

RIVERSIDE REGIONAL JAIL AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JULY 1, 2020 THROUGH JUNE 30, 2021



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

Prepared by Administrative Services - Finance Department

**Colonel Larry J. Leabough
Superintendent**

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

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INTRODUCTORY SECTION



Riverside Regional Jail

Colonel Larry Leabough
Superintendent

September 23, 2021

The Board of Directors ***Riverside Regional Jail Authority***

We are pleased to submit the Comprehensive Annual Financial Report of the ***Riverside Regional Jail Authority*** (Jail Authority) for the fiscal year ended June 30, 2021. The report was prepared by the Superintendent and Finance Department in accordance with accounting principles generally accepted in the United States of America for governmental accounting and reporting as promulgated by the Governmental Accounting Standards Board. The responsibility for the accuracy of information and the completeness and fairness of the presentations, including all disclosures, rests with the undersigned management of the Jail Authority. The financial statements have been audited by the independent accounting firm of Brown Edwards & Company, L.L.P. whose reports are included herein.

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

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

PROFILE OF THE ORGANIZATION

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

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

A Nationally Accredited Jail

500 FOLAR Trail, North Prince George, Virginia 23860
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www.rrjva.org

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. During fiscal year 2021, the coronavirus had an adverse effect on the Jail Authority. Due to the onset of COVID-19 affecting many jail institutions, there were many challenges in housing the inmate population and practicing social distancing per the Center for Disease Controls (CDC) guidelines within a jail facility setting. The Jail Authority experienced a 3.26% decrease in the inmate population during the fiscal year 2021.

The economic stability of the jail is based on the contractual obligation of each member jurisdiction to pay a per diem rate of \$46 per inmate per day. The per diem rate for the Member Jurisdictions increased from \$43 to \$46 in fiscal year 2021. 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. During fiscal year 2021, the Jail Authority experienced a decrease of 4.73% in the inmate Average Daily Population (ADP) for its Member Jurisdictions as compared to the previous fiscal year. The actual ADP for fiscal year 2021 was 1,249 inmates. The Fiscal Year 2021 Original Budget was amended on May 7, 2020 from a projected ADP of 1,235 inmates to 1,035 inmates due to the impacts of COVID-19.

MAJOR INITIATIVES

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

- The Main Jail has been accredited by the American Correction Association (ACA), Adult Local Detention Standards (ALDF) for a three-year period in each of the following years: 1999, 2002, 2006, 2010, 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 Jail Authority received re-certification for compliance with the provisions of the Prison Rape Elimination Act (PREA) in July 2020. 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.
- 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. On June 28, 2021, the Jail Authority received its third re-accreditation from NCCHC.
- The Jail Authority received unconditional certification to house adult and juvenile offenders from the Virginia State Board of Corrections in March 2021.
- 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 2022.

On June 12, 2019, after review by the Virginia Board of Local and Regional Jails of (3) three inmate deaths in 2019 and 2020, the Jail Authority was placed on probationary status for (3) three years for failure to comply with the Board of Local and Regional Jails regulations. Under the supervision of a new Jail Superintendent, remedial steps were followed to ensure compliance with the Board of Local and Regional Jails regulations. The Jail Authority has been submitting quarterly reports to the Board of Local and Regional Jails to support how the facility is maintaining compliance during the probationary period.

On September 23, 2021, the Jail Authority approved a consent agreement with the Board of Local and Regional Jails to resolve its investigations of the (3) three inmate deaths. This agreement releases the Jail Authority from the (3) three year probationary period and avoids decertification. This agreement represents a culmination of the Jail Authority's recent efforts to identify and focus on areas of improvement. The Jail Authority continues to strive to ensure that Riverside Regional Jail is a model correctional facility providing a safe and healthy environment for all inmates, staff and visitors to the jail.

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.

COVID-19

Jail facilities face unique challenges in the control of infectious diseases such as COVID-19 because of crowded, shared environments and the potential introductions by staff members and new intakes. The Jail Authority has been following the recommendations of CDC, Virginia Department of Health and its medical contract provider to prevent the spread of the virus. Prompt identification of persons with COVID-19 and consistent application of prevention measures are critical to protecting incarcerated or detained persons, staff members, and the communities in which the inmates return. The Jail Authority implemented many procedures and processes to prevent the spread of COVID-19 within the facility. The following procedures were adhered to at the start of COVID-19 in fiscal year 2020 and was continued in fiscal year 2021:

- The Jail Authority received medical guidance from its medical contract provider in responding to the coronavirus.
- COVID-19 supplies and personal protective equipment were purchased at the onset of COVID-19. The Jail Authority spent \$240,485 on COVID-19 supplies and equipment during fiscal year 2021.
- Deep sanitization and cleaning of the jail facility has been conducted on a daily basis.
- Inmate Programs, Work Release, visitation were suspended due to the onset of the pandemic. Inmate movement within the facility was restricted and limited to medical, video arraignment, booking and otherwise deemed necessary by the Jail Watch Commander.
- New arrestees were given summons and/or court dates to avert them from being committed to jail. All transfers to and from the facility were suspended.
- All staff have daily temperature checks at one entry point of the facility, mandatory wearing of face masks and supplied personal hand sanitizer bottles. Hand sanitizer stations were placed throughout the facility. Staff were issued N-95 and KN-95 masks. The Virginia National Guard conducted a fit testing of these masks to ensure proper fitting of the masks.
- Staff were encouraged to practice social distancing whenever possible.
- Inmates were issued surgical style masks for mandatory face coverings.
- Fourteen (14) day observation areas were opened for all new intakes.

- The Jail Authority collaborated with the Virginia Department of Health and the Virginia National Guard to administer COVID-19 mass testing of inmates and staff.
- A segregated housing unit was opened and designated as the Infectious Control Pod. All inmates that were confirmed positive were relocated and housed in this pod.
- The Jail Authority received \$49,983 from DCJS Coronavirus Emergency Supplemental Fund Grant on November 19, 2020 to be used in the purchase of COVID-19 supplies and personal protective equipment.
- The Jail Authority received \$51,726 in funding from three of its Member Jurisdictions through the Coronavirus Aid, Relief, and Economic Security Act (CARES) signed by President Donald Trump in March 2020 to help pay for COVID-19 supplies and personal protective equipment.
- To mitigate the spread of COVID-19, the Jail Authority staff and the medical contractor conducts weekly conference call with the Crater District Health Department to provide updates on inmates and staff who tested positive for COVID-19 and to discuss any changes to the Center for Disease Control or the Virginia Department of Health guidelines or recommendations.
- The Jail Authority has put procedures in place to better track staff members that become COVID-19 positive by developing a questionnaire to obtain information on their exposure and the type of symptoms they may be experiencing.
- The Jail Authority has held vaccination events for inmates and staff.
- During fiscal year 2021, 31% of the staff members tested positive for COVID-19. The staff members were paid for (10) ten days of quarantine for COVID-19.
- There were 6.3% of the inmate population that tested positive for COVID-19 during fiscal year 2021. These inmates were quarantined for (14) fourteen days per the CDC guidelines.

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 policies 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)

RELEVANT FINANCIAL POLICIES

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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, 2021. The independent auditor's report on the financial statements is included in the financial section of this report.

AWARDS AND ACHIEVEMENTS

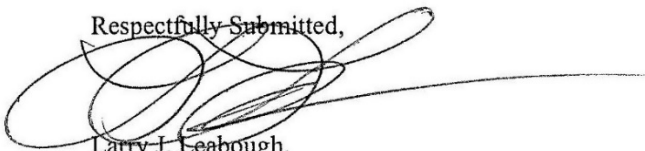
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Riverside Regional Jail Authority for its comprehensive annual financial report for the fiscal year ended June 30, 2020. This was the twenty-second (23rd) 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.

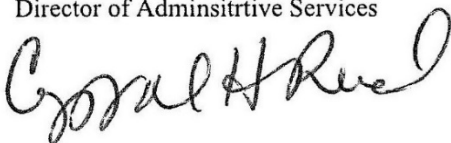
The preparation of this report could not be accomplished without the efficient and dedicated efforts of the employees of the Riverside Regional Jail Authority. Of special mention are Melissa Differ, Patricia Fazio, Patrice Harris, Trinika Lewis-Jones, Maria Montijo, and Kimberly Strubel.

