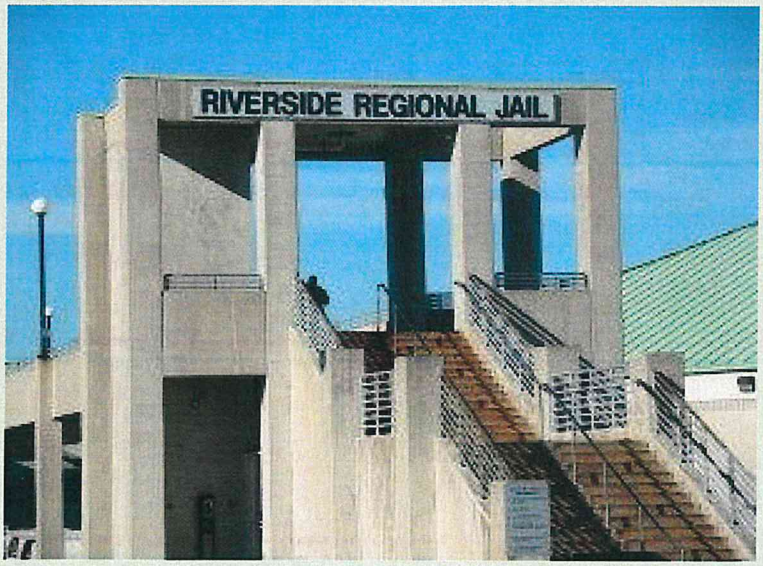
RIVERSIDE REGIONAL JAIL AUTHORITY

North Prince George, Virginia



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDING
JUNE 30, 2019

RIVERSIDE REGIONAL JAIL AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JULY 1, 2018 THROUGH JUNE 30, 2019

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

Prepared by Administrative Services - Finance Department

Carmen I. DeSadier
Superintendent

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

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INTRODUCTORY SECTION

Riverside Regional Jail

Colonel Carmen I. DeSadier
Superintendent

September 26, 2019

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, 2019. 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.

ECONOMIC CONDITON AND OUTLOOK

The shortfall of the projected average daily population has resulted in many challenges for the Jail Authority. The financial condition of the Jail Authority is primarily dependent upon the number of inmates housed at the facility. Due to this shortfall, the Jail Authority has experienced a negative change in net assets for the current fiscal year. 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.

Based on results of the mid-year budget projections denoting a shortfall, the Jail Authority assessed additional inmate housing fees (supplemental billing) in the amount of $2,800,000 to member jurisdictions. To provide budget relief for the member jurisdictions, the Jail Authority elected to distribute the prior years' accumulated excess cash balances from the Rainy Day Fund to equal the additional supplemental billing fees. The additional fee of $2,800,000 was received by June 30, 2019 from the member jurisdictions.

The outlook for population growth increased by .54% for the member jurisdictions in the past year according to the most recent United States Census data. The Jail Authority experienced a decrease in the total average daily population of inmates for fiscal year 2019. The average daily population for the member jurisdictions decreased 9.55% from the previous fiscal year.

MAJOR INITIATIVES

The Jail Superintendent, after seven years of service at the Jail Authority, retired on December 1, 2018. After a national recruitment effort, a new Superintendent was hired and began employment on May 13, 2019.

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, 2013 and 2016. 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 99.3 percent on the ACA audit that was conducted in May 2019.

- The Pre-Release Center was accredited for a three-year period in 2016 by the American Correctional Association (ACA), Adult Community Residential Standards (ACRS). 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 percent on the ACA audit that was conducted in May 2019.

- The Jail Authority received re-certification for compliance with the provisions of the Prison Rape Elimination Act (PREA) in May 2017. 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 three of thirty-eight areas had found the Jail Authority exceeding the standards.

- In order to demonstrate compliance with the provision of appropriate correctional healthcare, the Jail Authority received initial accreditation from the National Commission on Correctional Healthcare (NCCHC) in March 2014. The Jail Authority received a re-accreditation from NCCHC in September 2017.

- The Jail Authority received unconditional certification to house adult and juvenile offenders from the Virginia State Board of Corrections in February 2019.

- In October 2017 the Riverside Regional Jail received a grant through the Department of Criminal Justice Services (DCJS) for an Addictions Recovery Grant Program (ARGP). The program serves female offenders who are within 90-120 days of release in conjunction with transitioning the Therapeutic Community female offenders who meet the same requirements as a part of extended release services. The ARGP, which began operation in January 2018, is a twelve week cohort holistic model that uses a peer recovery approach. The program is facilitated by a Certified Peer Recovery Specialist who provides recovery planning and goal setting. The program also established the Riverside Re-entry Advisory Council in order to network with local and surrounding stakeholders to assist with hard to place cases and use as a referral service for these returning citizens. The ARGP was renewed by DCJS for FY 2020.

- The REAL LIFE program is an opioid focused program at RRJ, with a goal of better preparing inmates who participate for release back into the community. Participants are screened for length of time to serve, three to six months, and drug use history. The twelve week program incorporates twelve step based opioid recovery classes with behavior modification education and training, and trauma therapy. Classes are held three days a week for five hours with approximately (15) fifteen participants per class. Upon release the participants will have access to re-entry services through the REAL LIFE Community Center. These participants will be followed in the community in order to ascertain the effectiveness of the program.

As of June 12, 2019 the Jail Authority, after review by the Virginia Board of Corrections of two inmate deaths in 2017, was placed on probationary certification for (3) three years for failure to comply with Board of Corrections regulations. Under the supervision of a new Jail Superintendent, remedial steps are underway that are designed to ensure compliance with Virginia Board of Corrections regulations, and ultimately, return the facility to normal certification.

The Jail Authority continues to remain committed to providing offenders an opportunity to address the underlying causes of criminal behavior. The facility publishes an Annual Programs Report documenting the various programs designed to provide offenders the opportunity to change. The Jail Authority is especially proud of efforts provided to veterans through the targeted programs offered in the Veterans Housing Unit with programs and services designed specifically for those offenders that have service in our Nation's 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 1st of each year. The Jail Authority Finance Committee reviews the Preliminary Budget and adoption of the final budget must be completed by March 1st annually.

RELEVANT FINANCIAL POLICIES

The Jail Authority maintains (6) six polices to assist in maintaining a strong credit rating, liquidity strength and the ability to operate independently from the member jurisdictions. (Post Issue Compliance Policy, Audit Committee Policy, Capital Improvement Plan Policy, Debt Management Policy, Accounting and Auditing Complaints Policy and the Fund Policy)

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.

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, 2019. 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, 2018. This was the twenty-first (21st) 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 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 Christine Beach, Melissa Differ, Patricia Fazio, Michelle Jackson, Maria Montijo, and Sharyn Quick.

Respectfully Submitted,

Carmen I. DeSadier,
Superintendent

Crystal H. Reid, MBA
Director of Adminsitrtive 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, 2018

Christopher P. Morrill

Executive Director/CEO

DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2019

Chair	Sheriff Todd Wilson City of Colonial Heights
Vice Chair	Percy Ashcraft Prince George County
Secretary/Treasurer	Sheila Minor City of Colonial Heights

