,321
Net investment income	1,698,455	4,815,572
Benefit payments, including refunds of employee contributions	(450,291)	(534,137)
Administrative expenses	(21,410)	(24,447)
Other changes	(364)	253
Net change in plan fiduciary net position	3,196,730	6,281,942
<b>Plan fiduciary net position - beginning</b>	35,989,646	29,707,704
<b>Plan fiduciary net position - ending</b>	<u>\$ 39,186,376</u>	<u>\$ 35,989,646</u>
<b>Net pension liability (asset) - ending</b>	<u>\$ (3,690,176)</u>	<u>\$ (3,583,692)</u>
Plan fiduciary net position as a percentage of total pension asset	110%	111%
Covered employee payroll	<u>\$ 14,165,690</u>	<u>\$ 13,729,157</u>
Net pension asset as a percentage of covered employee payroll	26%	26%

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, data from before then is not available. However, additional years will be included as they become available.

RIVERSIDE REGIONAL JAIL AUTHORITY

EXHIBIT 5

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PENSION CONTRIBUTIONS

<b>Year Ended June 30</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to Actuarially Determined Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2016	\$ 1,309,540	\$ 1,309,540	\$ -	\$ 14,713,033	8.90%
2015	\$ 1,437,084	\$ 1,437,084	\$ -	\$ 14,165,690	10.14%

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, data from before then is not available. However, additional years will be included as they become available.

**RIVERSIDE REGIONAL JAIL AUTHORITY**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2016**

**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, 2015 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

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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**

<b>Last Ten Fiscal Years</b>	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Net investment in capital assets</b>	\$ 62,449,317	\$ 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
<b>Restricted</b>	20,282,900	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
<b>Unrestricted</b>	31,270,767	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
<b>Total Net Position</b>	\$ 114,002,984	\$ 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

\* 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	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Operating revenues</b>										
Charges for services- inmate housing	\$ 24,766,756	\$ 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
State Compensation Board	14,352,174	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
Federal Grants passed through the Commonwealth of Virginia										
Reimbursements	-	-	-	-	-	-	616,930	2,756,813	-	-
Per diems, net of recoveries	-	-	-	-	-	-	-	658,415	-	-
Work release	398,422	277,182	243,207	294,850	225,927	105,214	164,329	157,655	183,377	164,234
Canteen sales- net 2007-2010, gross 2011-2016	1,383,021	1,417,313	1,545,388	1,357,162	1,096,987	1,018,362	417,026	415,649	440,090	475,637
<b>Nonoperating revenues</b>										
Investment income	209,599	38,903	346,856	572,409	569,367	562,790	783,887	3,225,177	4,944,678	1,753,238
Miscellaneous income	698,810	254,833	94,182	199,255	132,127	292,306	340,703	113,059	99,617	54,149
Telephone commissions		465,335	614,442	633,036	488,040	467,910	411,611	375,404	411,248	326,296
Daily incarceration fees	579,022	268,371	278,045	262,236	250,911	246,560	252,159	229,165	231,172	225,660
RSAT grant revenue	-	-	-	-	-	-	-	65,996	64,921	59,454
Commonwealth of Virginia reimbursements	-	-	-	-	-	-	-	5,420,483	-	-
Total revenues	42,387,804	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
<b>Operating expenses</b>										
Salaries and wages	16,229,999	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
Fringe benefits	3,118,198	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
Contractual services	1,525,689	1,433,461	1,390,918	1,268,453	1,100,609	955,665	535,817	488,118	616,276	525,938
Materials and supplies	540,461	468,785	551,661	456,643	584,612	273,247	564,042	471,884	557,319	508,234
Medical services and supplies	4,824,290	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
Food service and supplies	1,558,699	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
Repairs and maintenance	909,809	891,359	979,798	688,519	713,627	678,346	745,300	768,513	588,955	570,130
Utilities	2,103,097	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
Depreciation	3,793,174	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
Other	479,640	586,905	589,150	496,778	384,897	414,759	647,093	616,867	718,258	449,097
<b>Nonoperating expenses</b>										
Interest expense	3,341,528	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
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
Total expenses	38,424,584	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
<b>Change in net position</b>	3,963,220	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
<b>Beginning net position</b>	110,039,764	** 107,890,883	* 101,881,092	103,063,000	100,655,510	102,727,949	64,041,925	56,569,848	52,247,062	50,966,418
<b>Contributed capital- Commonwealth of Virginia</b>	-	-	-	-	-	-	40,406,272	-	-	-
<b>Ending net position</b>	\$ 114,002,984	\$ 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