Respectfully Submitted,



Larry J. Leabough,
Superintendent

Crystal H. Reid, MBA
Director of Administrative Services





Government Finance Officers Association

Certificate of
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Reporting

Presented to

**Riverside Regional Jail Authority
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill
Executive Director/CEO

DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2021

Chair	Sheriff Vanessa Crawford. City of Petersburg
Vice Chair	Matt Harris Chesterfield County
Secretary/Treasurer	Matt Harris Chesterfield County

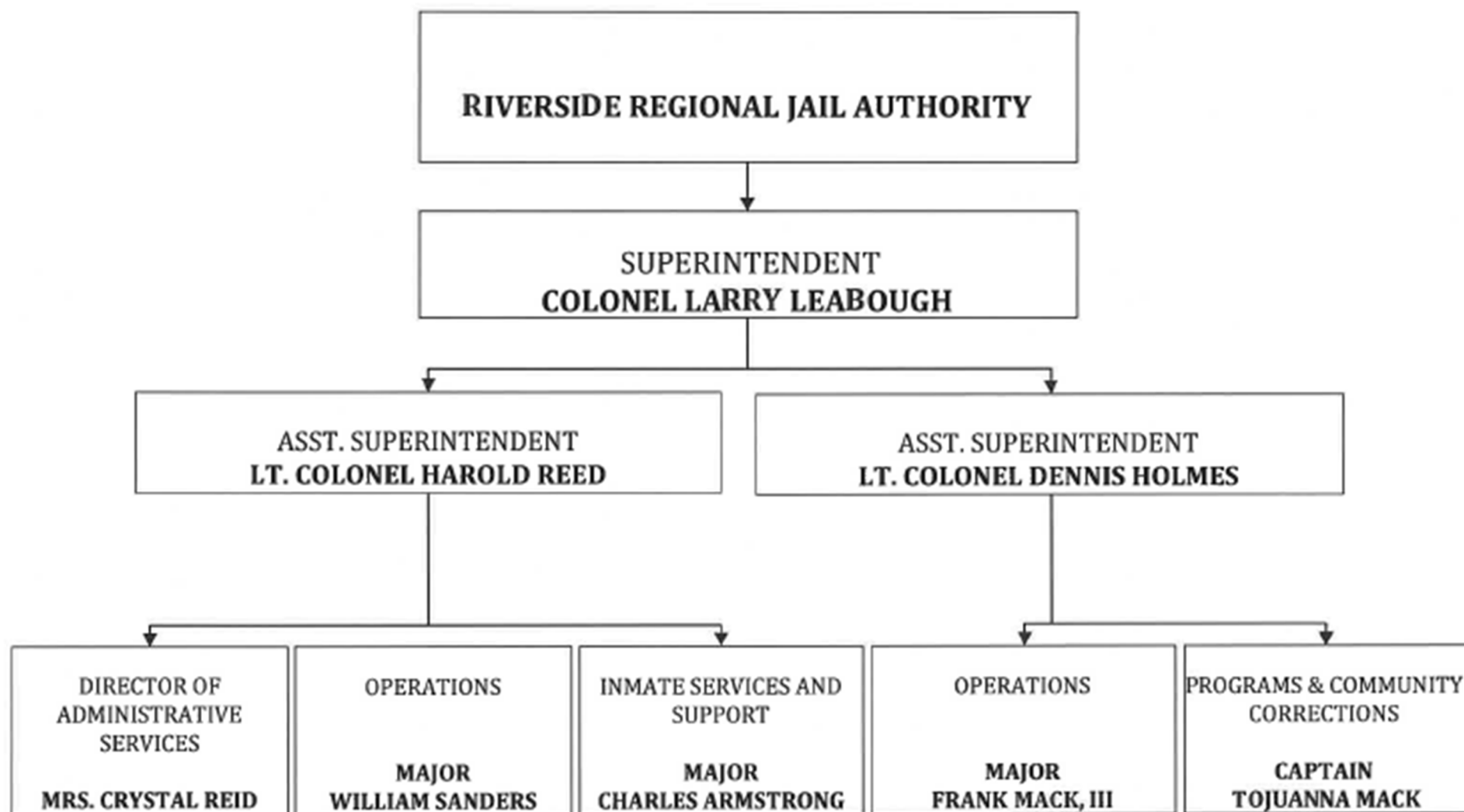
Other Members

Sheila Minor City of Colonial Heights	Sheriff Todd Wilson City of Colonial Heights
Travis Christian City of Petersburg	Sheriff Karl Leonard Chesterfield County
Michelle Johnson Charles City County	Sheriff Alan Jones Sr. Charles City County
Melissa Rollins Surry County	Sheriff Carlos Turner Surry County
Percy C. Ashcraft Prince George County	Sheriff H. E. Allin, III Prince George County
Sheriff Stephen Kephart City of Hopewell	John M. Altman, Jr City of Hopewell

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

Larry Leabough
Superintendent

RIVERSIDE REGIONAL JAIL AUTHORITY ADMINISTRATIVE STRUCTURE



FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Riverside Regional Jail Authority
Prince George, 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, 2021, 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.

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, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2021 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 the effectiveness of the Authority's 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
September 23, 2021

Riverside Regional Jail Authority

Management's Discussion and Analysis (Unaudited)

September 23, 2021

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, 2021. 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 \$1,941,612 as a result of this year's operating and non-operating financial activities.
 - Total revenues of the Jail for FY 2021 were \$42,076,050.
 - Total expenses of the Jail for FY 2021 were \$40,134,438.
- The Jail Authority's operating and non-operating revenues increased \$702,844, or approximately 1.7%, and operating and non-operating expenses decreased by \$481,965, or approximately -1.2%.
- The Jail Authority net investment in capital assets increased by \$1,223,975, or 1.9 %.
- The Jail Authority met its financial obligations with regard to the Series 2013 and Series 2015 bonds, making principal payments totaling \$3,935,000.
- The Jail Authority closed its Fund Balance Reserve and Capital Improvements Accounts at Goldman Sachs Money Market Fund and transferred the funds to the Local Government Investment Pool during the fiscal year. This transfer was attributed to the merger of BB&T and SunTrust in which they determined that these accounts would no longer be supported.
- The Jail Authority's average daily population decreased by approximately 42 inmates, or 3.26% for fiscal year 2021.

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 \$121,291,950 at June 30, 2021. The Jail Authority's total Operating Fund net position increased by \$1,402,638 as compared to last year and the Canteen Fund net position increased by \$538,974. Our detailed analysis that follows focuses on the change in net position and the resulting changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources of both the Operating Fund and Canteen Fund in the aggregate.

Operating Fund and Canteen Fund

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>	
			<u>Dollars</u>	<u>Percent</u>
Capital assets - net	\$ 133,122,672	\$ 136,094,680	\$ (2,972,008)	(2.2) %
Other assets	56,552,635	57,117,760	(565,125)	(1.0) %
Total assets	<u>\$ 189,675,307</u>	<u>\$ 193,212,440</u>	<u>\$ (3,537,133)</u>	(1.8) %
Deferred outflows of resources	\$ 7,157,628	\$ 6,883,625	\$ 274,003	4.0 %
Long-term liabilities - net	\$ 65,707,893	\$ 70,591,091	\$ (4,883,198)	(6.9) %
Other liabilities	9,037,342	8,676,120	361,222	4.2 %
Total liabilities	<u>\$ 74,745,235</u>	<u>\$ 79,267,211</u>	<u>\$ (4,521,976)</u>	(5.7) %
Deferred inflows of resources	\$ 795,750	\$ 1,478,516	\$ (682,766)	(46.2) %
Net position:				
Net investment in capital assets	\$ 67,347,673	\$ 66,123,698	\$ 1,223,975	1.9 %
Restricted	24,501,096	26,137,871	(1,636,775)	(6.3) %
Unrestricted	29,443,181	27,088,769	2,354,412	8.7 %
Total net position	<u>\$ 121,291,950</u>	<u>\$ 119,350,338</u>	<u>\$ 1,941,612</u>	1.6 %

The Operating Fund and Canteen Fund had a combined change in net position of \$1,941,612. 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

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>	
			<u>Dollars</u>	<u>Percent</u>
Operating revenues:				
Inmate housing	\$ 23,294,488	\$ 22,470,532	\$ 823,956	3.7 %
State Compensation Board	14,847,091	14,865,016	(17,925)	(0.1) %
Daily incarceration fees	658,117	559,058	99,059	17.7 %
Work release	293,203	445,450	(152,247)	(34.2) %
Canteen sales	2,049,140	1,604,618	444,522	27.7 %
Miscellaneous income	726,768	653,730	73,038	11.2 %
Non-operating revenues:				
Investment income	64,402	713,361	(648,959)	(91.0) %
State and federal grants	136,569	38,400	98,169	255.6 %
Miscellaneous income	6,272	23,041	(16,769)	(72.8) %
Total revenues	<u>\$ 42,076,050</u>	<u>\$ 41,373,206</u>	<u>\$ 702,844</u>	1.7 %
Operating expenses:				
Salaries and wages	\$ 13,530,248	\$ 14,835,161	\$ (1,304,913)	(8.8) %
Fringe benefits	4,484,501	3,746,696	737,805	19.7 %
Contractual services	1,753,763	1,491,211	262,552	17.6 %
Materials and supplies	421,821	395,982	25,839	6.5 %
Medical services and supplies	7,759,943	7,946,843	(186,900)	(2.4) %
Food services and supplies	1,598,829	1,491,024	107,805	7.2 %
Repairs and maintenance	1,057,333	872,059	185,274	21.2 %
Utilities	2,260,844	2,241,277	19,567	0.9 %
Depreciation	4,010,360	4,043,267	(32,907)	(0.8) %
Other	451,294	519,678	(68,384)	(13.2) %
Non-operating expenses:				
Interest expense	2,677,369	2,835,278	(157,909)	(5.6) %
Loss on disposal of capital assets	128,133	197,927	(69,794)	(35.2) %
Total expenses	<u>\$ 40,134,438</u>	<u>\$ 40,616,403</u>	<u>\$ (481,965)</u>	(1.2) %
Change in net position	\$ 1,941,612	\$ 756,803	\$ 1,184,809	156.6 %
Beginning net position	<u>119,350,338</u>	<u>118,593,535</u>	<u>756,803</u>	0.6 %
Ending net position	<u>\$ 121,291,950</u>	<u>\$ 119,350,338</u>	<u>\$ 1,941,612</u>	1.6 %

Inmate housing revenue increased by \$823,956, or 3.7% due to an increase in the member jurisdictions inmate housing per diem from \$43 to \$46. During the fiscal year, COVID-19 affected the average daily population by causing a decline in the amount of new arrestees from the member jurisdictions. The revenue for Work Release decreased \$152,247, or 34.2% because of COVID-19. The Jail Authority ceased the Work Release program for three months due to COVID-19 outbreaks at inmates' job sites.