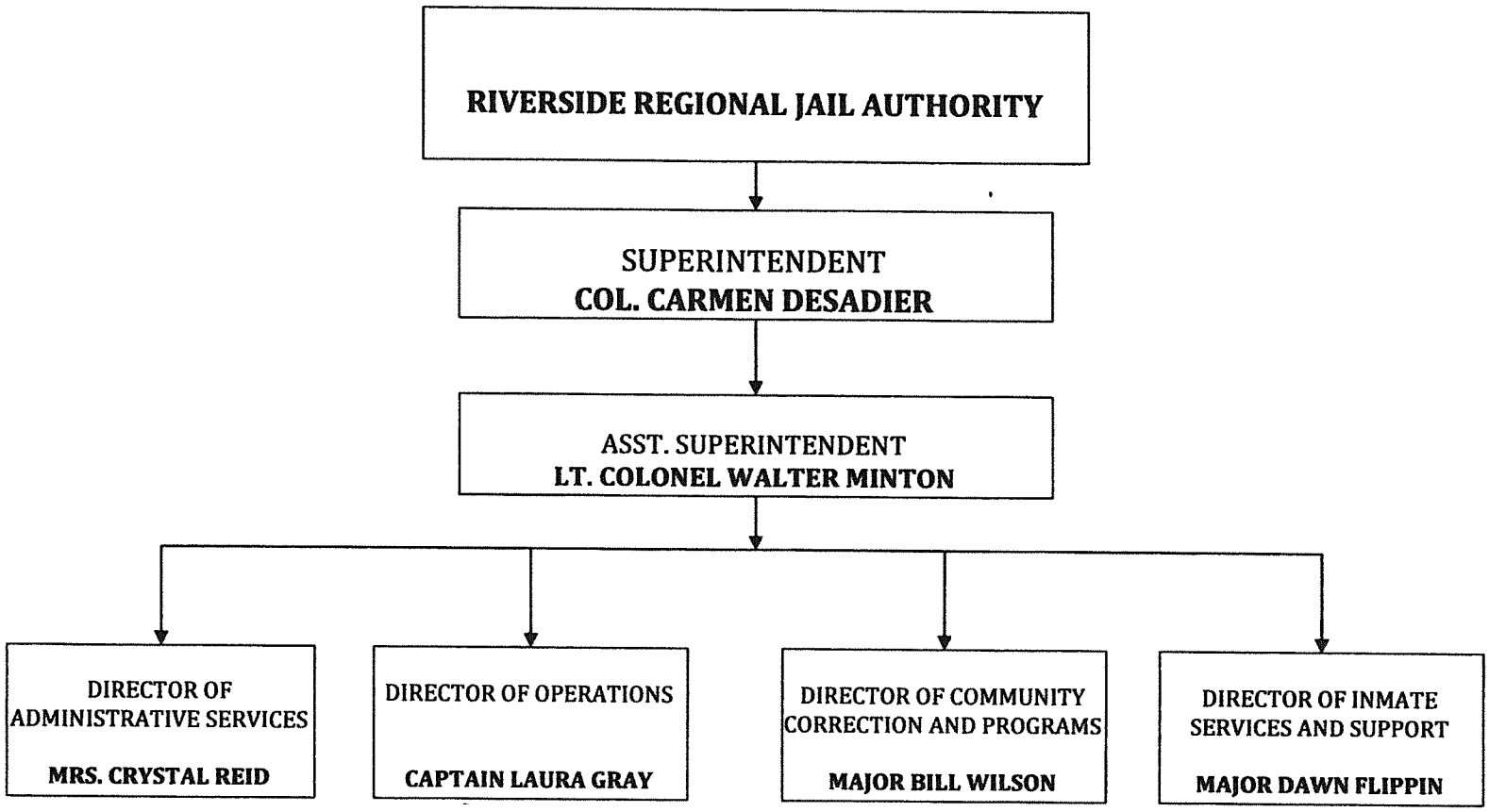
Other Members

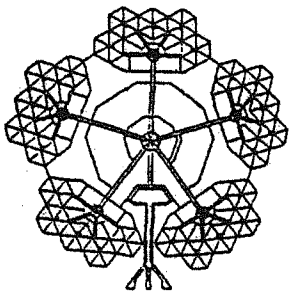
Sheriff Carlos Turner Surry County	Aretha Ferrell-Benavides City of Petersburg
Sheriff Vanessa Crawford City of Petersburg	Sheriff Karl Leonard Chesterfield County
Michelle Johnson Charles City County	Sheriff Alan Jones Sr. Charles City County
John Altman City of Hopewell	Sheriff Stephen Kephart City of Hopewell
Sheriff H. E. Allin, III Prince George County	Allan Carmody Chesterfield County
Jonathan Lynn Surry County	

Jeffrey S. Gore, Esq.
William H. Hefty, Esq.
Counsel

Carmen I. DeSadier
Superintendent

RIVERSIDE REGIONAL JAIL AUTHORITY
ADMINISTRATIVE STRUCTURE





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FINANCIAL SECTION

Financial Section contains the Basic Financial Statements.

BROWNEDWARDS
certified public accountants

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, the major fund, and the aggregate remaining fund information of the Riverside Regional Jail Authority (the "Authority") as of and for the year ended June 30, 2019, 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, 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.

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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, the major fund, and the aggregate remaining fund information of the Authority, as of June 30, 2019, 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.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the Authority returned surplus funds to the member jurisdictions and subsequently assessed charges for the same amounts in order to increase its operating revenues. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory 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 __, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
October 4, 2019

September 26, 2019

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, 2019. 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 ($151,365) as a result of this year's operating and non-operating financial activities.
- The Jail Authority's operating and non-operating revenues increased by $207,544, or approximately -0.5%, and operating and non-operating expenses increased by $2,657,932, or approximately 6.4%.
- The Jail Authority net investment in capital assets increased by $992,202, or 1.5 %.
- The Jail Authority met its financial obligations with regard to the Series 2013 and Series 2015 bonds, making principal payments totaling $3,630,000.
- The Jail Authority transferred approximately $2,800,000 from the Rainy Day Fund to member jurisdictions during the fiscal year. The member jurisdictions then returned their funds in lieu of the Jail Authority increasing the per diem rate mid-year.
- The Jail Authority average daily population decreased by approximately 159 inmates, or 10.33%.

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.

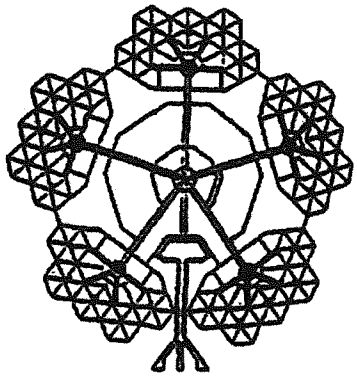
The Jail Authority maintains two enterprise funds, Operating and Canteen. This is an accounting method that is similar to that used by private sector companies. The Statement of Net Position includes the nature and amounts of investments in resources (assets), deferred outflows of resources, obligations 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 $118,593,535 at June 30, 2019. The Jail Authority's total Operating Fund net position decreased by $41,805 as compared to last year and the Canteen Fund net position decreased by decreased by $109,560. 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

			Increase (Decrease)	
	2019	2018	Dollars	Percent
Capital assets - net	$ 139,421,859	$ 142,369,569	$ (2, 947,710)	(2.1) %
Other assets	61,142,111	63,623,822	(2,481,711)	(3.9) %
Total assets	$ 200,563,970	$ 205,993,391	$ (5,429,421)	(2.6) %
Deferred outflows of resources	$ 5,081,378	$ 5,612,459	$ (531,081)	(9.5) %
Long-term liabilities - net	$ 75,421,007	$ 79,814,789	$ (4,393,782)	(5.5) %
Other liabilities	9,285,918	10,193,047	(907,129)	(8.9) %
Total liabilities	$ 84,706,925	$ 90,007,836	$ (5,300,911)	(5.9) %
Deferred inflows of resources	$ 2,344,888	$ 2,853,114	$ (508,226)	(17.8) %
Net position:				
Net investment in capital assets	$ 65,382,280	$ 64,390,078	$ 992,202	(1.5) %
Restricted	20,936,498	20,488,715	447,783	2.2 %
Unrestricted	32,274,757	33,866,107	(1,591,350)	(4.7) %
Total net position	$ 118,593,535	$ 118,744,900	$ (151,365)	(0.1) %



The Operating Fund and Canteen Fund had a combined change in net position of ($151,365). 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

	2019	2018	Increase (Decrease) Dollars	Percent
Operating revenues:				
Inmate housing	$ 25,237,478	$ 25,385,826	$ (148,348)	(0.6) %
State Compensation Board	14,690,559	14,789,934	(99,375)	(0.7) %
Daily incarceration fees	553,726	611,022	(57,296)	(9.4) %
Work release	448,834	341,478	107,356	31.4 %
Canteen sales	1,337,844	1,525,011	(181,767)	(12.3) %
Miscellaneous income	193,440	121,931	71,509	58.6 %
Non-operating revenues:				
Investment income	1,030,444	346,369	684,075	197.5 %
State and federal grants	38,400	51,616	(13,216)	(25.6) %
Miscellaneous income	354,731	504,725	(149,994)	(29.7) %
Total revenues	$ 43,885,456	$ 43,677,912	$ 207,544	0.5 %
Operating expenses:				
Salaries and wages	$ 17,440,055	$ 17,741,246	$ (301,191)	(1.7) %
Fringe benefits	1,992,141	2,868,255	(876,114)	(30.5) %
Contractual services	1,533,209	1,588,400	(55,191)	(3.5) %
Materials and supplies	476,469	475,182	1,287	0.3 %
Medical services and supplies	7,567,320	6,450,129	1,117,191	17.3 %
Food services and supplies	1,549,520	1,711,325	(161,805)	(9.5) %
Repairs and maintenance	834,713	807,263	27,450	3.4 %
Utilities	2,275,734	2,173,092	102,642	4.7 %
Depreciation	3,991,243	3,927,374	63,869	1.6 %
Other	511,268	464,677	46,591	10.0 %
Non-operating expenses:				
Return of surplus funds to member jurisdictions	2,800,000	-	2,800,000	100.0
Interest expense	2,965,149	3,089,806	(124,657)	(4.0) %
Miscellaneous expense	100,000	82,140	17,860	21.7 %
Total expenses	$ 41,236,821	$ 41,378,889	$ 2,657,932	6.4 %
Change in net position	$ (151,365)	$ 2,299,023	$ (2,450,388)	(106.6) %
Beginning net position	118,744,900	116,445,877	2,299,023	2.0 %
Ending net position	$ 118,593,535	$ 118,744,900	$ (151,365)	(0.1) %

Inmate housing revenue decreased by $148,348, or (0.6%) primarily due to a significant decline in the average daily population of the member jursidictions' inmate housing. During the fiscal year, the Jail Authority completed a transfer of $2,800,000 from the Rainy Day Fund to the member localities for the inmate housing supplemental billing. Operating expenses remain steady due to close monitoring of the daily operational expenses.

The Jail Authority's Work Release revenues increased 31.4% due to a higher number of inmates participating in the work release program. The investment income increased $648,075, or 197.5% due to unrealized gains on investments for the Fund Balance Reserve Account and Capital Improvement Fund.

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2019, the Jail Authority had $139,421,859, net of depreciation, invested in a broad range of capital assets (Operating and Canteen Funds), including land, buildings, vehicles, office, and computer equipment. This amount represents a net decrease (including additions and deletions) of $2,947,710 over last year. Depreciation expense was $3,991,243 for fiscal year 2019.

The following table summarizes the Jail Authority's capital assets, net of accumulated depreciation, as of June 30, 2019 and 2018 for Operating and Canteen Funds combined.

	2019	2018
Buildings	$ 135,160,184	$ 138,138,627
Furniture and equipment	3,378,872	3,321,255
Land	322,584	322,584
Land improvements	109,899	119,740
Vehicles	155,825	150,861
Computers and software	294,495	316,502
Total capital assets (net of accumulated depreciation)	$ 139,421,859	$ 142,369,569

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.

	2019	2018
Balance at beginning of year	$ 193,204,609	$ 192,745,298
Additions	1,153,491	466,722
Deletions	(281,130)	(7,411)
Accumulated depreciation	(54,655,111)	(50,835,040)
Balance at end of year	$ 139,421,859	$ 142,369,569

This year major, capital asset additions included the following:

- Fixtures, furniture and equipment
- Roofing replacement
- Vehicles

Long-Term Debt

At year-end, the Jail Authority had bonded debt of $72,245,000 outstanding as compared to fiscal year 2018 outstanding bonds in the amount of $75,875,000. Additional information on the bonds is contained in Note 5.