\* 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**

<b>Fiscal Year</b>	<b>Charles City County</b>	<b>Chesterfield County</b>	<b>City of Hopewell</b>	<b>City of Colonial Heights</b>	<b>City of Petersburg</b>	<b>Prince George County</b>	<b>Surry County</b>	<b>Sub-total</b>
2016	\$ 294,040	\$ 10,258,760	\$ 2,129,520	\$ 2,510,360	\$ 3,306,960	\$ 1,383,040	\$ 151,080	\$ 20,033,760
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

	<b>Regional and Local Jails</b>	<b>Commonwealth of Virginia</b>	<b>Federal Inmates Housing and Transportation</b>	<b>Sub-total</b>	<b>Total</b>
2016	\$ 7,726	\$ 2,979,369	\$ 1,745,901	\$ 4,732,996	\$ 24,766,756
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	3,239,137	19,640,608
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

(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, 2016 and 2015 and Nine Years Ago

**Fiscal Year 2016**

<u>Customer</u>	<u>2016 Revenue</u>	<u>Per Diem Rate</u>	<u>Inmate Days Billed</u>
Charles City County	\$ 294,040	\$ 40	7,351
Chesterfield County	10,258,760	40	256,469
City of Hopewell	2,129,520	40	53,238
City of Colonial Heights	2,510,360	40	62,759
City of Petersburg	3,306,960	40	82,674
Prince George County	1,383,040	40	34,576
Surry County	151,080	40	3,777
Regional and Local Jails	7,726	Various	168
Commonwealth of Virginia (b)	2,979,369	Various	N/A
Federal Inmates - Housing	1,745,901	Various	26,124
Total	<u>\$ 24,766,756</u>		<u>527,136</u>

**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
Total	<u>\$ 23,959,544</u>		<u>516,915</u>

**Fiscal Year 2007**

<u>Customer</u>	<u>2007 Revenue</u>	<u>Per Diem Rate</u>	<u>Inmate Days Billed</u>
Charles City County	\$ 291,782	\$ 37	7,886
Chesterfield County	7,620,187	37	205,951
City of Hopewell	2,175,045	37	58,785
City of Colonial Heights	1,672,067	37	45,191
City of Petersburg	1,879,600	37	50,800
Prince George County	1,109,593	37	29,989
Surry County	168,202	37	4,546
Regional and Local Jails	253,071	Various	5,984
Commonwealth of Virginia (b)	3,431,382	Various	N/A
Federal Inmates - Housing	898,586	Various	13,417
Total	<u>\$ 19,499,515</u>		<u>422,549</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 <sup>(1)</sup>	Operating Expense <sup>(2)</sup>	Net Revenue Available for Debt Service	Debt Service Requirements <sup>(3)</sup>			Bond Coverage
				Principal	Interest	Total	
2016	\$ 40,791,270	\$ 29,796,470	\$ 10,994,800	\$ 3,425,000	\$ 3,628,749	\$ 7,053,749	155.87%
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%

(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)	
2016	20.09	700.86	145.43	171.54	225.88	94.45	10.32	0.47	71.97	53.92	1,494.93
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

(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**

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<b>Fiscal Year</b>	<b>Jail Operations Sworn</b>	<b>Civilian</b>	<b>Total</b>
2016	304	60	364
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

