

RIVERSIDE REGIONAL JAIL AUTHORITY

NORTH PRINCE GEORGE, VIRGINIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDING
JUNE 30, 2018

RIVERSIDE REGIONAL JAIL AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JULY 1, 2017 THROUGH JUNE 30, 2018



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

Prepared by Administrative Services - Finance Department

**Jeffery L. Newton, CJM
Superintendent**

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

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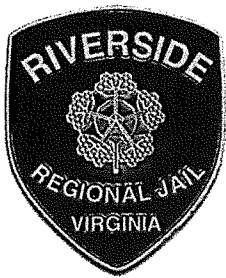
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INTRODUCTORY SECTION



Riverside Regional Jail

Colonel Jeffery L. Newton, CJM
Superintendent

October 31, 2018

The Board of Directors *Riverside Regional Jail Authority*

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the *Riverside Regional Jail Authority* (Jail Authority) for the fiscal year ended June 30, 2018. The report was prepared by the Superintendent and Finance Department in accordance with accounting principles generally accepted in the United States of America for governmental accounting and reporting as promulgated by the Governmental Accounting Standards Board. The responsibility for the accuracy of information and the completeness and fairness of the presentations, including all disclosures, rests with the undersigned management of the Jail Authority. The financial statements have been audited by the independent accounting firm of Brown Edwards & Company, L.L.P. whose reports are included herein.

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

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

PROFILE OF THE ORGANIZATION

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

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

A Nationally Accredited Jail

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

ECONOMIC CONDITON AND OUTLOOK

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

The financial condition of the Jail Authority is primarily dependent upon the number of inmates housed at the facility. The outlook for population growth is expected to increase 4% for the member jurisdictions by 2020. The Jail Authority experienced a decrease in the total average daily population of inmates for fiscal year 2018. The average daily population for the member jurisdictions increased 1.51% from the previous fiscal year.

MAJOR INITIATIVES

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

- The Main Jail has been accredited by the American Correction Association (ACA), Adult Local Detention Standards (ALDF) for a three-year period in each of the following years: 1999, 2002, 2006, 2010, 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 Pre-Release Center was accredited for a three-year period in 2016 by the American Correctional Association (ACA), Adult Community Residential Standards (ACRS). The audit process for the Pre-Release Center is to enhance the Jail Authority's ability to compete for and maintain Federal Bureau of Prison contracts.
- The Jail Authority received re-certification for compliance with the provisions of the Prison Rape Elimination Act (PREA) in May 2017. The certification is for a three-year period. During the inspection, it was noted by the PREA auditor that the Jail Authority was in full compliance with the PREA standards and in three of thirty-eight areas had found the Jail Authority exceeding the standards.
- In order to demonstrate compliance with the provision of appropriate correctional healthcare, the Jail Authority received initial accreditation from the National Commission on Correctional Healthcare (NCCHC) in March 2014. The Jail Authority received a re-accreditation from NCCHC in September 2017.
- Finally, the Jail Authority received unconditional certification to house adult and juvenile offenders from the Virginia State Board of Corrections in March 2018.
- In October 2017 the Riverside Regional Jail received a grant through 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 REAL LIFE program is an opioid focused program at RRJ, with a goal of better preparing inmates who participate for release back into the community. Participants are screened for length of time to serve, three to six months, and drug use history. The twelve week program incorporates twelve step based opioid recovery classes with behavior modification education and training, and trauma therapy. Classes are held three days a week for five hours with approximately (15) fifteen participants per class. Upon release the participants will have access to re-entry services through the REAL LIFE Community Center. These participants will be followed in the community in order to ascertain the effectiveness of the program.

- While Riverside Regional Jail has had a Therapeutic Community (TC) for men since 1997, a Female TC Program was established with the help of a Residential Substance Abuse Treatment (RSAT) grant from DCJS in 2014. A Therapeutic Community is an evidence based modality where the participants live together and are considered the Agents for change (i.e. they are the driving force of their change) and staff are the Rational Authority (i.e. they make the decisions). The Female TC Program houses (24) twenty-four women and is a six to nine month program. In FY 2018 there were (28) twenty-eight graduates.

The Jail Authority continues to remain committed to providing offenders an opportunity to address the underlying causes of criminal behavior. The facility publishes an Annual Programs Report documenting the various programs designed to provide offenders the opportunity to change. The Jail Authority is especially proud of efforts provided to veterans through the targeted programs offered in the Veterans Housing Unit with programs and services designed specifically for those offenders that have service in our Nation's Armed Services.

FINANCIAL CONTROLS

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

Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments made by management.