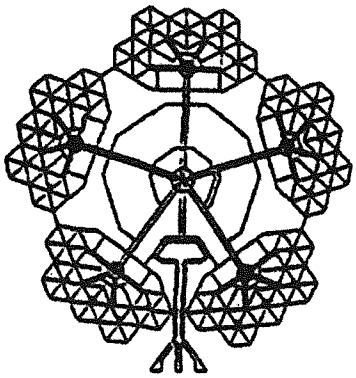
Economic Factors and Next Year's Budgets and Rates

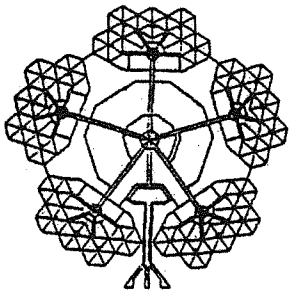
- The per diem rate increased to $43 for member jurisdictions.
- The Fiscal Year 2020 Budget takes into consideration the decline in the inmate average daily population.
- The Jail Authority plans to maintain its 2020 Annual Budget with limited increases in expenses primarily due to concerted efforts to address projected staff retirements and staff turnover.

All of these factors were considered in preparing the Jail Authority's budget for the 2020 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.





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BASIC
FINANCIAL STATEMENTS

EXHIBIT 1

RIVERSIDE REGIONAL JAIL AUTHORITY

STATEMENT OF NET POSITION
June 30, 2019

	Major Fund Operating Fund	Nonmajor Fund Canteen Fund	Total
ASSETS			
Current assets			
Cash and cash equivalents (Note 2)	$ 12,019,564	$ -	$ 12,019,564
Cash and cash equivalents, restricted (Note 2)	5,449,695	358,495	5,808,190
Investments, unrestricted (Note 2)	14,031,551	-	14,031,551
Prepaid insurance (Note 10)	24,297	-	24,297
Accounts receivable (Note 3)	4,498,197	-	4,498,197
Due from other funds (Note 8)	1,298	-	1,298
Amounts receivable from inmate accounts custodial fund (Note 8)	47,689	29,587	77,276
Total current assets	36,072,291	388,082	36,460,373
Noncurrent assets			
Cash and cash equivalents, restricted (Note 2)	16,786,092	-	16,786,092
Net pension asset (Note 6)	7,895,646	-	7,895,646
Capital assets:			
Nondepreciable (Note 4)	322,584	-	322,584
Depreciable, net (Note 4)	139,096,226	3,049	139,099,275
Total noncurrent assets	164,100,548	3,049	164,103,597
Total assets	200,172,839	391,131	200,563,970
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts from refunding of debt	3,792,680	-	3,792,680
Deferred outflows related to pensions (Note 6)	1,079,205	-	1,079,205
Deferred outflows related to other postemployment benefits (Note 7)	209,493	-	209,493
Total deferred outflows of resources	5,081,378	-	5,081,378
LIABILITIES			
Current liabilities			
Accounts payable	1,653,766	44,587	1,698,353
Due to other funds (Note 8)	-	1,298	1,298
Accrued liabilities	683,614	-	683,614
Compensated absences payable - current portion (Note 5)	721,442	1,774	723,216
Accrued interest payable	1,637,532	-	1,637,532
Bonds payable - current portion (Note 5)	4,541,905	-	4,541,905
Total current liabilities	9,238,259	47,659	9,285,918
Long-term liabilities			
Compensated absences payable, net of current portion (Note 5)	886,473	2,180	888,653
Net other postemployment benefits liability (Note 7)	1,242,000	-	1,242,000
Bonds payable, net of current portion (Note 5)	73,290,354	-	73,290,354
Total long-term liabilities	75,418,827	2,180	75,421,007
Total liabilities	84,657,086	49,839	84,706,925
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions (Note 6)	2,186,888	-	2,186,888
Deferred inflows related to other postemployment benefits (Note 7)	158,000	-	158,000
Total deferred inflows of resources	2,344,888	-	2,344,888
NET POSITION			
Net investment in capital assets	65,379,231	3,049	65,382,280
Restricted for:			
Debt service	10,953,650	-	10,953,650
Operating reserve	9,319,159	-	9,319,159
Repair and replacement reserve	325,446	-	325,446
Canteen funds	-	338,243	338,243
Unrestricted	32,274,757	-	32,274,757
Total net position	$ 118,252,243	$ 341,292	$ 118,593,535

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

EXHIBIT 2

RIVERSIDE REGIONAL JAIL AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Year Ended June 30, 2019

	Major Fund Operating Fund	Nonmajor Fund Canteen Fund	Total
OPERATING REVENUES			
Charges for services - inmate housing	$ 22,437,478	$ -	$ 22,437,478
Charges for services - supplemental billings (Note 11)	2,800,000	-	2,800,000
State Compensation Board	14,690,559	-	14,690,559
Daily incarceration fees	553,726	-	553,726
Work release	448,834	-	448,834
Canteen sales	-	1,337,844	1,337,844
Miscellaneous operating income	193,440	-	193,440
Total operating revenues	41,124,037	1,337,844	42,461,881
OPERATING EXPENSES			
Salaries and wages	17,341,544	98,511	17,440,055
Fringe benefits	1,992,141	-	1,992,141
Contractual services	550,192	983,017	1,533,209
Materials and supplies	278,669	197,800	476,469
Medical services and supplies	7,484,120	83,200	7,567,320
Food services and supplies	1,522,372	27,148	1,549,520
Repairs and maintenance	834,713	-	834,713
Utilities	2,275,734	-	2,275,734
Depreciation	3,990,728	515	3,991,243
Other expenses	454,055	57,213	511,268
Total operating expenses	36,724,268	1,447,404	38,171,672
Operating income (loss)	4,399,769	(109,560)	4,290,209
NONOPERATING REVENUES (EXPENSES)			
Return of surplus funds to member jurisdictions (Note 11)	(2,800,000)	-	(2,800,000)
Investment income	1,030,444	-	1,030,444
State and federal grants	38,400	-	38,400
Miscellaneous nonoperating income	354,731	-	354,731
Interest expense	(2,965,149)	-	(2,965,149)
Loss on disposal of capital assets	(100,000)	-	(100,000)
Total nonoperating revenue (expenses)	(4,441,574)	-	(4,441,574)
Change in net position	(41,805)	(109,560)	(151,365)
NET POSITION – AT JULY 1	118,294,048	450,852	118,744,900
NET POSITION – AT JUNE 30	$ 118,252,243	$ 341,292	$ 118,593,535

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

EXHIBIT 3

RIVERSIDE REGIONAL JAIL AUTHORITY

STATEMENT OF CASH FLOWS
Year Ended June 30, 2019

	Major Fund Operating Fund	Nonmajor Fund Canteen Fund	Total
OPERATING ACTIVITIES			
Receipts from jurisdictions	$ 25,361,811	$ -	$ 25,361,811
Receipts from state agencies	15,122,808	-	15,122,808
Receipts from canteen sales	-	1,356,477	1,356,477
Receipts from inmates	1,205,508	-	1,205,508
Contract agreements and miscellaneous income received	20,484	-	20,484
Payments to suppliers	(14,042,889)	(1,345,945)	(15,388,834)
Payments to employees	(21,090,193)	(99,087)	(21,189,280)
Return of surplus funds to member jurisdictions (Note 11)	(2,800,000)	-	(2,800,000)
Net cash provided by (used in) operating activities	3,777,529	(88,555)	3,688,974
NONCAPITAL FINANCING ACTIVITIES			
State and federal grants	38,400	-	38,400
Net cash provided by noncapital financing activities	38,400	-	38,400
CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(1,143,533)	-	(1,143,533)
Principal paid on capital debt	(3,630,000)	-	(3,630,000)
Interest paid on capital debt	(3,347,661)	-	(3,347,661)
Net cash used in capital and related financing activities	(8,121,194)	-	(8,121,194)
INVESTING ACTIVITIES			
Proceeds from investments	6,163,624	-	6,163,624
Purchases of investments	(4,946,168)	-	(4,946,168)
Interest income received	483,335	-	483,335
Net cash provided by investing activities	1,700,791	-	1,700,791
Net decrease in cash and cash equivalents	(2,604,474)	(88,555)	(2,693,029)
CASH AND CASH EQUIVALENTS			
Beginning at July 1	36,859,825	447,050	37,306,875
Ending at June 30	$ 34,255,351	$ 358,495	$ 34,613,846
RECONCILIATION TO EXHIBIT 1			
Cash and cash equivalents	$ 12,019,564	$ -	$ 12,019,564
Cash and cash equivalents, restricted	5,449,695	358,495	5,808,190
Cash and cash equivalents - non-current, restricted	16,786,092	-	16,786,092
	$ 34,255,351	$ 358,495	$ 34,613,846

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

RIVERSIDE REGIONAL JAIL AUTHORITY

STATEMENT OF CASH FLOWS (Continued)
Year Ended June 30, 2019

	Major Fund Operating Fund	Nonmajor Fund Canteen Fund	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income (loss)	$ 4,399,769	$ (109,560)	$ 4,290,209
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	3,990,728	515	3,991,243
Contract agreements and miscellaneous income received	20,484	-	20,484
Return of surplus funds to member jurisdictions	(2,800,000)	-	(2,800,000)
Excess of employer contributions over pension expense	(1,761,852)	-	(1,761,852)
Excess of employer contributions over other postemployment benefits expense	(66,638)	-	(66,638)
Changes in assets and liabilities:			
Prepaid insurance	(24,297)	-	(24,297)
Accounts receivable	556,582	-	556,582
Due from other funds	527	-	527
Amounts receivable from inmate accounts agency fund	9,508	18,633	28,141
Accounts payable	(404,145)	2,960	(401,185)
Insurance claims payable	(215,119)	-	(215,119)
Due to other funds	-	(527)	(527)
Accrued liabilities	12,520	-	12,520
Compensated absences payable	59,462	(576)	58,886
Net cash provided by (used in) operating activities	$ 3,777,529	$ (88,555)	$ 3,688,974
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Carrying value of disposed capital assets	$ 100,000	$ -	$ 100,000
Increase in fair value of investments	$ 547,109	$ -	$ 547,109

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

EXHIBIT 4

RIVERSIDE REGIONAL JAIL AUTHORITY

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2019

	Custodial Fund Inmate Accounts
ASSETS	
Cash and cash equivalents, restricted (Note 2)	$ 177,357
LIABILITIES	
Amounts payable to the Authority (Note 8)	$ 77,276
NET POSITION	
Restricted for benefit of inmates	$ 100,081

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

EXHIBIT 5

RIVERSIDE REGIONAL JAIL AUTHORITY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2019

	Custodial Fund Inmate Accounts
ADDITIONS	
Payments received from and on behalf of inmates	$ 3,502,509
DEDUCTIONS	
Reimbursements made to the Authority	$ 2,389,132
Payments to vendors	808,082
Other deductions	338,438
Total deductions	$ 3,535,652
Net decrease in fiduciary net position	(33,143)
NET POSITION -- AT JULY 1	133,224
NET POSITION -- AT JUNE 30	$ 100,081

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

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:

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) and deferred outflows/inflows of resources are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Authority reports one major proprietary fund, the Operating Fund. This fund is used to account for the activities necessary for operating the jail facility. This fund does not account for funds collected from or held for inmates. The nonmajor Canteen Fund accounts for inmate charges.