TABLE 8

**RIVERSIDE REGIONAL JAIL AUTHORITY  
CAPITAL ASSETS**

<b>Last Ten Fiscal Years</b>	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b><u>Operating Fund</u></b>										
<b>Nondepreciable capital assets</b>										
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
<b>Depreciable capital assets</b>										
Buildings	181,522,435	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
Furniture and equipment	7,734,026	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
Computers	844,103	799,700	804,714	736,838	715,909	715,909	715,909	670,415	670,415	664,368
Vehicles	671,887	610,374	564,354	519,787	481,713	483,222	483,222	483,222	442,415	442,415
Land improvements	48,474	34,373	34,373	34,373	1,501					
Total capital assets	191,143,509	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
<b>Less accumulated depreciation</b>										
Buildings	37,058,850	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
Furniture and equipment	4,732,082	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
Computers	765,815	731,282	722,589	705,953	703,056	687,018	670,980	662,651	656,096	648,336
Vehicles	531,699	482,806	445,250	408,568	425,421	443,259	409,080	370,910	334,676	298,739
Land improvements	9,945	6,875	4,584	2,292						
Accumulated depreciation	43,098,391	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
<b>Net capital assets</b>	<b>\$ 148,045,118</b>	<b>\$ 150,799,660</b>	<b>\$ 153,797,830</b>	<b>\$ 156,522,859</b>	<b>\$ 156,345,614</b>	<b>\$ 159,548,087</b>	<b>\$ 162,818,372</b>	<b>\$ 152,747,340</b>	<b>\$ 102,342,191</b>	<b>\$ 81,740,706</b>
<b><u>Canteen Fund</u></b>										
<b>Depreciable capital assets</b>										
Furniture and equipment	\$ 5,153	\$ 5,153	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Computers	1,668	1,668	1,668	22,278	22,278	22,278	22,278	22,278	22,278	22,278
Total capital assets	6,821	6,821	1,668	22,278	22,278	22,278	22,278	22,278	22,278	22,278
<b>Less accumulated depreciation</b>										
Furniture and equipment	558	43	-	-	-	-	-	-	-	-
Computers	1,668	1,668	1,668	22,278	22,278	22,278	22,278	22,278	22,278	22,278
Accumulated depreciation	2,226	1,711	1,668	22,278	22,278	22,278	22,278	22,278	22,278	22,278
<b>Net capital assets</b>	<b>4,595</b>	<b>5,110</b>	<b>-</b>	<b>-</b>						
<b>Total net capital assets</b>	<b>\$ 148,049,713</b>	<b>\$ 150,804,770</b>	<b>\$ 153,797,830</b>	<b>\$ 156,522,859</b>	<b>\$ 156,345,614</b>	<b>\$ 159,548,087</b>	<b>\$ 162,818,372</b>	<b>\$ 152,747,340</b>	<b>\$ 102,342,191</b>	<b>\$ 81,740,706</b>