Canteen Sales increased \$444,522, or 27.7% due to inmates receiving stimulus money from the federal government and being able to purchase more commissary items. Investment Income decreased \$648,959, or 91.0% due to the impacts of COVID-19 and low earning rates. Operating expenses decreased approximately \$481,965, or 1.2% due to the low number of employees and pension expense.

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2021, the Jail Authority had \$133,122,672, 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 \$2,972,008 over last year. Depreciation expense was \$4,010,360 for fiscal year 2021.

The following table summarizes the Jail Authority's capital assets, net of accumulated depreciation, as of June 30, 2021 and 2020 for Operating and Canteen Funds combined.

	<u>2021</u>	<u>2020</u>
Buildings	\$ 129,328,955	\$ 132,164,643
Furniture and equipment	3,152,848	3,193,279
Land	322,584	322,584
Land improvements	90,220	100,060
Vehicles	107,908	128,402
Computers and software	<u>120,157</u>	<u>185,712</u>
Total capital assets (net of accumulated depreciation)	\$ <u>133,122,672</u>	\$ <u>136,094,680</u>

The following table summarizes the changes in capital assets for both Operating and Canteen Funds. These changes are presented in more detail in the schedule in Note 4 to the financial statements.

	<u>2021</u>	<u>2020</u>
Balance at beginning of year	\$ 193,971,158	\$ 194,076,970
Additions	1,166,484	915,812
Deletions	(290,077)	(1,021,624)
Accumulated depreciation	<u>(61,724,893)</u>	<u>(57,876,478)</u>
Balance at end of year	\$ <u>133,122,672</u>	\$ <u>136,094,680</u>

This year major, capital asset additions included the following:

- Fixtures, furniture and equipment
- Security Fencing
- Roof replacement
- Guard Tour System
- Vehicle

Long-Term Debt

At year-end, the Jail Authority had bonded debt of \$64,530,000 outstanding as compared to fiscal year 2020 outstanding bonds in the amount of \$68,465,000. Additional information on the bonds is contained in Note 5.

In September 2021, Moody's Investors Service has downgraded the Authority's Series 2013 and 2015 Revenue Bonds to A1 from Aa2 and the outlook was revised to stable. Moody's determined that the downgrade reflects (a) the increased operating and regulatory risk reflected in the Jail Review Committee's recommendation to the Board of Local and Regional Jails' to decertify Riverside Regional Jail due to certain operational failures and (b) a shift in composition of inmate population away from member jurisdictions with higher credit quality to unrated lower credit quality members.

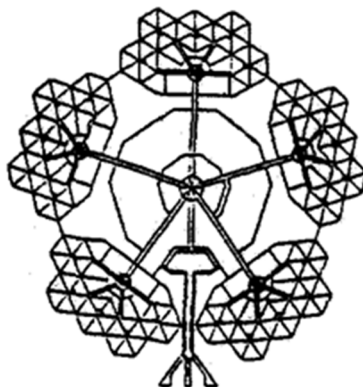
Economic Factors and Next Year's Budgets and Rates

- The per diem rate remains at \$46 for member jurisdictions.
- The Fiscal Year 2022 Budget takes into consideration the decline in the inmate average daily population due to the COVID-19 pandemic.
- The Jail Authority plans to maintain its 2022 Annual Budget with limited increases in expenses primarily due to concerted efforts to address COVID-19, projected staff retirements and staff turnover.

All of these factors were considered in preparing the Jail Authority's budget for the 2022 fiscal year.

Contacting the Jail Authority's Financial Management

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



BASIC FINANCIAL STATEMENTS

RIVERSIDE REGIONAL JAIL AUTHORITY

STATEMENT OF NET POSITION

June 30, 2021

	Major Fund Operating Fund	Nonmajor Fund Canteen Fund	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents (Note 2)	\$ 10,182,086	\$ -	\$ 10,182,086
Cash and cash equivalents, restricted (Note 2)	5,588,557	1,153,121	6,741,678
Investments, unrestricted (Note 2)	16,445,929	-	16,445,929
Accounts receivable (Note 3)	3,841,400	-	3,841,400
Amounts receivable from inmate accounts custodial fund (Note 8)	55,746	28,827	84,573
Total current assets	36,113,718	1,181,948	37,295,666
NONCURRENT ASSETS			
Cash and cash equivalents, restricted (Note 2)	16,885,418	-	16,885,418
Net pension asset (Note 6)	2,371,551	-	2,371,551
Capital assets:			
Nondepreciable (Note 4)	322,584	-	322,584
Depreciable, net (Note 4)	132,798,070	2,018	132,800,088
Total noncurrent assets	152,377,623	2,018	152,379,641
Total assets	188,491,341	1,183,966	189,675,307
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts from refunding of debt	2,874,724	-	2,874,724
Deferred outflows related to pensions (Note 6)	4,023,689	-	4,023,689
Deferred outflows related to other postemployment benefits (Note 7)	259,215	-	259,215
Total deferred outflows of resources	7,157,628	-	7,157,628
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	1,263,796	52,112	1,315,908
Insurance claims payable (Note 10)	269,706	-	269,706
Accrued liabilities	687,165	-	687,165
Compensated absences payable – current portion (Note 5)	535,116	2,120	537,236
Accrued interest payable	1,469,182	-	1,469,182
Bonds payable – current portion (Note 5)	4,758,145	-	4,758,145
Total current liabilities	8,983,110	54,232	9,037,342
LONG-TERM LIABILITIES			
Compensated absences payable, net of current portion (Note 5)	748,133	2,964	751,097
Net other postemployment benefits liability (Note 7)	1,065,218	-	1,065,218
Bonds payable, net of current portion (Note 5)	63,891,578	-	63,891,578
Total long-term liabilities	65,704,929	2,964	65,707,893
Total liabilities	74,688,039	57,196	74,745,235
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions (Note 6)	520,085	-	520,085
Deferred inflows related to other postemployment benefits (Note 7)	275,665	-	275,665
Total deferred inflows of resources	795,750	-	795,750
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	67,345,655	2,018	67,347,673
RESTRICTED FOR:			
Net pension asset	2,371,551	-	2,371,551
Debt service	11,178,238	-	11,178,238
Operating reserve	9,494,970	-	9,494,970
Repair and replacement reserve	331,585	-	331,585
Canteen funds	-	1,124,752	1,124,752
UNRESTRICTED	29,443,181	-	29,443,181
Total net position	\$ 120,165,180	\$ 1,126,770	\$ 121,291,950

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

RIVERSIDE REGIONAL JAIL AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Year Ended June 30, 2021

	<u>Major Fund</u> <u>Operating Fund</u>	<u>Nonmajor Fund</u> <u>Canteen Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services – inmate housing	\$ 23,294,488	\$ -	\$ 23,294,488
State Compensation Board	14,847,091	-	14,847,091
Daily incarceration fees	658,117	-	658,117
Work release	293,203	-	293,203
Canteen sales	-	2,049,140	2,049,140
Miscellaneous operating income	726,768	-	726,768
Total operating revenues	39,819,667	2,049,140	41,868,807
OPERATING EXPENSES			
Salaries and wages	13,398,238	132,010	13,530,248
Fringe benefits	4,484,501	-	4,484,501
Contractual services	537,437	1,216,326	1,753,763
Materials and supplies	339,652	82,169	421,821
Medical services and supplies	7,756,143	3,800	7,759,943
Food services and supplies	1,563,758	35,071	1,598,829
Repairs and maintenance	1,057,333	-	1,057,333
Utilities	2,260,844	-	2,260,844
Depreciation	4,009,844	516	4,010,360
Other expenses	411,020	40,274	451,294
Total operating expenses	35,818,770	1,510,166	37,328,936
Operating income	4,000,897	538,974	4,539,871
NONOPERATING REVENUES (EXPENSES)			
Investment income	64,402	-	64,402
State and federal grants	136,569	-	136,569
Miscellaneous nonoperating revenues	6,272	-	6,272
Interest expense	(2,677,369)	-	(2,677,369)
Loss on disposal of capital assets	(128,133)	-	(128,133)
Total nonoperating revenues (expenses)	(2,598,259)	-	(2,598,259)
Change in net position	1,402,638	538,974	1,941,612
NET POSITION – AT JULY 1	118,762,542	587,796	119,350,338
NET POSITION – AT JUNE 30	<u>\$ 120,165,180</u>	<u>\$ 1,126,770</u>	<u>\$ 121,291,950</u>