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, fees collected from inmates, 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.

The Authority also reports a custodial fund to account for monies held on behalf of inmates. Custodial funds use the economic resources measurement focus and the accrual basis of accounting.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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	10 - 60 years
Land improvements	15 years
Furniture & equipment	10 years
Vehicles	5 years
Computer hardware & software	3 - 10 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 or more years of continuous Riverside Regional Jail service are eligible for a lump sum payment for up to (25) twenty-five percent of their unused sick leave balance. Employees with 1,000 hours or less of unused sick leave will receive a lump sum payment not to exceed $5,000. Employees with more than 1,000 hours of unused sick leave will receive a lump sum payment not to exceed $7,500. Employees who are required to work overtime and holidays earn compensatory and holiday leave, respectively.

Note 1. Summary of Significant Accounting Policies (Continued)

Pensions and Other Postemployment Benefits (OPEB):

For purposes of measuring all financial statement elements related to pension and OPEB plans, information about the fiduciary net position of the Authority's Plans and the additions to/deductions from the Authority's 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.

Deferred outflows/inflows of resources:

In addition to assets, the statements that present net position report a separate section for deferred outflows of resources. These items represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statements that present net position report a separate section for deferred inflows of resources. These items represent 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 the following items that qualify for reporting as deferred inflows or outflows:

- Deferred loss on refunding. A deferred loss on refunding is a deferred outflow 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.
- Contributions subsequent to the measurement date for pensions and OPEB are always a deferred outflow; this will be applied to the net pension or OPEB liability in the next fiscal year.
- Differences between expected and actual experience for economic/demographic factors and changes of assumptions in the measurement of the total pension or OPEB liability. This difference will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.
- Changes in proportion and differences between the Authority's contributions and its proportionate share of contributions for OPEB are deferred and amortized over the average expected remaining service lives of all employees provided with group life insurance benefits, and may be reported as a deferred inflow or outflow as appropriate
- Difference between projected and actual earnings on pension and OPEB plan investments. This difference will be recognized in pension or OPEB expense over the closed five year period and may be reported as a deferred outflow or inflow as appropriate.

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. Operating Fund amounts are restricted in accordance with the Master Indenture. Restrictions on Canteen Fund net position are imposed by §53.1-127.1 of the *Code of Virginia*.

Unrestricted net position represents the remaining net position not included as the previous two categories. The Authority has internally designated a portion of unrestricted net position for the following purposes and amounts: Fund balance reserve, $8,850,940; rainy day fund, $1,573,495; capital improvements fund, $8,639,836; operating fund, $6,928,496; and arbitrage reserve, $56,059.

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.

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. Level 2 investments are valued using a matrix pricing technique, which is based on the investments' benchmark quoted prices.

Note 2. Deposits and Investments

Deposits:

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

Investments:

Statutes authorize the Authority to invest in obligations of the United States or agencies thereof; obligations of the Commonwealth of Virginia or political subdivisions thereof; obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, the State Treasurer's Local Government Investment Pool (LGIP), and the Commonwealth of Virginia State Non-Arbitrage Program (SNAP). 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 value of the Authority's position in the pools is the same as the value of the pool shares and is stated at amortized cost in accordance with GASB Statement 79, which approximates fair value.

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.

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Note 2. Deposits and Investments (Continued)

As of June 30, 2019, the Authority's deposits and investments consisted of the following:

Type	Fair Value	S&P Credit Rating	Weighted Average Maturity
Deposits:			
Cash in bank	$ 12,497,068	N/A	N/A
Cash on hand	900	N/A	N/A
Money market	5,449,695	N/A	N/A
Total deposits	17,947,663		
Investments – Level 1:			
U.S. Treasury notes	1,768,607	AA+	0.86 years
Investments – Level 2:			
Federal agency bonds and notes	12,262,944	AA+	1.35 years
Investments reported at amortized cost:			
Virginia State Non-Arbitrage Program	16,843,540	AAAm	1 day
Total investments	30,875,091		
Total deposits and investments	$ 48,822,754		

Reconciliation of deposits and investments to Exhibits 1 and 4:

	Exhibit 1	Exhibit 4	Total
Cash and cash equivalents	$ 12,019,564	$ -	$ 12,019,564
Cash and cash equivalents, restricted	5,808,190	177,357	5,985,547
Cash and cash equivalents – noncurrent, restricted	16,786,092	-	16,786,092
Investments, unrestricted	14,031,551	-	14,031,551
	$ 48,645,397	$ 177,357	$ 48,822,754

Note 2. Deposits and Investments (Continued)

Restricted amounts:

Details on restricted cash and cash equivalents in Exhibit 1 for the Operating and Canteen funds are as follows:

2013 Bond fund, fiscal year 2019 payment	$	4,061,099
2015 Bond fund, fiscal year 2019 payment		1,388,596
Inmate canteen funds		358,495
Cash and cash equivalents – restricted	$	5,808,190
Operating reserve	$	9,319,159
Repair and replacement reserve		325,446
Debt service reserve fund		7,141,487
Cash and cash equivalents – non-current, restricted	$	16,786,092

Note 3. Accounts Receivable

Accounts receivable consist of the following:

Member jurisdictions	$	2,428,440
Commonwealth of Virginia		1,974,428
Federal agencies		91,931
Other		3,398
	$	4,498,197

Note 4. Capital Assets

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

	Beginning July 1	Increases	Decreases	Ending June 30
Capital assets, nondepreciable				
Land	$ 322,584	$ -	$ -	$ 322,584
Capital assets, depreciable				
Buildings and improvements	181,542,686	308,637	157,500	181,693,823
Furniture and equipment	9,166,000	693,265	17,105	9,842,160
Computer hardware and software	1,220,757	82,575	10,508	1,292,824
Vehicles	799,838	59,056	86,059	772,835
Land improvements	147,591	-	-	147,591
Total capital assets, depreciable	192,876,872	1,143,533	271,172	193,749,233
Less accumulated depreciation:				
Buildings and improvements	43,404,059	3,187,080	57,500	46,533,639
Furniture and equipment	5,848,309	635,132	17,105	6,466,336
Computer hardware and software	904,255	104,583	10,508	998,330
Vehicles	648,977	54,094	86,059	617,012
Land improvements	27,851	9,839	-	37,690
Total accumulated depreciation	50,833,451	3,990,728	171,172	54,653,007
Total capital assets depreciable, net	142,043,421	(2,847,195)	100,000	139,096,226
Total capital assets, net	$ 142,366,005	$ (2,847,195)	$ 100,000	$ 139,418,810

Note 4. Capital Assets (Continued)

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

	Beginning July 1	Increases	Decreases	Ending June 30
Capital assets, depreciable				
Equipment	$ 5,153	$ -	$ -	$ 5,153
Less accumulated depreciation:				
Equipment	1,589	515	-	2,104
Total capital assets depreciable, net	$ 3,564	$ (515)	$ -	$ 3,049

Note 5. Long-Term Liabilities

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

	Beginning July 1	Additions	Reductions	Ending June 30	Due Within One Year
Jail Facility Revenue Bonds	$ 75,875,000	$ -	$ 3,630,000	$ 72,245,000	$ 3,780,000
Issuance premiums	6,392,898	-	805,639	5,587,259	761,905
	82,267,898	-	4,435,639	77,832,259	4,541,905
Compensated absences	1,552,983	2,202,889	2,144,003	1,611,869	723,216
Total long-term liabilities	$ 83,820,881	$ 2,202,889	$ 6,579,642	$ 79,444,128	$ 5,265,121

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

Fiscal Year	Principal	Interest	Total
2020	$ 3,780,000	$ 3,199,463	$ 6,979,463
2021	3,935,000	3,031,113	6,966,113
2022	4,110,000	2,841,363	6,951,363
2023	4,305,000	2,639,088	6,944,088
2024	4,520,000	2,427,688	6,947,688
2024-2028	26,055,000	8,560,053	34,615,053
2029-2033	25,540,000	2,146,058	27,686,058
	$ 72,245,000	$ 24,844,826	$ 97,089,826

Note 5. Long-Term Liabilities (Continued)

Details of long-term indebtedness are as follows:

	Issue Date	Maturity Date	Authorized and Issued	Average Interest Rate	Amount Outstanding
Series 2015 Jail Facility Revenue Bonds	03/12/2016	07/01/2032	$ 44,765,000	3.67%	$ 43,365,000
Series 2013 Jail Facility Revenue Bonds	06/27/2013	07/01/2032	$ 44,025,000	4.27%	28,880,000
					$ 72,245,000

The Authority's debt agreements contain certain financial covenants for which the Authority was in compliance at June 30, 2019.

Note 6. Defined Benefit Pension Plan

Plan Description

All full-time, salaried permanent employees of the Authority (the "Political Subdivision") are automatically covered by the VRS Retirement Plan upon employment. This plan is an agent multiple-employer defined benefit plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as 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.