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

The Jail Authority maintains budgetary controls to ensure compliance with the annual budget approved by the Authority Board. The budget preparation process is initiated annually in August of each fiscal year (July 1 through June 30). The Director of Administrative Services, with input from other departments, prepares a Preliminary Budget for the Jail Authority Finance Committee to review. The Preliminary Budget must be submitted to the Jail Authority before January 1st of each year. The Jail Authority Finance Committee reviews the Preliminary Budget and adoption of the final budget must be completed by March 1st annually.

RELEVANT FINANCIAL POLICIES

The Jail Authority maintains (6) six 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)

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, 2018. The independent auditor's report on the financial statements is included in the financial section of this report.

AWARDS AND ACHIEVEMENTS

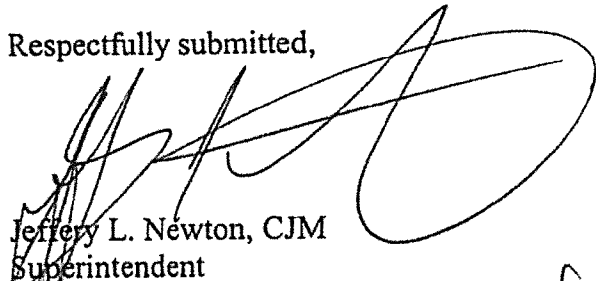
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Riverside Regional Jail Authority for its comprehensive annual financial report for the fiscal year ended June 30, 2017. This was the twentieth (20th) consecutive year that Riverside Regional Jail Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the requirements of the Certificate of Achievement program and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

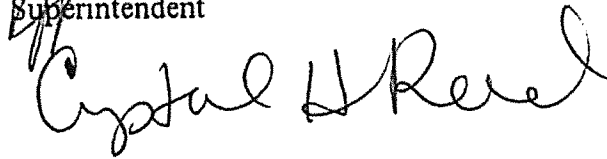
This report reflects the strong financial policies enacted by the Jail Authority and the active participation of the Authority's Finance Committee. The result is the Jail Authority is in sound financial position. The Jail Authority's support and cooperation in planning and conducting the financial operations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