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

RIVERSIDE REGIONAL JAIL AUTHORITY

STATEMENT OF CASH FLOWS
Year Ended June 30, 2021

	<u>Major Fund</u> <u>Operating Fund</u>	<u>Nonmajor Fund</u> <u>Canteen Fund</u>	<u>Total</u>
OPERATING ACTIVITIES			
Receipts from jurisdictions	\$ 23,816,391	\$ -	\$ 23,816,391
Receipts from state agencies	14,911,141	-	14,911,141
Receipts from canteen sales	-	2,073,468	2,073,468
Receipts from inmates	1,671,212	-	1,671,212
Contract agreements and miscellaneous income received	6,272	-	6,272
Payments to suppliers	(13,742,497)	(1,366,024)	(15,108,521)
Payments to employees	(17,207,248)	(129,751)	(17,336,999)
Net cash provided by operating activities	<u>9,455,271</u>	<u>577,693</u>	<u>10,032,964</u>
NONCAPITAL FINANCING ACTIVITIES			
State and federal grants	<u>136,569</u>	<u>-</u>	<u>136,569</u>
Net cash provided by noncapital financing activities	<u>136,569</u>	<u>-</u>	<u>136,569</u>
CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(895,818)	-	(895,818)
Principal paid on capital debt	(3,935,000)	-	(3,935,000)
Interest paid on capital debt	(3,031,113)	-	(3,031,113)
Net cash used in capital and related financing activities	<u>(7,861,931)</u>	<u>-</u>	<u>(7,861,931)</u>
INVESTING ACTIVITIES			
Proceeds from investments	3,168,307	-	3,168,307
Purchases of investments	(1,596,415)	-	(1,596,415)
Interest income received	46,523	-	46,523
Net cash provided by investing activities	<u>1,618,415</u>	<u>-</u>	<u>1,618,415</u>
Net increase in cash and cash equivalents	3,348,324	577,693	3,926,017
CASH AND CASH EQUIVALENTS			
Beginning at July 1	<u>29,307,737</u>	<u>575,428</u>	<u>29,883,165</u>
Ending at June 30	<u>\$ 32,656,061</u>	<u>\$ 1,153,121</u>	<u>\$ 33,809,182</u>

(Continued)

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

RIVERSIDE REGIONAL JAIL AUTHORITY

STATEMENT OF CASH FLOWS
Year Ended June 30, 2021

	<u>Major Fund</u> <u>Operating Fund</u>	<u>Nonmajor Fund</u> <u>Canteen Fund</u>	<u>Total</u>
RECONCILIATION TO EXHIBIT 1			
Cash and cash equivalents	\$ 10,182,086	\$ -	\$ 10,182,086
Cash and cash equivalents, restricted	5,588,557	1,153,121	6,741,678
Cash and cash equivalents – non-current, restricted	16,885,418	-	16,885,418
	<u>\$ 32,656,061</u>	<u>\$ 1,153,121</u>	<u>\$ 33,809,182</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 4,000,897	\$ 538,974	\$ 4,539,871
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	4,009,844	516	4,010,360
Contract agreements and miscellaneous income received	6,272	-	6,272
Excess of employer contributions over pension expense	805,462	-	805,462
Excess of employer contributions over other postemployment benefits expense	(62,160)	-	(62,160)
Changes in assets and liabilities:			
Accounts receivable	585,954	-	585,954
Due from other funds	1,224	-	1,224
Amounts receivable from inmate accounts agency fund	(6,876)	24,328	17,452
Accounts payable	349,208	12,840	362,048
Insurance claims payable	(166,742)	-	(166,742)
Due to other funds	-	(1,224)	(1,224)
Accrued liabilities	24,581	-	24,581
Compensated absences payable	(92,393)	2,259	(90,134)
	<u>\$ 9,455,271</u>	<u>\$ 577,693</u>	<u>\$ 10,032,964</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Increase in fair value of investments	<u>\$ 17,879</u>	<u>\$ -</u>	<u>\$ 17,879</u>
Capital asset purchases included in accounts payable at year end	<u>\$ 270,666</u>	<u>\$ -</u>	<u>\$ 270,666</u>

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

RIVERSIDE REGIONAL JAIL AUTHORITY
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2021

	Custodial Fund Inmate Accounts
	<hr/>
ASSETS	
Cash and cash equivalents, restricted (Note 2)	\$ 261,470
	<hr/>
LIABILITIES	
Amounts payable to the Authority (Note 8)	\$ 84,573
	<hr/>
NET POSITION	
Restricted for benefit of inmates	\$ 176,897
	<hr/>

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

RIVERSIDE REGIONAL JAIL AUTHORITY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2021

	<u>Custodial Fund Inmate Accounts</u>
ADDITIONS	
Payments received from and on behalf of inmates	<u>\$ 4,250,259</u>
DEDUCTIONS	
Reimbursements made to the Authority	3,016,054
Payments to vendors	<u>1,172,117</u>
Total deductions	<u>4,188,171</u>
Net increase in fiduciary net position	62,088
NET POSITION – AT JULY 1	<u>114,809</u>
NET POSITION – AT JUNE 30	<u><u>\$ 176,897</u></u>

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

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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, certain money market investments, and short-term investments with original maturities three months or less from the date of acquisition.

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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.

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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.

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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. Additionally, amounts are restricted for the net pension asset. 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, \$10,679,965; capital improvements fund, \$6,838,885; operating fund, \$9,049,731; and arbitrage reserve, \$58,533.

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.

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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.

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 2. Deposits and Investments (Continued)

As of June 30, 2021, the Authority's deposits and investments consisted of the following:

Type	Fair Value	S&P Credit Rating	Weighted Average Maturity
Deposits:			
Cash in bank	\$ 15,798,498	N/A	N/A
Cash on hand	900	N/A	N/A
Total deposits	15,799,398		
Investments – Level 1:			
U.S. Treasury notes	7,603,729	N/A	0.16 years
Investments reported at amortized cost:			
Virginia State Non-Arbitrage Program	16,943,950	AAAm	1 day
Local Government Investment Pool	10,169,504	AAAm	1 day
Total investments	27,113,454		
Total deposits and investments	\$ 50,516,581		

Reconciliation of deposits and investments to Exhibits 1 and 4:

	Exhibit 1	Exhibit 4	Total
Cash and cash equivalents	\$ 10,182,086	-	\$ 10,182,086
Cash and cash equivalents, restricted	6,741,678	261,470	7,003,148
Cash and cash equivalents – noncurrent, restricted	16,885,418	-	16,885,418
Investments, unrestricted	16,445,929	-	16,445,929
	\$ 50,255,111	\$ 261,470	\$ 50,516,581

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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 2021 payment	\$ 4,201,313
2015 Bond fund, fiscal year 2021 payment	1,387,244
Inmate canteen funds	<u>1,153,121</u>
Cash and cash equivalents – restricted	<u>\$ 6,741,678</u>
Operating reserve	\$ 9,494,971
Repair and replacement reserve	331,585
Debt service reserve fund	<u>7,058,862</u>
Cash and cash equivalents – non-current, restricted	<u>\$ 16,885,418</u>

Note 3. Accounts Receivable

Accounts receivable consist of the following:

Member jurisdictions	\$ 1,858,124
Commonwealth of Virginia	1,666,077
Federal agencies	302,728
Other	<u>14,471</u>
	<u>\$ 3,841,400</u>

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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	181,813,213	557,806	209,900	182,161,119
Furniture and equipment	10,205,674	534,811	60,352	10,680,133
Computer hardware and software	677,948	43,086	-	721,034
Vehicles	798,995	30,781	19,825	809,951
Land improvements	147,591	-	-	147,591
Total capital assets, depreciable	193,643,421	1,166,484	290,077	194,519,828
Less accumulated depreciation:				
Buildings and improvements	49,648,570	3,267,294	83,700	52,832,164
Furniture and equipment	7,014,929	572,794	58,419	7,529,304
Computer hardware and software	492,236	108,641	-	600,877
Vehicles	670,593	51,276	19,826	702,043
Land improvements	47,531	9,839	-	57,370
Total accumulated depreciation	57,873,859	4,009,844	161,945	61,721,758
Total capital assets depreciable, net	135,769,562	(2,843,360)	(128,132)	132,798,070
Total capital assets, net	<u>\$ 136,092,146</u>	<u>\$ (2,843,360)</u>	<u>\$ (128,132)</u>	<u>\$ 133,120,654</u>

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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	2,619	516	-	3,135
Total capital assets depreciable, net	<u>\$ 2,534</u>	<u>\$ (516)</u>	<u>\$ -</u>	<u>\$ 2,018</u>