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 available at:

- https://www.varetire.org/members/benefits/defined-benefit/plan1.asp,
- https://www.varetire.org/members/benefits/defined-benefit/plan2.asp,
- https://www.varetirement.org/hybrid.html.

Note 6. Defined Benefit Pension Plan (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	66
Inactive members:	
Vested inactive members	41
Non-vested inactive members	245
Inactive members active elsewhere in VRS	160
Total inactive members	446
Active members	351
Total covered employees	863

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.

The political subdivision's contractually required contribution rate for the year ended June 30, 2019 was 7.31% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 $1,079,205 and $1,243,197 for the years ended June 30, 2019 and June 30, 2018, respectively.

Net Pension Asset

The net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017 rolled forward to the measurement date of June 30, 2018.

Note 6. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.50%
General Employees – Salary increases, including inflation	3.50 – 5.35%
Public Safety Employees with hazardous duty benefits – 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: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 60% of deaths are assumed to be service related. Mortality is projected using the applicable RP-2014 Mortality Table Projected to 2020 with various set backs or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rates at older ages, changed final retirement from 70 to 75; lowered disability rates, no change to salary scale, increased rate of line of duty disability from 14% to 20%.

Note 6. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (Continued)

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Update mortality table; adjustment to rates of retirement by increasing rate at 50 and lowering rate at older ages; adjusted rates of withdrawal and disability to better fit experience; changes to line of duty rates, and no changes to salary scale.

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:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00 %	4.54 %	1.82 %
Fixed Income	15.00	0.69	0.10
Credit Strategies	15.00	3.96	0.59
Real Assets	15.00	5.76	0.86
Private Equity	15.00	9.53	1.43
Total	100.00 %		4.80 %
		Inflation	2.50 %
	* Expected arithmetic nominal return		7.30 %

* The above allocation provides for a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.5%.

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. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in the FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015, actuarial valuations, whichever is greater. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances at June 30, 2017	$ 40,621,631	$ 47,074,659	$ (6,453,028)
Changes for the year:			
Service cost	2,091,096	-	2,091,096
Interest	2,807,408	-	2,807,408
Benefit changes	-	-	-
Difference between expected and actual experience	(808,871)		(808,871)
Changes of assumptions	-	-	-
Contributions – employer	-	1,246,898	(1,246,898)
Contributions – employee	-	790,035	(790,035)
Net investment income	-	3,527,503	(3,527,503)
Benefit payments, including refunds of employee contributions	(1,031,597)	(1,031,597)	-
Refunds of employee contributions	-		
Administrative expenses	-	(28,984)	28,984
Other changes	-	(3,201)	3,201
Net changes	3,058,036	4,500,654	(1,442,618)
Balances at June 30, 2018	$ 43,679,667	$ 51,575,313	$ (7,895,646)

Note 6. Defined Benefit Pension Plan (Continued)

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

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

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Political subdivision's net pension liability (asset)	$ (1,074,717)	$ (7,895,646)	$ (13,475,200)

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

For the year ended June 30, 2019, the political subdivision recognized pension expense (income) of $(678,946). At June 30, 2019, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,431,117
Changes of assumptions	-	278,758
Net difference between projected and actual earnings on pension plan investments	-	477,013
Employer contributions subsequent to the measurement date	1,079,205	-
Total	$ 1,079,205	$ 2,186,888

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 which will be recognized as an increase of the Net Pension Asset in the year ended June 30, 2020. 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
2020	$ (779,774)
2021	(743,752)
2022	(623,717)
2023	(39,645)
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2019, $146,857 was payable to the Virginia Retirement System for the legally required contributions related to June 2019 payroll.

Note 7. Other Postemployment Benefits Liability – VRS Group Life Insurance

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the Authority also participates in the VRS Group Life Insurance (GLI) cost-sharing multi-employer other postemployment benefit plan.

Plan Description

All full-time employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

Note 7. Other Postemployment Benefits Liability – VRS Group Life Insurance (Continued)

Plan Description (Continued)

In addition to the Basic Group Life Insurance Benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

Specific information for the GLI is available at https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp

Contributions

Contributions to the VRS OPEB program were based on actuarially determined rates from actuarial valuations as of June 30, 2017. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	*Code of Virginia* 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.31% of covered employee compensation. Rate allocated 60/40; 0.79% employee and 0.52% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2019 Contribution	$78,493
June 30, 2018 Contribution	$80,855

OPEB Liabilities, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

The net OPEB liabilities were measured as of June 30, 2018 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by actuarial valuations as of that date. The covered employer's proportion of the net OPEB liabilities were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers.

Note 7. Other Postemployment Benefits Liability – VRS Group Life Insurance (Continued)

OPEB Liabilities, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB (Continued)

Group Life Insurance Program

June 30, 2019 proportionate share of liability	$1,242,000
June 30, 2018 proportion	0.08176%
June 30, 2018 proportion	0.07675%
June 30, 2019 expense	$11,855

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Group Life Insurance Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 61,000	$ 22,000
Change of assumptions	-	52,000
Net difference between projected and actual earnings on OPEB plan investments	-	40,000
Changes in proportion	70,000	44,000
Employer contributions subsequent to the measurement date	78,493	-
Total	$ 209,493	$ 158,000

The deferred outflows of resources related to OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Note 7. Other Postemployment Benefits Liability – VRS Group Life Insurance (Continued)

Group Life Insurance Program

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2020	$ (15,000)
2021	(15,000)
2022	(15,000)
2023	(4,000)
2024	13,000
Thereafter	9,000

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2017, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018:

Inflation	2.5%
Salary increases, including inflation:	
• Locality- general employees	3.5 – 5.35%
• Locality – hazardous duty employees	3.5 – 4.75%
Investment rate of return, net of expenses, including inflation*	7.0%

* 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 rate for GASB purposes of slightly more than the assumed percent above. However, since the difference was minimal, and a more conservative 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 the percent noted above to simplify preparation of OPEB liabilities.

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 6.

Note 7. Other Postemployment Benefits Liability – VRS Group Life Insurance (Continued)

Net OPEB Liability

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program
Total OPEB liability	$ 3,113,508
Plan fiduciary net position	$ 1,594,773
Employers' net OPEB liability (asset)	$ 1,518,735
Plan fiduciary net position as a percentage of total OPEB liability	51.22%

The total liability is calculated by the VRS actuary and each plan's fiduciary net position is reported in the VRS financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the VRS notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

Group Life Insurance Program

The long-term expected rate of return on VRS 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 OPEB 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:

Note 7. Other Postemployment Benefits Liability – VRS Group Life Insurance (Continued)

Long-Term Expected Rate of Return (Continued)

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00 %	4.54 %	1.82 %
Fixed Income	15.00	0.69	0.10
Credit Strategies	15.00	3.96	0.59
Real Assets	15.00	5.76	0.86
Private Equity	15.00	9.53	1.43
Total	100.00 %		4.80 %
	Inflation		2.50 %
	*Expected arithmetic nominal return		7.30 %

* The above allocation provides for a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.5%.

Discount Rate

The discount rate used to measure the GLI OPEB 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 Guidance 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 OPEB liabilties 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 OPEB plans' 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 OPEB liability.

Note 7. Other Postemployment Benefits Liability – VRS Group Life Insurance (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liabilities of the Authority, as well as what the Authority's net OPEB liabilities would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
GLI Net OPEB liability	$ 1,622,767	$ 1,242,000	$ 932,335

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the OPEB Plan

At June 30, 2019, $15,960 was payable to the Virginia Retirement System for the legally required contributions related to June 2019 payroll.

Note 8. Interfund Balances and Transfers

The following interfund receivables and payables are included in the fund financial statements at June 30, 2019:

	Due From		
	Canteen Fund	Inmate Accounts Custodial Fund	Total Due From Other Funds
Due To			
Operating Fund	$ 1,298	$ 47,689	$ 48,987
Canteen Fund	-	29,587	29,587
	$ 1,298	$ 77,276	$ 78,574

Amounts due to the Operating Fund include general and administrative charges and various reimbursements. Amounts due to the Canteen Fund include charges for goods and services provided to inmates.

Note 9. 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 10. 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, Line of Duty Act, and worker's compensation is provided through the Virginia Municipal League Insurance Programs (VML). The purpose of VML is to create and administer group self-insurance pools for political subdivisions of the Commonwealth of Virginia pursuant to the authority provided in Chapter 27 of Title 15.2 of the *Code of Virginia*. The VML is managed by a nine member Supervisory Board who is elected by members at their annual meeting. Annual rates are based on estimated claims and reserve requirements. Pool deficits, should they materialize, will be eliminated through the levy of an additional assessment upon Association members.

General liability and faithful performance of duty bond coverages are provided by the Commonwealth of Virginia, Department of General Services and the Division of Risk Management. There was no reduction in insurance coverage for the year ended June 30, 2019 or claims not covered by existing policies. Claims have not exceeded coverage for the last four fiscal years.

The Authority is self-insured for health insurance purposes and has retained Anthem Blue Cross and Blue Shield to administer the program. The Authority currently reports these activities in the Operating Fund. Significant claims, over $90,000, are covered by commercial insurance.

Claims liabilities are based on estimates of the ultimate cost of reported claims, related claim adjustment expenses and an estimate for claims incurred but not reported (IBNR) based on historical experience. The following represents the change in approximate aggregate liabilities for the fund:

Fiscal Year	Beginning Liability	Claims and Changes in Estimates	Claim Payments	Ending Liability (Asset)
2019	$ 215,119	$ 2,266,766	$ 2,506,182	$ (24,297)
2018	188,279	2,415,713	2,388,873	215,119

Note 11. Return of Surplus Funds to Member Jurisdictions

Due to a revenue shortfall during the fiscal year, the Authority's Board adopted a resolution in March of 2019 directing the Superintendent to return $2,800,000 of surplus funds to the member jurisdictions, and then to assess a charge to the member jurisdictions for the same amount in lieu of a mid-year per diem increase. This action was taken in order to meet the revenue covenant required by the indenture of the revenue bonds described in Note 5.