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

Respectfully submitted,



Jeffery L. Newton, CJM
Superintendent



Crystal H. Reid, MBA
Director of Administrative Services

CERTIFICATE OF ACHIEVEMENT



Government Finance Officers Association

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

Presented to

**Riverside Regional Jail Authority
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2018

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

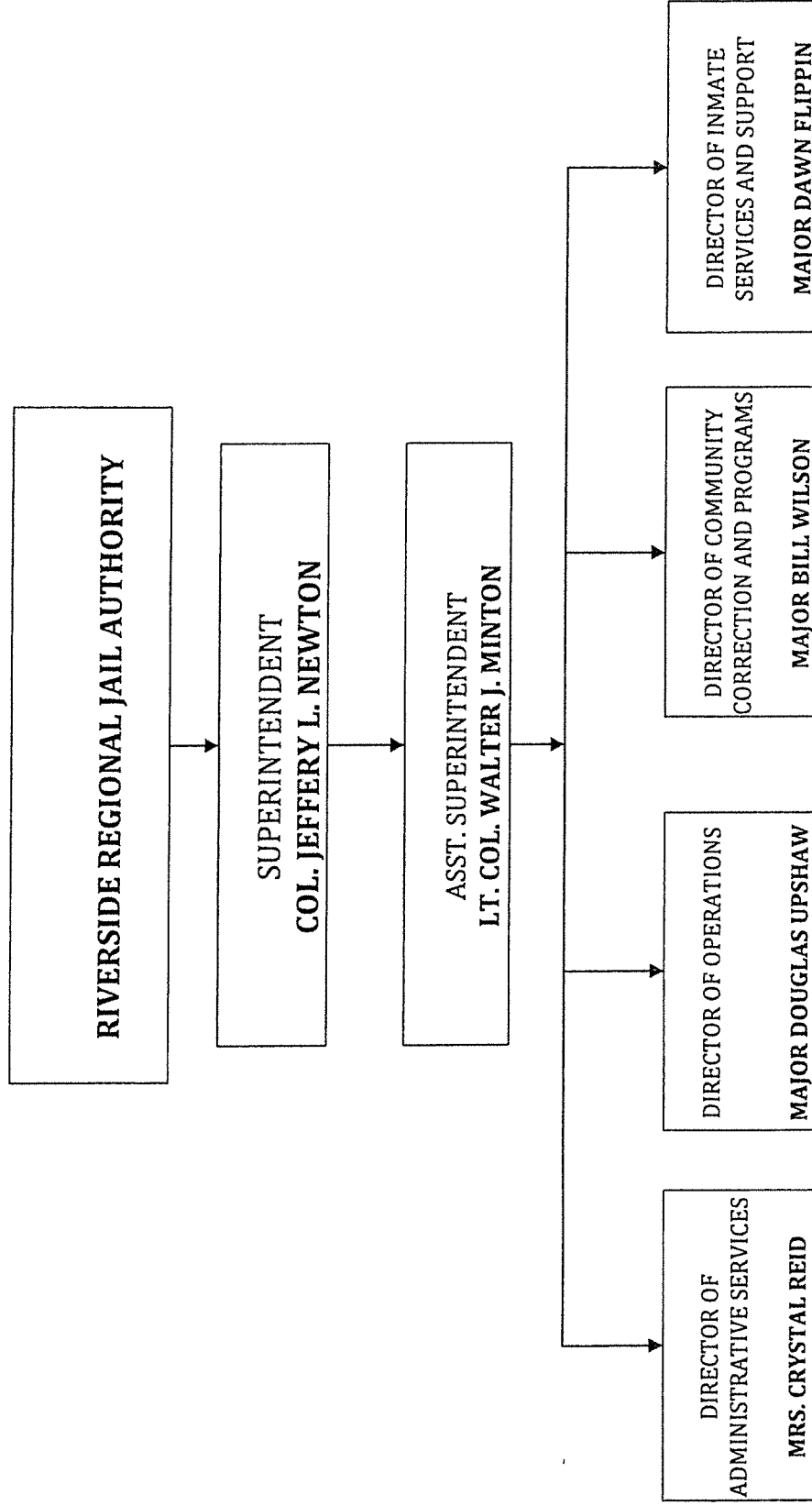
Other Members

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

William H. Hefty, Esq.
Counsel

Jeffery L. Newton, CJM
Superintendent

**RIVERSIDE REGIONAL JAIL AUTHORITY
ADMINISTRATIVE STRUCTURE**



FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, 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, 2018, 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, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 11 to the financial statements, in 2018 the Authority adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory 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 October 31, 2018 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
October 31, 2018

Riverside Regional Jail Authority

Management's Discussion and Analysis (Unaudited)

October 31, 2018

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, 2018. We encourage readers to consider the information presented and it should be read in conjunction with the letter of transmittal and the Jail Authority's financial statements, which follow in this analysis.

Financial Highlights

- The Jail Authority's change in net position was \$2,299,023 as a result of this year's operating and non-operating financial activities as well as the implementation of GASB Statement No. 75.
- The Jail Authority's operating and non-operating revenues increased by \$595,810, or approximately 1.4%, and operating and non-operating expenses increased by \$2,072,064, or approximately 5.3%.
- The Jail Authority net investment in capital assets increased by \$389,835, or 0.6 %.
- The Jail Authority met its financial obligations with regard to the Series 2013 and Series 2015 bonds, making principal payments totaling \$3,520,000.
- The Jail Authority average daily population decreased by approximately five (5) inmates, or .30%.

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.

In 2018, the Jail Authority adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The overall effect of this new standard is to reflect the Jail Authority's long-term other postemployment benefit ("OPEB") obligations directly in the financial statements. Under previous accounting guidance, these amounts were recorded incrementally over time, but were not recognized in their entirety. Instead, the total liability, which has now been recorded, was only disclosed. The new standard not only changes certain measurement methodologies, but also requires certain new disclosures and that the Jail Authority record a net OPEB liability directly on the statement of net position. Beginning net position has been restated as discussed in Note 11, and this has had a significant impact on the Jail Authority's net position. However, because similar information has been disclosed in prior years, both in the notes to the financial statements and in required supplementary information, the effect of this new standard is not expected to negatively affect how most governmental entities are viewed by sophisticated readers of their financial statements. Because information to restate prior years is not readily available, the prior year comparative information included in this discussion and analysis has not been restated to reflect this change.

Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of Riverside Regional Jail Authority, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$118,744,900 at June 30, 2018. The Jail Authority's total Operating Fund net position increased by \$2,278,009 as compared to last year and the Canteen Fund net position increased by \$21,014. Our detailed analysis that follows focuses on the change in net position and the resulting changes in assets and liabilities of both the Operating Fund and Canteen Fund in the aggregate.

Operating Fund and Canteen Fund

	2018	2017	Increase (Decrease)	
			Dollars	Percent
Capital assets - net	\$ 142,369,569	\$ 145,830,221	\$ (3,460,652)	(2.4) %
Other assets	63,623,822	58,167,480	5,456,342	9.4 %
Total assets	<u>\$ 205,993,391</u>	<u>\$ 203,997,701</u>	<u>\$ 1,995,6910</u>	1.0 %
Deferred outflows of resources	\$ 5,612,459	\$ 7,045,914	\$ (1,433,455)	(20.3) %
Long-term liabilities - net	\$ 79,814,789	\$ 83,383,886	\$ (3,569,097)	(4.3) %
Other liabilities	10,193,047	9,058,555	1,134,492	12.5 %
Total liabilities	<u>\$ 90,007,836</u>	<u>\$ 92,442,441</u>	<u>\$ (2,360,104)</u>	(2.6) %
Deferred inflows of resources	\$ 2,853,114	\$ 822,913	\$ 2,030,201	246.7 %
Net position:				
Net investment in capital assets	\$ 64,390,078	\$ 64,000,243	\$ 389,835	0.6 %
Restricted	20,488,715	19,744,177	744,538	3.8 %
Unrestricted	33,866,107	34,033,841	(167,734)	(0.5) %
Total net position	<u>\$ 118,744,900</u>	<u>\$ 117,778,261</u>	<u>\$ 966,639</u>	0.8 %