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	\$ 68,465,000	\$ -	\$ 3,935,000	\$ 64,530,000	\$ 4,110,000
Issuance premiums	4,825,352	-	705,629	4,119,723	648,145
	<u>73,290,352</u>	<u>-</u>	<u>4,640,629</u>	<u>68,649,723</u>	<u>4,758,145</u>
Compensated absences	<u>1,378,467</u>	<u>1,309,868</u>	<u>1,400,002</u>	<u>1,288,333</u>	<u>537,236</u>
	<u>\$ 74,668,819</u>	<u>\$ 1,309,868</u>	<u>\$ 6,040,631</u>	<u>\$ 69,938,056</u>	<u>\$ 5,295,381</u>

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

Fiscal Year	Principal	Interest	Total
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
2025	4,730,000	2,209,501	6,939,501
2026	4,955,000	1,976,163	6,931,163
2027-2031	28,580,000	6,023,178	34,603,178
2032-2033	<u>13,330,000</u>	<u>497,269</u>	<u>13,827,269</u>
	<u>\$ 64,530,000</u>	<u>\$ 18,614,250</u>	<u>\$ 83,144,250</u>

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 5. Long-Term Liabilities (Continued)

Details of long-term indebtedness are as follows:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Authorized and Issued</u>	<u>Average Interest Rate</u>	<u>Amount Outstanding</u>
Series 2015 Jail Facility Revenue Bonds	03/12/2016	07/01/2032	\$ 44,765,000	3.67 %	\$ 42,475,000
Series 2013 Jail Facility Revenue Bonds	06/27/2013	07/01/2032	44,025,000	4.27	<u>22,055,000</u>
					<u>\$ 64,530,000</u>

The Authority's debt agreements contain certain financial covenants for which the Authority was in compliance at June 30, 2021.

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 multi-employer agent plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer 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>.

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 6. Defined Benefit Pension Plan (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>107</u>
Inactive members:	
Vested inactive members	44
Non-vested inactive members	322
Inactive members active elsewhere in VRS	<u>179</u>
Total inactive members	545
Active members	<u>337</u>
Total covered employees	<u><u>989</u></u>

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The political subdivision's contractually required contribution rate for the year ended June 30, 2021 was 8.30% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$918,945 and \$930,649 for the years ended June 30, 2021 and June 30, 2020, 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, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019 rolled forward to the measurement date of June 30, 2020.

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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, 2019, 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, 2020.

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	6.75%, 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 rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of pension liabilities.

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 45% to 70% of deaths are assumed to be service related. Mortality is projected using the applicable RP-2014 Mortality Table Projected to 2020 with various setbacks or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; lowered disability rates, no change to salary scale, increased rate of line of duty disability from 14% to 20% (Largest 10) or 15% (All Others), and decreased discount rate from 7.00% to 6.75%.

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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; lowered retirement rate at older ages; adjusted rates of withdrawal and disability to better fit experience; changes to line of duty rates, no changes to salary scale, and decreased discount rate from 7.00% to 6.75%.

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00 %	4.65 %	1.58 %
Fixed Income	15.00	0.46	0.07
Credit Strategies	14.00	5.38	0.75
Real Assets	14.00	5.01	0.70
Private Equity	14.00	8.34	1.17
MAPS – Multi-Asset Public Strategies	6.00	3.04	0.18
PIP – Private Investment Partnership	3.00	6.49	0.19
Total	100.00 %		4.64 %
	Inflation		2.50 %
	* Expected arithmetic nominal return		7.14 %

* The above allocation provides for a one-year return of 7.14%. 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 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 6. Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. 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, 2020, the alternate rate was the employer contribution rate used in the FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever is greater. From July 1, 2020 on, participating employers are assumed to continue 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, 2019	\$ 50,586,711	\$ 55,290,761	\$ (4,704,050)
Changes for the year:			
Service cost	2,148,932	-	2,148,932
Interest	3,342,894	-	3,342,894
Difference between expected and actual experience	(555,007)	-	(555,007)
Contributions – employer	-	930,649	(930,649)
Contributions – employee	-	652,142	(652,142)
Net investment income	-	1,058,456	(1,058,456)
Benefit payments, including refunds of employee contributions	(2,124,722)	(2,124,722)	-
Refunds of employee contributions	-	-	-
Administrative expenses	-	(35,670)	35,670
Other changes	-	(1,257)	1,257
Net changes	2,812,097	479,598	2,332,499
Balances at June 30, 2020	\$ 53,398,808	\$ 55,770,359	\$ (2,371,551)

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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 liability of the political subdivision using the discount rate of 6.75%, as well as what the political subdivision's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	<u>1.00% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1.00% Increase (7.75%)</u>
Political subdivision's net pension liability (asset)	\$ <u>5,687,098</u>	\$ <u>(2,371,551)</u>	\$ <u>(8,963,417)</u>

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

For the year ended June 30, 2021, the political subdivision recognized pension expense of \$1,724,407. At June 30, 2021, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 669,595	\$ 520,085
Changes of assumptions	749,394	-
Net difference between projected and actual earnings on pension plan investments	1,685,755	-
Employer contributions subsequent to the measurement date	<u>918,945</u>	<u>-</u>
Total	<u>\$ 4,023,689</u>	<u>\$ 520,085</u>

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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 deferred outflows of resources related to pensions resulting from Authority's contributions subsequent to the measurement date which will be recognized as an increase of the Net Pension Asset in the year ending June 30, 2022. 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 Ended June 30,	Increase to Pension Expense
2022	\$ 680,421
2023	828,592
2024	544,820
2025	530,826
2026	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-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, 2021, \$115,589 was payable to the Virginia Retirement System for the legally required contributions related to June 2021 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.

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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, 2019. 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:	<i>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.</i>
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2021 Contribution	\$61,642
June 30, 2020 Contribution	\$68,172

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

The net OPEB liabilities were measured as of June 30, 2020 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers.

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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, 2021 proportionate share of liability	\$1,065,218
June 30, 2020 proportion	0.06383%
June 30, 2019 proportion	0.07700%
June 30, 2021 expense (income)	(\$518)

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, 2021, 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	\$ 68,324	\$ 9,567
Change of assumptions	53,273	22,242
Net difference between projected and actual earnings on OPEB plan investments	31,998	-
Changes in proportion	43,978	243,856
Employer contributions subsequent to the measurement date	61,642	-
Total	<u>\$ 259,215</u>	<u>\$ 275,665</u>

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 ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future periods as follows:

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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

Group Life Insurance Program

<u>Year Ending June 30,</u>	<u>Reduction to OPEB Expense</u>
2022	\$ (23,764)
2023	(14,728)
2024	(1,040)
2025	(4,292)
2026	(27,482)
Thereafter	(6,786)

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2019, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020:

Inflation	2.50%
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*	6.75%

- * 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 6.75% 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.

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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, 2020, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program
Total OPEB liability	\$ 3,523,937
Plan fiduciary net position	\$ 1,855,102
Employers' net OPEB liability (asset)	\$ 1,668,835
Plan fiduciary net position as a percentage of total OPEB liability	52.64%

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:

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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	34.00 %	4.65 %	1.58 %
Fixed Income	15.00	0.46	0.07
Credit Strategies	14.00	5.38	0.75
Real Assets	14.00	5.01	0.70
Private Equity	14.00	8.34	1.17
MAPS – Multi-Asset Public Strategies	6.00	3.04	0.18
PIP – Private Investment Partnership	3.00	6.49	0.19
Total	100.00 %		4.64 %
	Inflation		2.50 %
	*Expected arithmetic nominal return		7.14 %

- * The above allocation provides for a one-year return of 7.14%. 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 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the GLI OPEB liability was 6.75%. 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, 2020, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 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.

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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 (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
GLI Net OPEB liability	\$ 1,400,311	\$ 1,065,218	\$ 793,091

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-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, 2021, \$11,919 was payable to the Virginia Retirement System for the legally required contributions related to June 2021 payroll.

Note 8. Interfund Balances and Transfers

The following interfund receivables and payables are included in the fund financial statements at June 30, 2021:

	Due From	
Due To	Inmate Accounts Custodial Fund	Total Due From Other Funds
Operating Fund	\$ 55,746	\$ 55,746
Canteen Fund	28,827	28,827
	<u>\$ 84,573</u>	<u>\$ 84,573</u>

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.

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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 (IRC)* 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 Association of Counties Group Self-Insurance Risk Pool (VACORP). The purpose of VACORP 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. VACORP is a joint fund created to provide the necessary anticipated financing for comprehensive property and liability coverages essential to its membership, which has agreed to provide for joint and cooperative action to self-insure and to pool their separate risks and liabilities. The State Corporation Commission's Bureau of Insurance regulates group self-insurance risk pools in Virginia. VACORP is managed by a nine member Supervisory Board elected by members at the program's annual business meeting. The Supervisory Board approves coverages and establishes rates each year based on actuarially-established claim reserve requirements. With Board approval, dividend rate credit returns may be made available based on program surplus. In the unlikely event the Board determines the Pool to be actuarially insufficient, the Board may make an assessment of Pool members. 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, 2021 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.