Note 12. New Accounting Standards

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

The GASB issued **Statement No. 87**, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019.

The GASB issued **Statement No. 88**, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* in March 2018. This Statement improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowing and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The requirements of this Statement are effective for periods beginning after June 15, 2018.

The GASB issued **Statement No. 89**, *Accounting for Interest Cost Incurred before the End of a Construction Period* in June 2018. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for periods beginning after December 15, 2019. The requirements of this Statement should be applied prospectively.

The GASB issued **Statement No. 90**, *Major Equity Interests, an amendment of GASB Statements No. 14 and No. 61* in August 2018. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

Note 12. New Accounting Standards (Continued)

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for periods beginning after December 15, 2018.The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

The GASB issued **Statement No. 91**, *Conduit Debt Obligations* in May 2019. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT 6

RIVERSIDE REGIONAL JAIL AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

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

	Plan Year Ended June 30,				
	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	$ 2,091,096	$ 2,186,637	$ 2,150,926	$ 2,060,095	$ 1,970,573
Interest on total pension liability	2,807,408	2,682,164	2,462,197	2,252,657	2,008,571
Difference between actual and expected experience	(808,871)	(1,418,135)	(589,893)	(772,215)	-
Changes of assumptions	-	(586,776)	-	-	-
Benefit payments, including refunds of employee contributions	(1,031,597)	(1,117,762)	(643,927)	(450,291)	(534,137)
Net change in total pension liability	3,058,036	1,746,128	3,379,303	3,090,246	3,445,007
Total pension liability - beginning	40,621,631	38,875,503	35,496,200	32,405,954	28,960,947
Total pension liability - ending	$ 43,679,667	$ 40,621,631	$ 38,875,503	$ 35,496,200	$ 32,405,954
Plan Fiduciary Net Position					
Contributions - employer	$ 1,246,898	$ 1,146,951	$ 1,303,496	$ 1,272,768	$ 1,356,380
Contributions - employee	790,035	701,743	713,279	697,572	668,321
Net investment income	3,527,503	5,104,533	736,406	1,698,455	4,815,572
Benefit payments, including refunds of employee contributions	(1,031,597)	(1,117,762)	(643,927)	(450,291)	(534,137)
Administrative expenses	(28,984)	(28,163)	(23,372)	(21,410)	(24,447)
Other changes	(3,201)	(4,600)	(301)	(364)	253
Net change in plan fiduciary net position	4,500,654	5,802,702	2,085,581	3,196,730	6,281,942
Plan fiduciary net position - beginning	47,074,659	41,271,957	39,186,376	35,989,646	29,707,704
Plan fiduciary net position - ending	$ 51,575,313	$ 47,074,659	$ 41,271,957	$ 39,186,376	$ 35,989,646
Net pension liability (asset) - ending	$ (7,895,646)	$ (6,453,028)	$ (2,396,454)	$ (3,690,176)	$ (3,583,692)
Plan fiduciary net position as a percentage of total pension asset	118%	116%	106%	110%	111%
Covered payroll	$ 15,397,332	$ 14,043,639	$ 14,230,306	$ 13,894,847	$ 13,729,157
Net pension asset as a percentage of covered payroll	51%	46%	17%	27%	26%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - e.g., plan year 2014 was presented in the entity's fiscal year 2015 financial report.

This 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.

The Notes to Required Supplementary Information are an integral part of this schedule.

EXHIBIT 7

RIVERSIDE REGIONAL JAIL AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PENSION CONTRIBUTIONS

Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2019	$ 1,079,205	$ 1,079,205	$ -	$ 15,014,181	7.19%
2018	1,243,197	1,243,197	-	15,397,332	8.07%
2017	1,146,951	1,146,951	-	14,043,639	8.17%
2016	1,303,496	1,303,496	-	14,230,306	9.16%
2015	1,272,768	1,272,768	-	13,894,847	9.16%

This 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.

The covered payroll amounts above are for the Authority's fiscal year - i.e., the covered payroll on which required contributions were based for the same year.

The Notes to Required Supplementary Information are an integral part of this schedule.

EXHIBIT 8

RIVERSIDE REGIONAL JAIL AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
June 30, 2019

Plan Year Ended June 30	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Virginia Retirement System - Group Life Insurance - General Employees					
2018	0.08176%	$ 1,242,000	$ 15,564,457	7.98%	51.22%
2017	0.07675%	1,155,000	14,178,536	8.15%	48.86%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - e.g., plan year 2017 information was presented in the entity's fiscal year 2018 financial report.

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The Notes to Required Supplementary Information are an integral part of this schedule.

EXHIBIT 9

RIVERSIDE REGIONAL JAIL AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
June 30, 2019

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Virginia Retirement System - Group Life Insurance - General Employees					
2019	$ 78,493	$ 78,493	-	$ 15,210,827	0.52%
2018	80,855	80,855	-	15,564,457	0.52%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The Notes to Required Supplementary Information are an integral part of this schedule.

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019

Note 1. Changes of Benefit Terms

Pension

There have been no actuarially material changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation.

Other Postemployment Benefits (OPEB)

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Note 2. Changes of Assumptions

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 – Non-Hazardous Duty:
- Update mortality table
- Lowered in rates of service retirement
- Update withdrawal rates to better fit experience
- Lowered in rates of disability retirement
- No changes to salary rates
- Applicable to: Pension and GLI OPEB

Largest 10 –Hazardous Duty:
- Update mortality table
- Lowered rates of retirement at older ages
- Update withdrawal rates to better fit experience
- Increased disability rates
- No changes to salary rates
- Applicable to: Pension and GLI OPEB

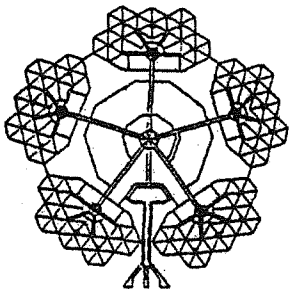
Note 2. Changes of Assumptions (Continued)

All Others (Non 10 Largest) – Non-Hazardous Duty:

- Update mortality table
- Lowered rates of retirement at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience
- Lowered disability rates
- No changes to salary rates
- Applicable to: Pension and GLI OPEB

All Others (Non 10 Largest) – Hazardous Duty:

- Update mortality table
- Increased retirement rate at age 50 and lowered rates at older ages
- Update withdrawal rates to better fit experience
- Update disability rates to better fit experience
- No changes to salary rates
- Applicable to: Pension and GLI OPEB



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STATISTICAL SECTION

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

Financial Trends

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

Tables 1-2

Revenue Capacity

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

Tables 3 - 4

Debt Capacity

These tables present 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.

Tables 5 - 6

Demographic and Economic Information

These tables offer 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.

Tables 7 - 8

Operating Information

These tables contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.

Tables 9 - 11

Other Information

The table presents a summary of insurance coverage in force separated by type and insurance company.

Table 12

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

TABLE 1

RIVERSIDE REGIONAL JAIL AUTHORITY
NET POSITION BY COMPONENT

Last Ten Fiscal Years	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net investment in capital assets	$ 65,382,280	$ 64,390,078	$ 64,000,243	$ 62,449,317	$ 61,778,237	$* 60,702,234	$ 67,377,090	$ 65,847,316	$ 66,809,229	$ 19,218,446
Restricted	20,936,498	20,488,715	19,744,177	20,282,900	20,274,448	19,757,014	15,596,539	20,096,513	20,354,400	71,523,261
Unrestricted	32,274,757	*** 33,866,107	34,438,351	31,270,767	** 27,987,079	* 25,328,498	20,652,782	17,119,171	13,491,881	11,986,242
Total Net Position	$ 118,593,535	$ 118,744,900	$ 118,182,771	$ 114,002,984	$ 110,039,764	$ 105,787,746	$ 103,626,411	$ 103,063,000	$ 100,655,510	$ 102,727,949