**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	7/01/2016	\$ 232,504,657	\$ 5,000
Earthquake	Virginia Municipal Liability Pool	7/01/2016	\$ 10,000,000	\$ 25,000
Flood	Virginia Municipal Liability Pool	7/01/2016	\$ 10,000,000	\$ 25,000
Business Auto	Virginia Municipal Liability Pool	7/01/2016	\$ 1,000,000	1000/1000
Schedule Equipment (Tractor)	Virginia Municipal Liability Pool	7/01/2016	\$ 237,220	\$ 5,000
Boiler and Machinery	Virginia Municipal Liability Pool	7/01/2016	\$ 20,000,000	\$ 1,000
Business Interruption and Extra Expense	Virginia Municipal Liability Pool	7/01/2016	\$ 18,000,000	\$ 5,000
Cyber Liability Coverage	Virginia Municipal Liability Pool	7/01/2016	1,000,000	N/A
Environmental Impairment Liability	Virginia Municipal Liability Pool	7/01/2016	\$ 1,000,000	\$ 25,000
Local Government & Excess Liability Coverage	Virginia Municipal Liability Pool	7/01/2016	\$ 2,000,000	N/A
Workers' Compensation	Virginia Municipal Liability Pool	7/01/2016	Required statutory limit	
Line of Duty	Virginia Municipal Liability Pool	7/01/2016	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	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Series 2015 Jail Facility Revenue Bonds	\$ 49,791,010	\$ 50,099,415	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Series 2013 Jail Facility Revenue Bonds	41,148,321	44,609,077	47,986,559	48,561,083	-	-	-	-	-	-
Series 2007 Jail Facility Revenue Bonds	-	-	47,062,553	47,466,724	47,871,406	48,261,564	90,237,198	90,303,287	90,428,033	-
Series 2003 Jail Facility Revenue Bonds	-	-	-	-	54,318,374	56,849,786	59,308,429	61,703,956	62,381,136	62,834,767
Series 1995 Jail Facility Revenue Bonds	-	-	-	-	-	-	-	-	1,615,000	3,150,000
Total debt by type	<u>\$ 90,939,331</u>	<u>\$ 94,708,492</u>	<u>\$ 95,049,112</u>	<u>\$ 96,027,807</u>	<u>\$102,189,780</u>	<u>\$105,111,350</u>	<u>\$149,545,627</u>	<u>\$152,007,243</u>	<u>\$154,424,169</u>	<u>\$ 65,984,767</u>

Source: Comprehensive Annual Financial Reports

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

<b>Employer</b>	<b>Calendar Year 2015*</b>	<b>Calendar Year 2005*</b>
	<b>Rank</b>	<b>Rank</b>
Chesterfield County School Board	1	1
U.S Department of Defense	2	2
Integrity Staffing Solutions	3	-
Amazon.com KYDC Inc.	4	-
County of Chesterfield	5	4
Wal-mart	6	3
HCA Virginia Health System	7	6
U.P.S.	8	7
E.I. DuPont De Nemours Company	9	5
Dominion Virginia Power	10	12
Anteon Corporation	11	-
Honeywell International, Inc.	12	10

\*Final Quarter data for most recent calendar year (2015 and 2005)

\*\*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

Table 12

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

Jurisdiction	Year	Population	Per Capita		
			Household Income	Personal Income	Unemployment Rate
Charles City County	2015	7,040	\$ 48,088	\$ 26,053	5.20%
	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%

Jurisdiction	Year	Population	Per Capita		
			Household Income	Personal Income	Unemployment Rate
City of Colonial Heights	2015	17,820	\$ 52,529	\$ 28,282	4.70%
	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%

Jurisdiction	Year	Population	Per Capita		
			Household Income	Personal Income	Unemployment Rate
Chesterfield County	2015	335,687	\$ 75,514	\$ 32,940	4.30%
	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%

Jurisdiction	Year	Population	Per Capita		
			Household Income	Personal Income	Unemployment Rate
City of Hopewell	2015	22,378	\$ 39,156	\$ 21,041	7.50%
	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%

Jurisdiction	Year	Population	Per Capita		
			Household Income	Personal Income	Unemployment Rate
City of Petersburg	2015	32,477	\$ 33,927	\$ 18,535	9.00%
	2014 *	32,701	\$ 35,092	\$ 26,003	9.00%
	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%

Jurisdiction	Year	Population	Per Capita		
			Household Income	Personal Income	Unemployment Rate
Surry County	2015	6,709	\$ 51,527	\$ 24,469	5.20%
	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%

Jurisdiction	Year	Population	Per Capita		
			Household Income	Personal Income	Unemployment Rate
Prince George County	2015 *		\$ 61,071	\$ 24,521	5.30%
	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%

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

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**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, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 30, 2016.

**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, L.L.P.*

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia  
September 30, 2016

**RIVERSIDE REGIONAL JAIL AUTHORITY**

**SUMMARY OF COMPLIANCE MATTERS**

**June 30, 2016**

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