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 10. Risk Management (Continued)

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:

<u>Fiscal Year</u>	<u>Beginning Liability (Asset)</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability (Asset)</u>
2021	\$ 436,448	\$ 2,293,779	\$ 2,460,521	\$ 269,706
2020	(24,297)	2,413,903	1,953,158	436,448
2019	215,119	2,266,766	2,506,182	(24,297)

Note 11. COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on the Authority’s financial condition, liquidity, and future results of operations. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Authority is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

Note 12. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective. The effective dates below are updated based on **Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance** due to the COVID-19 pandemic.

In June 2017, the GASB issued **Statement No. 87, Leases**. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 12. New Accounting Standards (Continued)

In June 2018, the GASB issued **Statement No. 89**, *Accounting for Interest Cost Incurred before the End of a Construction Period*. 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, 2020. The requirements of this Statement should be applied prospectively.

In May 2019, the GASB issued **Statement No. 91**, *Conduit Debt Obligation*. 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, 2021.

In January 2020, the GASB issued **Statement No. 92**, *Omnibus*. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued **Statement No. 93**, *Replacement of Interbank Offered Rates*. This Statement addresses accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued **Statement No. 94**, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In May 2020, the GASB issued **Statement No. 96**, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 12. New Accounting Standards (Continued)

In June 2020, the GASB issued **Statement No. 97**, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. This Statement provides a more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

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

**REQUIRED
SUPPLEMENTARY INFORMATION**

RIVERSIDE REGIONAL JAIL AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
June 30, 2021

	Plan Year						
	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 2,148,932	\$ 2,186,851	\$ 2,091,096	\$ 2,186,637	\$ 2,150,926	\$ 2,060,095	\$ 1,970,573
Interest on total pension liability	3,342,894	3,003,090	2,807,408	2,682,164	2,462,197	2,252,657	2,008,571
Difference between actual and expected experience	(555,007)	1,544,883	(808,871)	(1,418,135)	(589,893)	(772,215)	-
Changes of assumptions	-	1,728,996	-	(586,776)	-	-	-
Benefit payments, including refunds of employee contributions	(2,124,722)	(1,556,776)	(1,031,597)	(1,117,762)	(643,927)	(450,291)	(534,137)
Net change in total pension liability	2,812,097	6,907,044	3,058,036	1,746,128	3,379,303	3,090,246	3,445,007
Total pension liability – beginning	50,586,711	43,679,667	40,621,631	38,875,503	35,496,200	32,405,954	28,960,947
Total pension liability – ending	<u>\$ 53,398,808</u>	<u>\$ 50,586,711</u>	<u>\$ 43,679,667</u>	<u>\$ 40,621,631</u>	<u>\$ 38,875,503</u>	<u>\$ 35,496,200</u>	<u>\$ 32,405,954</u>
Plan Fiduciary Net Position							
Contributions – employer	\$ 930,649	\$ 1,079,214	\$ 1,246,898	\$ 1,146,951	\$ 1,303,496	\$ 1,272,768	\$ 1,356,380
Contributions – employee	652,142	743,295	790,035	701,743	713,279	697,572	668,321
Net investment income	1,058,456	3,485,087	3,527,503	5,104,533	736,406	1,698,455	4,815,572
Benefit payments, including refunds of employee contributions	(2,124,722)	(1,556,776)	(1,031,597)	(1,117,762)	(643,927)	(450,291)	(534,137)
Administrative expenses	(35,670)	(33,165)	(28,984)	(28,163)	(23,372)	(21,410)	(24,447)
Other changes	(1,257)	(2,207)	(3,201)	(4,600)	(301)	(364)	253
Net change in plan fiduciary net position	479,598	3,715,448	4,500,654	5,802,702	2,085,581	3,196,730	6,281,942
Plan fiduciary net position – beginning	55,290,761	51,575,313	47,074,659	41,271,957	39,186,376	35,989,646	29,707,704
Plan fiduciary net position – ending	<u>\$ 55,770,359</u>	<u>\$ 55,290,761</u>	<u>\$ 51,575,313</u>	<u>\$ 47,074,659</u>	<u>\$ 41,271,957</u>	<u>\$ 39,186,376</u>	<u>\$ 35,989,646</u>
Net pension liability (asset) – ending	<u>\$ (2,371,551)</u>	<u>\$ (4,704,050)</u>	<u>\$ (7,895,646)</u>	<u>\$ (6,453,028)</u>	<u>\$ (2,396,454)</u>	<u>\$ (3,690,176)</u>	<u>\$ (3,583,692)</u>
Plan fiduciary net position as a percentage of total pension asset	104%	109%	118%	116%	106%	110%	111%
Covered payroll	<u>\$ 13,007,211</u>	<u>\$ 15,014,182</u>	<u>\$ 15,397,332</u>	<u>\$ 14,043,639</u>	<u>\$ 14,230,306</u>	<u>\$ 13,894,847</u>	<u>\$ 13,729,157</u>
Net pension liability as a percentage of covered payroll	18%	31%	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, 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

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2021**

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
2021	\$ 918,945	\$ 918,945	\$ -	\$ 11,256,539	8.16 %
2020	930,649	930,649	-	13,007,211	7.15
2019	1,079,205	1,079,205	-	15,014,182	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, no earlier data is 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.

RIVERSIDE REGIONAL JAIL AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
June 30, 2021

Plan Year Ended June 30,	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionat e 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					
2020	0.06383 %	\$ 1,065,218	\$ 13,267,935	8.03 %	52.64 %
2019	0.07700	1,253,000	15,210,827	8.24	52.00
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.

RIVERSIDE REGIONAL JAIL AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS

June 30, 2021

Entity		Contributions				Contributions
Fiscal Year	Contractually	in Relation to	Contribution	Employer's		as a
Ended	Required	Contractually	Deficiency	Covered		Percentage of
June 30,	Contribution	Required	(Excess)	Payroll		Covered
		Contribution				Payroll
Virginia Retirement System – Group Life Insurance – General Employees						
2021	\$ 61,642	\$ 61,642	\$ -	\$ 11,446,963	0.54	%
2020	68,172	68,172	-	13,267,935	0.51	
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

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.

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2021

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 actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

- Update mortality table to RP-2014 projected to 2020
- Lowered rates at older ages and extended final retirement age from 70 to 75
- Update withdrawal rates to better fit experience at each age and service year
- Lowered rates of disability retirement
- No changes to salary rates
- Increase Line of Duty Disability rates from 14% to 20%
- Decrease discount rate from 7.00% to 6.75%
- Applicable to: Pension and GLI OPEB

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to RP-2014 projected to 2020
- Lowered rates of retirement at older ages
- Update withdrawal rates to better fit experience at each age and service year
- Increased disability rates
- No changes to salary rates
- Increased Line of Duty disability rates from 60% to 70%
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension and GLI OPEB

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2021

Note 2. Changes of Assumptions (Continued)

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

- Update mortality table to RP-2014 projected to 2020
- Lowered rates of retirement at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience at each age and service year
- Lowered disability rates
- No changes to salary rates
- Increased Line of Duty disability rate from 14% to 15%
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension and GLI OPEB

All Others (Non 10 Largest) – Hazardous Duty/Public Safety Employees:

- Update mortality table to RP-2014 projected to 2020
- Increased retirement rate at age 50 and lowered rates at older ages
- Update withdrawal rates to better fit experience at each age and service year
- Update disability rates to better fit experience
- No changes to salary rates
- Lowered Line of Duty rate from 60% to 45%
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension and GLI OPEB

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net investment in capital assets	\$ 67,347,673	\$ 66,123,698	\$ 65,382,280	\$ 64,390,078	\$ 64,000,243	\$ 62,449,317	\$ * 61,778,237	\$ * 60,702,234	\$ 67,377,090	\$ 65,847,316
Restricted	24,501,096	26,137,871	28,832,144	26,941,743	22,140,631	23,973,076	23,858,140	19,757,014	15,596,539	20,096,513
Unrestricted	29,443,181	27,088,769	*** 24,379,111	*** 27,413,079	32,041,897	** 27,580,591	** 24,403,387	25,328,498	20,652,782	17,119,171
Total net position	<u>\$ 121,291,950</u>	<u>\$ 119,350,338</u>	<u>\$ 118,593,535</u>	<u>\$ 118,744,900</u>	<u>\$ 118,182,771</u>	<u>\$ 114,002,984</u>	<u>\$ 110,039,764</u>	<u>\$ 105,787,746</u>	<u>\$ 103,626,411</u>	<u>\$ 103,063,000</u>