* Restated for implementation of GASB Statement No. 65

** Restated for implementation of GASB Statement No. 68

*** Restated for implementation of GASB Statement No. 75

TABLE 2

RIVERSIDE REGIONAL JAIL AUTHORITY
CHANGES IN NET POSITION

Last Ten Fiscal Years	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating revenues										
Charges for services- inmate housing	$ 22,437,478	$ 25,385,826	$ 25,661,966	$ 24,766,756	$ 23,959,544	$ 25,721,049	$ 23,256,688	$ 23,155,970	$ 19,429,925	$ 19,640,607
Charges for services - supplemental billings	2,800,000	-	-	-	-	-	-	-	3,262,075	-
State Compensation Board	14,690,559	14,789,934	14,053,434	14,352,174	13,235,682	13,385,391	12,726,338	12,735,177	12,493,133	10,710,641
Daily incarceration fees	553,726	611,022	571,333	579,022	268,371	278,045	262,236	250,911	246,560	252,159
Federal Grants passed through the Commonwealth of Virginia Reimbursements	-	-	-	-	-	-	-	-	-	616,930
Work release	448,834	341,478	520,869	398,422	277,182	243,207	294,850	225,927	105,214	164,329
Canteen sales- net 2010, gross 2011-2019	1,337,844	1,525,011	1,411,553	1,383,021	1,417,313	1,545,388	1,357,162	1,096,987	1,018,362	417,026
Miscellaneous income	193,440	121,931	131,175	-	-	-	-	-	-	-
Nonoperating revenues										
Investment income	1,030,444	346,369	183,563	209,599	38,903	346,856	572,409	569,367	562,790	783,887
Miscellaneous income	354,731	504,725	505,376	698,810	254,833	94,182	199,255	132,127	292,306	340,703
Telephone commissions	-	-	-	-	465,335	614,442	633,036	488,040	467,910	411,611
RSAT grant revenue	38,400	51,616	42,833	-	-	-	-	-	-	-
Total revenues	43,885,456	43,677,912	43,082,102	42,387,804	39,917,163	42,228,560	39,301,974	38,654,506	37,878,275	33,337,893
Operating expenses										
Salaries and wages	17,440,055	17,741,246	15,780,058	16,229,999	13,948,873	13,642,700	13,758,502	13,722,458	14,358,464	14,381,868
Fringe benefits	1,992,141	2,868,255	3,368,094	3,118,198	3,976,992	4,671,817	4,426,271	4,650,730	5,028,687	4,626,749
Contractual services	1,533,209	1,588,400	1,597,777	1,525,689	1,433,461	1,390,918	1,268,453	1,100,609	955,665	535,817
Materials and supplies	476,469	475,182	575,106	540,461	468,785	551,661	456,643	584,612	273,247	564,042
Medical services and supplies	7,567,320	6,450,129	5,554,146	4,824,290	5,590,650	5,439,134	5,326,272	2,482,628	1,806,588	2,056,299
Food service and supplies	1,549,520	1,711,325	1,585,996	1,558,699	1,521,714	1,509,434	1,400,026	1,549,234	1,957,951	1,876,909
Repairs and maintenance	834,713	807,263	813,981	909,809	891,359	979,798	688,519	713,627	678,346	745,300
Utilities	2,275,734	2,173,092	2,084,505	2,103,097	2,097,263	2,060,824	2,094,137	2,267,726	2,245,263	1,984,911
Depreciation	3,991,243	3,927,374	3,857,073	3,793,174	3,735,242	3,675,804	3,508,674	3,311,249	3,330,194	2,139,853
Other	511,268	464,677	501,084	479,640	586,905	589,150	496,778	384,897	414,759	647,093
Nonoperating expenses										
Return of surplus funds to member jurisdictions	2,800,000	-	-	-	-	-	-	-	3,262,075	429,066
Interest expense	2,965,149	3,089,806	3,184,495	3,341,528	3,133,852	3,810,666	5,314,288	5,479,246	5,639,475	4,476,650
Bond issuance expense	-	-	-	-	383,186	-	-	-	-	-
Commonwealth of Va. budget reduction	-	-	-	-	-	-	-	-	-	593,584
Miscellaneous expense	100,000	82,140	-	-	-	-	-	-	-	-
Total expenses	44,036,821	41,378,889	38,902,315	38,424,584	37,768,282	38,321,906	38,738,563	36,247,016	39,950,714	35,058,141
Change in net position	(151,365)	2,299,023	4,179,787	3,963,220	2,148,881	3,906,654	563,411	2,407,490	(2,072,439)	(1,720,248)
Beginning net position	118,744,900 ***	116,445,877	114,002,984	110,039,764 **	107,890,883 *	101,881,092	103,063,000	100,655,510	102,727,949	64,041,925
Contributed capital- Commonwealth of Virginia	-	-	-	-	-	-	-	-	-	40,406,272
Ending net position	$ 118,593,535	$ 118,744,900	$ 118,182,771	$ 114,002,984	$ 110,039,764	$ 105,787,746	$ 103,626,411	$ 103,063,000	$ 100,655,510	$ 102,727,949

* Restated for implementation of GASB Statement No. 65
** Restated for implementation of GASB Statement No. 68
*** Restated for implementation of GASB Statement No. 75

TABLE 3

RIVERSIDE REGIONAL JAIL AUTHORITY
REVENUES BY CUSTOMER

Last Ten Fiscal Years

Fiscal Year	Charles City County	Chesterfield County	City of Hopewell	City of Colonial Heights	City of Petersburg	Prince George County	Surry County	Member Localities Subtotal	
2019	$ 322,896	$ 9,773,803	$ 2,428,363	$ 2,409,549	$ 4,599,588	$ 2,134,149	$ 208,826	$ 21,877,174	(2)
2018	226,120	10,796,840	2,141,840	2,267,400	3,940,832	1,496,080	220,720	21,089,832	
2017	272,000	11,198,840	2,149,560	2,408,680	3,433,237	1,276,120	149,720	20,888,157	
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	(1)
2010	401,635	8,272,978	2,065,229	2,493,356	1,689,605	1,349,760	128,908	16,401,471	

Fiscal Year	Regional and Local Jails	Commonwealth of Virginia	Federal Inmates Housing and Transportation	Other Sources Subtotal	Total	
2019	$ 6,460	$ 2,987,421	$ 366,423	$ 3,360,304	$ 25,237,478	(2)
2018	29,836	3,163,369	1,102,789	4,295,994	25,385,826	
2017	15,033	3,106,021	1,652,755	4,773,809	25,661,966	
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	(1)
2010	120,674	3,068,106	50,357	3,239,137	19,640,608	

(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 enitre amount of the transfer before June 30, 2011. Included in charges for services is revenue of $3,262,075.

(2) In fiscal year 2019, the Jail Authority disbursed member jurisdictions transfers totaling $2,800,000. In lieu of a mid-year per diem rate increase, each member jurisdiction subsequently repaid to the Jail Authority the enitre amount of the transfer before June 30, 2019. Included in charges for services is revenue of $2,800,000.

TABLE 4

RIVERSIDE REGIONAL JAIL AUTHORITY
REVENUES AND BILLED DAYS - BY CUSTOMER

Years Ended June 30, 2019 and 2018 and Nine Years Ago

Fiscal Year 2019

Customer	2019 Revenue	Per Diem Rate	Inmate Days Billed	
Charles City County	$ 322,896	$ 40	7,012	(1)
Chesterfield County	9,773,803	40	212,135	(1)
City of Hopewell	2,428,363	40	53,191	(1)
City of Colonial Heights	2,409,549	40	52,635	(1)
City of Petersburg	4,599,588	40	100,770	(1)
Prince George County	2,134,149	40	46,618	(1)
Surry County	208,826	40	4,568	(1)
Regional and Local Jails	6,460	Various	252	
Commonwealth of Virginia (a)	2,987,421	Various	N/A	
Federal Inmates - Housing	366,423	Various	5,618	
Total	$ 25,237,478		482,799	

Fiscal Year 2018

Customer	2018 Revenue	Per Diem Rate	Inmate Days Billed
Charles City County	$ 226,120	$ 40	5,653
Chesterfield County	10,796,840	40	269,921
City of Hopewell	2,141,840	40	53,546
City of Colonial Heights	2,267,400	40	56,685
City of Petersburg	3,940,832	40	98,521
Prince George County	1,496,080	40	37,402
Surry County	220,720	40	5,518
Regional and Local Jails	29,836	Various	658
Commonwealth of Virginia (a)	3,163,369	Various	N/A
Federal Inmates - Housing	1,102,789	Various	16,434
Total	$ 25,385,826		544,338

Fiscal Year 2010

Customer	2010 Revenue	Per Diem Rate	Inmate Days Billed
Charles City County	$ 401,635	$ 37	10,855
Chesterfield County	8,272,978	37	223,594
City of Hopewell	2,065,229	37	55,817
City of Colonial Heights	2,493,356	37	67,388
City of Petersburg	1,689,605	37	45,665
Prince George County	1,349,760	37	36,480
Surry County	128,908	37	3,484
Regional and Local Jails	120,674	Various	3,320
Commonwealth of Virginia (a)	3,068,106	Various	N/A
Federal Inmates - Housing	48,264	66.36	722
Federal Inmates - Transportation	2,093	N/A	N/A
Total	$ 19,640,608		447,325

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

(1) Included in 2019 Revenue for each member jurisdiction is the repayment of member jurisdiction transfers of $2,800,000 as described in Note 11. Accordingly, the per diem rate multiped by actual inmate days billed during fiscal year 2019 does not equal the revenue received from member jurisdictions.

N/A - Not Applicable

TABLE 5

RIVERSIDE REGIONAL JAIL AUTHORITY
REVENUE BOND COVERAGE

Last Ten Fiscal Years

Fiscal Year	Operating and Nonoperating Revenues[1]	Operating Expense[2]	Net Revenue Available for Debt Service	Debt Service Requirements[3]			Bond Coverage
				Principal	Interest	Total	
2019	$ 41,517,168	$ 32,733,540	$ 8,783,628	$ 3,780,000	$ 3,275,063	$ 7,055,063	124.50%
2018	41,806,532	32,776,087	9,030,445	3,630,000	3,420,263	7,050,263	128.09%
2017	41,486,986	30,609,588	10,877,398	3,520,000	3,529,913	7,049,913	154.29%
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%

(1) Nonoperating revenues include payments from vendor contracts and exclude interest income on bond accounts. Operating revenues include repayments of member jurisdiction transfers, as described in Note 11.

(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, and reflect principal and interest payments required for the next fiscal year.

TABLE 6

RIVERSIDE REGIONAL JAIL AUTHORITY

RATIOS OF OUTSTANDING DEBT BY TYPE

Fiscal Year	Total Outstanding Revenue Bonds	Debt as a Percentage of Personal Income (1)	Amount of Debt Per Capita
2019	$ 77,832,259	0.4%	$ 165
2018	82,267,898	0.6%	176
2017	86,635,780	0.6%	187
2016	90,939,331	0.7%	198
2015	94,708,492	0.5%	208
2014	95,049,112	0.6%	211
2013	96,027,807	0.5%	215
2012	102,189,780	0.6%	231
2011	105,111,350	0.7%	239
2010	149,545,627	0.9%	346

(1) See Table 8 for personal income and population data.