* 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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
OPERATING REVENUES										
Charges for services – inmate housing	\$ 23,294,488	\$ 22,470,532	\$ 22,437,478	\$ 25,385,826	\$ 25,661,966	\$ 24,766,756	\$ 23,959,544	\$ 25,721,049	\$ 23,256,688	\$ 23,155,970
Charges for services – supplemental billings	-	-	2,800,000	-	-	-	-	-	-	-
State Compensation Board	14,847,091	14,865,016	14,690,559	14,789,934	14,053,434	14,352,174	13,235,682	13,385,391	12,726,338	12,735,177
Daily incarceration fees	658,117	559,058	553,726	611,022	571,333	579,022	268,371	278,045	262,236	250,911
Work release	293,203	445,450	448,834	341,478	520,869	398,422	277,182	243,207	294,850	225,927
Canteen sales	2,049,140	1,604,618	1,337,844	1,525,011	1,411,553	1,383,021	1,417,313	1,545,388	1,357,162	1,096,987
Miscellaneous income	726,768	653,730	193,440	121,931	131,175	-	-	-	-	-
NONOPERATING REVENUES										
Investment income	64,402	713,361	1,030,444	346,369	183,563	209,599	38,903	346,856	572,409	569,367
Miscellaneous income	6,272	23,041	354,731	504,725	505,376	698,810	254,833	94,182	199,255	132,127
Telephone commissions	-	-	-	-	-	-	465,335	614,442	633,036	488,040
RSAT/ARPG grant revenue	136,569	38,400	38,400	51,616	42,833	-	-	-	-	-
Total revenues	42,076,050	41,373,206	43,885,456	43,677,912	43,082,102	42,387,804	39,917,163	42,228,560	39,301,974	38,654,506
OPERATING EXPENSES										
Salaries and wages	13,530,248	14,835,161	17,440,055	17,741,246	15,780,058	16,229,999	13,948,873	13,642,700	13,758,502	13,722,458
Fringe benefits	4,484,501	3,746,696	1,992,141	2,868,255	3,368,094	3,118,198	3,976,992	4,671,817	4,426,271	4,650,730
Contractual services	1,753,763	1,491,211	1,533,209	1,588,400	1,597,777	1,525,689	1,433,461	1,390,918	1,268,453	1,100,609
Materials and supplies	421,821	395,982	476,469	475,182	575,106	540,461	468,785	551,661	456,643	584,612
Medical services and supplies	7,759,943	7,946,843	7,567,320	6,450,129	5,554,146	4,824,290	5,590,650	5,439,134	5,326,272	2,482,628
Food service and supplies	1,598,829	1,491,024	1,549,520	1,711,325	1,585,996	1,558,699	1,521,714	1,509,434	1,400,026	1,549,234
Repairs and maintenance	1,057,333	872,059	834,713	807,263	813,981	909,809	891,359	979,798	688,519	713,627
Utilities	2,260,844	2,241,277	2,275,734	2,173,092	2,084,505	2,103,097	2,097,263	2,060,824	2,094,137	2,267,726
Depreciation	4,010,360	4,043,267	3,991,243	3,927,374	3,857,073	3,793,174	3,735,242	3,675,804	3,508,674	3,311,249
Other	451,294	519,678	511,268	464,677	501,084	479,640	586,905	589,150	496,778	384,897
NONOPERATING EXPENSES										
Return of surplus funds to member jurisdictions	-	-	2,800,000	-	-	-	-	-	-	-
Interest expense	2,677,369	2,835,278	2,965,149	3,089,806	3,184,495	3,341,528	3,133,852	3,810,666	5,314,288	5,479,246
Bond issuance expense	-	-	-	-	-	-	383,186	-	-	-
Miscellaneous expense	128,133	197,927	100,000	82,140	-	-	-	-	-	-
Total expenses	40,134,438	40,616,403	44,036,821	41,378,889	38,902,315	38,424,584	37,768,282	38,321,906	38,738,563	36,247,016
Change in net position	1,941,612	756,803	(151,365)	2,299,023	4,179,787	3,963,220	2,148,881	3,906,654	563,411	2,407,490
Beginning net position	119,350,338	118,593,535	118,744,900	*** 116,445,877	114,002,984	110,039,764	** 107,890,883	* 101,881,092	103,063,000	100,655,510
Ending net position	\$ 121,291,950	\$ 119,350,338	\$ 118,593,535	\$ 118,744,900	\$ 118,182,771	\$ 114,002,984	\$ 110,039,764	\$ 105,787,746	\$ 103,626,411	\$ 103,063,000

* 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 Subtotal
2021	\$ 242,972	\$ 8,990,608	\$ 2,525,053	\$ 1,852,236	\$ 3,351,284	\$ 2,233,714	\$ 269,744	\$ 19,465,611
2020	204,680	8,410,303	2,291,900	1,966,605	4,026,329	2,032,567	227,126	19,159,510
2019	322,896	9,773,803	2,428,363	2,409,549	4,599,588	2,134,149	208,826	21,877,174 (1)
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
	Regional and Local Jails	Commonwealth of Virginia	Federal Inmates Housing and Transportation	Other Sources Subtotal	Total			
2021	\$ -	\$ 2,659,995	\$ 1,168,882	\$ 3,828,877	\$ 23,294,488			
2020	27,359	2,827,041	456,622	3,311,022	22,470,532			
2019	6,460	2,987,421	366,423	3,360,304	25,237,478 (1)			
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			

(1) 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 entire 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, 2021 and 2020 and Nine Years Ago

Customer	Fiscal Year 2021		
	2021 Revenue	Per Diem Rate	Inmate Days Billed
Charles City County	\$ 242,972	\$ 46	5,282
Chesterfield County	8,990,608	46	195,448
City of Hopewell	2,525,053	46	54,979
City of Colonial Heights	1,852,236	46	40,266
City of Petersburg	3,351,284	46	72,854
Prince George County	2,233,714	46	48,559
Surry County	269,744	46	5,864
Regional and Local Jails	-	Various	-
Commonwealth of Virginia (a)	2,659,995	Various	N/A
Federal Inmates – Housing	1,168,882	Various	19,080
Total	\$ 23,294,488		442,332

Customer	Fiscal Year 2020		
	2020 Revenue	Per Diem Rate	Inmate Days Billed
Charles City County	\$ 204,680	\$ 43	4,760
Chesterfield County	8,410,303	43	195,621
City of Hopewell	2,291,900	43	53,300
City of Colonial Heights	1,966,605	43	45,735
City of Petersburg	4,026,329	43	93,603
Prince George County	2,032,567	43	47,269
Surry County	227,126	43	5,282
Regional and Local Jails	27,359	Various	171
Commonwealth of Virginia (a)	2,827,041	Various	N/A
Federal Inmates – Housing	456,622	Various	7,355
Total	\$ 22,470,532		453,096

Customer	Fiscal Year 2012		
	2012 Revenue	Per Diem Rate	Inmate Days Billed
Charles City County	\$ 310,240	\$ 40	7,756
Chesterfield County	9,630,850	40	240,799
City of Hopewell	2,551,320	40	63,783
City of Colonial Heights	2,224,280	40	55,607
City of Petersburg	2,102,440	40	52,561
Prince George County	1,940,080	40	48,502
Surry County	206,240	40	5,156
Regional and Local Jails	398,060	Various	13,973
Commonwealth of Virginia (a)	2,883,644	Various	N/A
Federal Inmates – Housing	908,816	66	12,078
Total	\$ 23,155,970		500,215

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

N/A – Not Applicable

TABLE 5

RIVERSIDE REGIONAL JAIL AUTHORITY

REVENUE BOND COVERAGE
Last Ten Fiscal Years

Fiscal Year	Operating and Nonoperating Revenues (1)	Operating Expense (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Bond Coverage
				Principal	Interest	Total	
2021	\$ 39,980,148	\$ 31,808,926	\$ 8,171,222	\$ 4,110,000	\$ 2,938,363	\$ 7,048,363	115.93 %
2020	39,214,482	32,182,332	7,032,150	3,935,000	2,950,964	6,885,964	102.12
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

(1) Nonoperating revenues include payments from vendor contracts and exclude interest income on bond accounts as well as unrealized gains or losses. For 2019, operating revenues include repayments of member jurisdiction transfers.

(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
Last Ten Fiscal Years

Fiscal Year	Total Outstanding Revenue Bonds	Debt as a Percentage of Personal Income (1)	Amount of Debt Per Capita
2021	\$ 68,649,723	0.4 %	\$ 139
2020	73,290,352	0.5	154
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

(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

<u>Employer</u>	<u>Calendar Year</u>	<u>Calendar Year</u>
	<u>2020*</u>	<u>2010*</u>
	<u>Rank</u>	<u>Rank</u>
Chesterfield County School Board	1	1
U.S. Department of Defense	2	2
County of Chesterfield	3	3
Wal Mart	4	4
HCA Virginia Health System	5	6
Amazon Fulfillment Services Inc.	6	-
U.P.S.	7	7
DuPont Speciality Products USA, LLC	8	5
Food Lion	9	8
County of Prince George	10	-
Dominion Virginia Power	-	9
Southside Regional Medical Center	-	10

* Final Quarter data for most recent calendar year (2020 and 2010)

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

Source: Virginia Employment Commission

TABLE 8

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	Jurisdiction	Year	Population	Household Income	Per Capita Personal Income	Unemployment Rate
Charles City County	2020	6,773	\$ 57,198	\$ 35,304	6.50 %	City of Colonial Heights	2020	18,170	\$ 54,550	\$ 28,364	7.10 %
	2019	6,963	59,192	37,059	3.30		2019	17,370	53,716	27,579	2.80
	2018	6,941	55,069	30,625	3.40		2018	17,833	50,952	33,342	3.20
	2017	7,004	54,167	30,477	5.20		2017	17,830	49,639	27,209	3.80
	2016	7,071	49,563	30,588	4.60		2016	17,411	50,304	33,911	4.60
	2015	7,040	48,088	26,053	5.20		2015	17,820	52,529	28,282	4.70
	2014	7,023	48,758	32,411	5.40		2014	17,731	51,110	34,946	4.60
	2013	7,106	48,428	32,205	4.50		2013	17,481	50,835	34,439	5.30
	2012	7,157	48,208	30,265	7.00		2012	17,426	51,612	33,836	6.10
	2011	7,241	47,093	32,500	7.60		2011	17,439	51,396	35,651	6.70
Chesterfield County	2020	364,548	\$ 82,599	\$ 37,658	5.90 %	City of Hopewell	2020	23,033	\$ 39,030	\$ 21,927	10.70 %
	2019	352,802	80,214	36,641	2.60		2019	22,529	40,497	22,038	4.10
	2018	348,556	76,969	44,445	2.90		2018	22,596	40,712	24,229	4.30
	2017	343,599	73,869	33,848	3.90		2017	22,621	40,814	21,827	5.70
	2016	339,009	72,609	32,896	4.00		2016	22,735	39,064	24,944	6.70
	2015	335,687	75,514	32,940	4.30		2015	22,378	39,156	21,041	7.50
	2014	332,499	72,878	42,205	5.60		2014	22,196	38,173	27,583	7.00
	2013	327,745	66,881	40,507	6.70		2013	22,346	37,933	27,204	7.70
	2012	323,856	70,243	44,509	7.80		2012	22,492	37,029	26,780	7.70
	2011	320,346	71,110	41,617	6.20		2011	22,562	36,477	26,619	9.00
City of Petersburg	2020	33,458	\$ 38,679	\$ 23,611	13.90 %	Surry County	2020	6,561	\$ 57,962	\$ 30,260	5.70 %
	2019	31,346	36,135	22,356	5.90		2019	6,422	54,844	28,688	3.60
	2018	31,567	33,939	24,496	5.90		2018	6,474	54,656	32,303	3.80
	2017	31,750	32,169	20,464	7.60		2017	6,540	56,632	25,838	4.60
	2016	32,420	31,798	24,521	8.00		2016	6,544	53,673	26,250	5.10
	2015	32,477	33,927	18,535	9.00		2015	6,709	51,527	24,469	5.20
	2014	32,701	35,092	26,003	8.80		2014	6,790	48,799	32,906	5.34
	2013	32,593	34,424	25,335	8.40		2013	6,765	47,292	31,995	6.70
	2012	32,167	35,126	24,167	9.60		2012	6,821	52,955	30,901	6.90
	2011	32,159	36,289	26,479	10.80		2011	6,936	53,505	26,103	8.40
Prince George County	2020	43,010	\$ 71,912	\$ 29,420	6.50 %						
	2019	38,353	67,001	28,873	3.30						
	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						

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
2021	192	62	254
2020	236	65	301
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

TABLE 10

RIVERSIDE REGIONAL JAIL AUTHORITY

INMATE POPULATION STATISTICS
Last Ten Fiscal Years

Fiscal Year	Average Daily Population								Federal Inmates		Total
	Charles City County	Chesterfield County	City of Hopewell	City of Colonial Heights	City of Petersburg	Prince George County	Surry County	Regional and Local Jails	Housing and Transportation	Jail Contract Beds (1)	
2021	14.46	535.58	150.66	110.32	199.72	133.13	16.08	-	52.38	36.22	1,248.55
2020	13.00	534.68	145.67	124.90	255.64	129.20	14.45	0.47	20.10	52.56	1,290.67
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

(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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<u>Operating Fund</u>										
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	182,161,119	181,813,213	181,693,823	181,542,686	181,542,686	181,522,435	181,519,235	181,482,748	181,383,359	178,620,415
Furniture and equipment	10,680,133	10,205,674	9,842,160	9,166,000	8,866,511	7,734,026	6,830,539	6,208,719	5,516,234	4,744,669
Computers	721,034	677,948	1,292,824	1,220,757	1,088,947	844,103	799,700	804,714	736,838	715,909
Vehicles	809,951	798,995	772,835	799,838	771,826	671,887	610,374	564,354	519,787	481,713
Land improvements	147,591	147,591	147,591	147,591	147,591	48,473	34,373	34,373	34,373	1,501
Total capital assets	194,842,412	193,966,005	194,071,817	193,199,456	192,740,145	191,143,508	190,116,805	189,417,492	188,513,175	184,886,791
Less accumulated depreciation										
Buildings	52,832,164	49,648,570	46,533,639	43,404,059	40,229,296	37,058,850	33,874,783	30,689,778	27,509,871	24,360,942
Furniture and equipment	7,529,304	7,014,929	6,466,336	5,848,309	5,257,800	4,732,081	4,221,399	3,757,461	3,363,632	3,051,758
Computers	600,877	492,236	998,330	904,255	819,747	765,815	731,282	722,589	705,953	703,056
Vehicles	702,043	670,593	617,012	648,977	589,148	531,699	482,806	445,250	408,568	425,421
Land improvements	57,370	47,531	37,690	27,851	18,012	9,945	6,875	4,584	2,292	-
Accumulated depreciation	61,721,758	57,873,859	54,653,007	50,833,451	46,914,003	43,098,390	39,317,145	35,619,662	31,990,316	28,541,177
Net capital assets	<u>\$ 133,120,654</u>	<u>\$ 136,092,146</u>	<u>\$ 139,418,810</u>	<u>\$ 142,366,005</u>	<u>\$ 145,826,142</u>	<u>\$ 148,045,118</u>	<u>\$ 150,799,660</u>	<u>\$ 153,797,830</u>	<u>\$ 156,522,859</u>	<u>\$ 156,345,614</u>
<u>Canteen Fund</u>										
Depreciable capital assets										
Furniture and equipment	\$ 5,153	\$ 5,153	\$ 5,153	\$ 5,153	\$ 5,153	\$ 5,153	\$ 5,153	\$ -	\$ -	\$ -
Computers	-	-	-	-	-	1,668	1,668	1,668	22,278	22,278
Total capital assets	5,153	5,153	5,153	5,153	5,153	6,821	6,821	1,668	22,278	22,278
Less accumulated depreciation										
Furniture and equipment	3,135	2,619	2,104	1,589	1,074	558	43	-	-	-
Computers	-	-	-	-	-	1,668	1,668	1,668	22,278	22,278
Accumulated depreciation	3,135	2,619	2,104	1,589	1,074	2,226	1,711	1,668	22,278	22,278
Net capital assets	2,018	2,534	3,049	3,564	4,079	4,595	5,110	-	-	-
Total net capital assets	<u>\$ 133,122,672</u>	<u>\$ 136,094,680</u>	<u>\$ 139,421,859</u>	<u>\$ 142,369,569</u>	<u>\$ 145,830,221</u>	<u>\$ 148,049,713</u>	<u>\$ 150,804,770</u>	<u>\$ 153,797,830</u>	<u>\$ 156,522,859</u>	<u>\$ 156,345,614</u>

TABLE 12

RIVERSIDE REGIONAL JAIL AUTHORITY

SCHEDULE OF INSURANCE IN FORCE
Fiscal Year Ended June 30, 2021

Insurance Coverage	Insurance Company	Expiration Date	Coverage Amount	Deductible
Building and Personal Property	Virginia Association of Counties Group Self-Insurance Risk Pool	7/1/2021	\$ 217,356,316	\$ 5,000
Earthquake	Virginia Association of Counties Group Self-Insurance Risk Pool	7/1/2021	100,000,000	25,000
Flood	Virginia Association of Counties Group Self-Insurance Risk Pool	7/1/2021	100,000,000	25,000
Business Auto	Virginia Association of Counties Group Self-Insurance Risk Pool	7/1/2021	5,463,613	1000/1000
Schedule Equipment (Tractor)	Virginia Association of Counties Group Self-Insurance Risk Pool	7/1/2021	270,390	1,000
Boiler and Machinery	Virginia Association of Counties Group Self-Insurance Risk Pool	7/1/2021	125,000,000	1,000
Business Interruption and Extra Expense	Virginia Association of Counties Group Self-Insurance Risk Pool	7/1/2021	17,000,000	5,000
Cyber Liability Coverage	Virginia Association of Counties Group Self-Insurance Risk Pool	7/1/2021	1,000,000	N/A
Environmental Impairment Liability	Virginia Association of Counties Group Self-Insurance Risk Pool	7/1/2021	1,000,000	25,000
Local Government & Excess Liability Coverage	Virginia Association of Counties Group Self-Insurance Risk Pool	7/1/2021	2,000,000	N/A
Workers' Compensation	Virginia Association of Counties Group Self-Insurance Risk Pool	7/1/2021	Required statutory limit	
Line of Duty	Virginia Association of Counties Group Self-Insurance Risk Pool	7/1/2021	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

COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Riverside Regional Jail Authority
Prince George, 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, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 23, 2021.

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) as a basis for designing 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. **Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.**

Compliance and Other Matters

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

Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
September 23, 2021

RIVERSIDE REGIONAL JAIL AUTHORITY

SUMMARY OF COMPLIANCE MATTERS

June 30, 2021

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