Table 7

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

Employer	Calendar Year 2018*	Calendar Year 2008*
	Rank	Rank
Chesterfield County School Board	1	1
U.S Department of Defense	2	2
County of Chesterfield	3	4
Wal-mart	4	3
Amazon.com KYDC Inc.	5	-
HCA Virginia Health System	6	7
U.P.S.	7	6
Food Lion	8	-
Dominion Virginia Power	9	13
Prince George County	10	12
Kroger	11	-
E.I. DuPont De Nemours Company	12	5

*Final Quarter data for most recent calendar year (2018 and 2008)

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

Source: Virginia Employment Commission

RIVERSIDE REGIONAL JAIL AUTHORITY

DEMOGRAPHIC AND ECONOMIC STATISTICS - LAST TEN CALENDAR YEARS BY MEMBER JURISDICTION

Jurisdiction	Year	Population	Household Income	Per Capita Personal Income	Unemployment Rate
Charles City County	2018	6,941	$ 55,069	$ 30,625	3.40%
	2017	7,004	54,167	30,477	5.20%
	2016	7,071	49,563	30,588	4.60%
	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%

Jurisdiction	Year	Population	Household Income	Per Capita Personal Income	Unemployment Rate
Chesterfield County	2018	348,556	$ 76,969	$ 44,445	2.90%
	2017	343,599	73,869	33,848	3.90%
	2016	339,009	72,609	32,896	4.00%
	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%

Jurisdiction	Year	Population	Household Income	Per Capita Personal Income	Unemployment Rate
City of Petersburg	2018	31,567	$ 33,939	$ 24,496	5.90%
	2017	31,750	32,169	20,464	7.60%
	2016	32,420	31,798	24,521	8.00%
	2015	32,477	33,927	18,535	9.00%
	2014 *	32,701	35,092	26,003	8.80%
	2013	32,593	34,424	25,335	8.40%
	2012	32,167	35,126	24,167	9.60%
	2011	32,159	36,289	26,479	10.80%
	2010	32,527	36,449	26,255	11.60%
	2009	32,986	35,874	26,003	14.00%

Jurisdiction	Year	Population	Household Income	Per Capita Personal Income	Unemployment Rate
Prince George County	2018	38,082	$ 68,461	$ 41,222	3.50%
	2017	37,809	64,805	26,721	4.70%
	2016	37,845	61,857	39,294	5.10%
	2015 *	37,380	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%

Jurisdiction	Year	Population	Household Income	Per Capita Personal Income	Unemployment Rate
City of Colonial Heights	2018	17,833	$ 50,952	$ 33,342	3.20%
	2017	17,830	49,639	27,209	3.80%
	2016	17,411	50,304	33,911	4.60%
	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%

Jurisdiction	Year	Population	Household Income	Per Capita Personal Income	Unemployment Rate
City of Hopewell	2018	22,596	$ 40,712	$ 24,229	4.30%
	2017	22,621	40,814	21,827	5.70%
	2016	22,735	39,064	24,944	6.70%
	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%

Jurisdiction	Year	Population	Household Income	Per Capita Personal Income	Unemployment Rate
Surry County	2018	6,474	$ 54,656	$ 32,303	3.80%
	2017	6,540	56,632	25,838	4.60%
	2016	6,544	53,673	26,250	5.10%
	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%

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

Table 9

RIVERSIDE REGIONAL JAIL AUTHORITY

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Fiscal Year	Jail Operations Sworn	Civilian	Total
2019	290	64	354
2018	306	69	375
2017	290	64	354
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

TABLE 10

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 Housing and Transportation**	**Jail Contract Beds (1)**	**Total**
2019	19.23	580.78	145.72	144.16	276.16	127.71	12.54	0.69	15.38	56.77	1,379.14
2018	15.48	739.12	146.63	155.35	270.07	102.47	15.13	1.82	44.84	47.04	1,537.95
2017	18.62	767.27	147.35	164.74	227.07	87.39	10.27	0.31	68.10	51.51	1,542.63
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

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

TABLE 11

RIVERSIDE REGIONAL JAIL AUTHORITY
CAPITAL ASSETS

Last Ten Fiscal Years	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating Fund										
Nondepreciable capital assets										
Land	$ 322,584	$ 322,584	$ 322,584	$ 322,584	$ 322,584	$ 322,584	$ 322,584	$ 322,584	$ 322,584	$ 322,584
Depreciable capital assets										
Buildings	181,693,823	181,542,686	181,542,686	181,522,435	181,519,235	181,482,748	181,383,359	178,620,415	178,620,416	178,620,416
Furniture and equipment	9,842,160	9,166,000	8,866,511	7,734,026	6,830,539	6,208,719	5,516,234	4,744,669	4,694,812	4,637,719
Computers	1,292,824	1,220,757	1,088,947	844,103	799,700	804,714	736,838	715,909	715,909	715,909
Vehicles	772,835	799,838	771,826	671,887	610,374	564,354	519,787	481,713	483,222	483,222
Land improvements	147,591	147,591	147,591	48,473	34,373	34,373	34,373	1,501		
Total capital assets	194,071,817	193,199,456	192,740,145	191,143,508	190,116,805	189,417,492	188,513,175	184,886,791	184,836,943	184,779,850
Less accumulated depreciation										
Buildings	46,533,639	43,404,059	40,229,296	37,058,850	33,874,783	30,689,778	27,509,871	24,360,942	21,370,295	18,379,647
Furniture and equipment	6,466,336	5,848,309	5,257,800	4,732,081	4,221,399	3,757,461	3,363,632	3,051,758	2,788,284	2,501,771
Computers	998,330	904,255	819,747	765,815	731,282	722,589	705,953	703,056	687,018	670,980
Vehicles	617,012	648,977	589,148	531,699	482,806	445,250	408,568	425,421	443,259	409,080
Land improvements	37,690	27,851	18,012	9,945	6,875	4,584	2,292			
Accumulated depreciation	54,653,007	50,833,451	46,914,003	43,098,390	39,317,145	35,619,662	31,990,316	28,541,177	25,288,856	21,961,478
Net capital assets	$ 139,418,810	$ 142,366,005	$ 145,826,142	$ 148,045,118	$ 150,799,660	$ 153,797,830	$ 156,522,859	$ 156,345,614	$ 159,548,087	$ 162,818,372
Canteen Fund										
Depreciable capital assets										
Furniture and equipment	$ 5,153	$ 5,153	$ 5,153	$ 5,153	$ 5,153	$ -	$ -	$ -	$ -	$ -
Computers	-	-	-	1,668	1,668	1,668	22,278	22,278	22,278	22,278
Total capital assets	5,153	5,153	5,153	6,821	6,821	1,668	22,278	22,278	22,278	22,278
Less accumulated depreciation										
Furniture and equipment	2,104	1,589	1,074	558	43	-	-	-	-	-
Computers	-	-	-	1,668	1,668	1,668	22,278	22,278	22,278	22,278
Accumulated depreciation	2,104	1,589	1,074	2,226	1,711	1,668	22,278	22,278	22,278	22,278
Net capital assets	3,049	3,564	4,079	4,595	5,110	-	-	-	-	-
Total net capital assets	$ 139,421,859	$ 142,369,569	$ 145,830,221	$ 148,049,713	$ 150,804,770	$ 153,797,830	$ 156,522,859	$ 156,345,614	$ 159,548,087	$ 162,818,372

Table 12

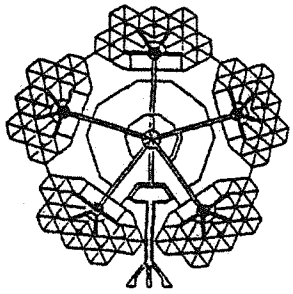
RIVERSIDE REGIONAL JAIL AUTHORITY

SCHEDULE OF INSURANCE IN FORCE

Insurance Coverage	Insurance Company	Expiration Date	Coverage Amount	Deductible
Building and Personal Property	Virginia Municipal Liability Pool	7/01/2019	$ 242,085,403	$ 5,000
Earthquake	Virginia Municipal Liability Pool	7/01/2019	$ 10,000,000	$ 25,000
Flood	Virginia Municipal Liability Pool	7/01/2019	$ 10,000,000	$ 25,000
Business Auto	Virginia Municipal Liability Pool	7/01/2019	$ 1,000,000	1000/1000
Schedule Equipment (Tractor)	Virginia Municipal Liability Pool	7/01/2019	$ 270,390	$ 5,000
Boiler and Machinery	Virginia Municipal Liability Pool	7/01/2019	$ 20,000,000	$ 1,000
Business Interruption and Extra Expense	Virginia Municipal Liability Pool	7/01/2019	$ 18,000,000	$ 5,000
Cyber Liability Coverage	Virginia Municipal Liability Pool	7/01/2019	$ 1,000,000	N/A
Environmental Impairment Liabili	Virginia Municipal Liability Pool	7/01/2019	$ 1,000,000	$ 25,000
Local Government & Excess Liability Coverage	Virginia Municipal Liability Pool	7/01/2019	$ 2,000,000	N/A
Workers' Compensation	Virginia Municipal Liability Pool	7/01/2019	Required statutory limit	
Line of Duty	Virginia Municipal Liability Pool	7/01/2019	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



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COMPLIANCE SECTION

BROWNEDWARDS
certified public accountants

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, 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, the major fund, and the aggregate remaining fund information of the Riverside Regional Jail Authority (the "Authority"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 4, 2019.

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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. **We did identify one deficiency in internal control, described in the accompanying schedule of findings and responses, that we consider to be a material weakness.**

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RIVERSIDE REGIONAL JAIL AUTHORITY

SUMMARY OF COMPLIANCE MATTERS
June 30, 2019

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

RIVERSIDE REGIONAL JAIL AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2019

A. FINDINGS – FINANCIAL STATEMENT AUDIT

2019-001: ACCOUNTING FOR NON-RECURRING TRANSACTIONS (MATERIAL WEAKNESS)

Criteria:

Occasionally, the Authority is required to evaluate the accounting and reporting implications of unusual or nonrecurring transactions.

Condition:

During the current year, a material non-recurring transaction was reported incorrectly in interim financial statements until it was adjusted as a result of audit procedures performed on the annual financial statements.

In this case, the return of surplus funds to member jurisdictions totaling $2.8 million was recorded as a reduction of net position instead of an entry to expenses. Direct journal entries to net position should only be made for prior period adjustments, such as for the implementation of new accounting standards or to correct errors related to prior year amounts reported. All activity must be reflected in the revenue and expense accounts in order to be in accordance with Generally Accepted Accounting Principles (GAAP).

Recommendation:

The Authority has many resources available for consultation when such transactions occur. We suggest that management consult with these resources to ensure all such transactions are properly recorded in accordance with GAAP at their inception.

Views of Responsible Officials/Management Response:

The Jail Authority concurs with the finding and the recommended procedures have been implemented to consult with available resources to properly record such transactions.