Note: Because of information to restate prior years is not readily available, the prior year comparative information included in this discussion and analysis related to other postemployment benefits has not been restated; however, other restatement items are included, as discussed in Note 11.

The Operating Fund and Canteen Fund had a combined change in net position of \$2,299,023, after considering the restatement of beginning net position discussed in Note 11. The total net position change was impacted by changes in several revenue and expense categories. Please see table below for a breakdown of the fluctuation by revenue and expense category, excluding the impact of the restatement of beginning net position discussed in Note 11. 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

	2018	2017 (Restated)	Increase (Decrease)	
			Dollars	Percent
Operating revenues:				
Inmate housing	\$ 25,385,826	\$ 25,661,966	\$ (276,140)	(1.1) %
State Compensation Board	14,789,934	14,053,434	736,500	5.2 %
Daily incarceration fees	611,022	571,333	39,689	6.9 %
Work release	341,478	520,869	(179,391)	(34.4) %
Canteen sales	1,525,011	1,411,553	113,458	8.0 %
Miscellaneous income	121,931	131,175	(9,244)	(7.0) %
Non-operating revenues:				
Interest revenue	346,369	183,563	162,806	88.7 %
State and federal grants	51,616	42,833	8,783	20.5 %
Miscellaneous income	504,725	505,376	(651)	(0.1) %
Total revenues	<u>\$ 43,677,912</u>	<u>\$ 43,082,102</u>	<u>\$ 595,810</u>	<u>1.4 %</u>
Operating expenses:				
Salaries and wages	\$ 17,741,246	\$ 15,780,058	\$ 1,961,188	12.4 %
Fringe benefits	2,868,255	3,556,373	(688,118)	(19.3) %
Contractual services	1,588,400	1,597,777	(9,377)	(0.6) %
Materials and supplies	475,182	575,106	99,924	(17.4) %
Medical services and supplies	6,450,129	5,554,146	895,983	16.1 %
Food services and supplies	1,711,325	1,585,996	125,329	7.9 %
Repairs and maintenance	807,263	813,981	(6,718)	(0.8) %
Utilities	2,173,092	2,300,736	(127,644)	(5.5) %
Depreciation	3,927,374	3,857,073	70,301	1.8 %
Other	464,677	501,084	(36,407)	(7.3) %
Non-operating expenses:				
Interest expense	3,089,806	3,184,495	(94,689)	(-3.0) %
Miscellaneous expense	82,140	-	82,140	100.0 %
Total expenses	<u>\$ 41,378,889</u>	<u>\$ 39,306,825</u>	<u>\$ 2,072,064</u>	<u>5.3 %</u>
Change in net position	\$ 2,299,023	\$ 3,775,277	\$ (1,476,254)	(39.1) %
Beginning net position	116,445,877	114,002,984	2,442,893	2.1 %
Ending net position	<u>\$ 118,744,900</u>	<u>\$ 117,778,261</u>	<u>\$ 966,639</u>	<u>0.8 %</u>

Note: Because information to restate prior years is not readily available, the prior year comparative information included in this discussion and analysis related to other postemployment benefits has not been restated; however, other restatement items are included, as discussed in Note 11.

The Jail Authority's Work Release revenues decreased 34.4% due to the significant decrease in the average daily population of federal work release participants.

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2018, the Jail Authority had \$142,369,569, net of depreciation, invested in a broad range of capital assets (Operating and Canteen Funds), including land, buildings, vehicles, office, computer equipment and financial software. This amount represents a net decrease (including additions and deletions) of \$3,460,652 over last year. Depreciation expense was \$3,927,374 for fiscal year 2018.

The following table summarizes the Jail Authority's capital assets, net of accumulated depreciation, as of June 30, 2018 and 2017 for Operating and Canteen Funds combined.

	2018	2017
Buildings	\$ 138,138,627	\$ 141,313,390
Furniture and equipment	3,321,255	3,612,790
Land	322,584	322,584
Land improvements	119,740	129,579
Vehicles	150,861	182,678
Computers and software	316,502	269,200
Total capital assets (net of accumulated depreciation)	<u>\$ 142,369,569</u>	<u>\$ 145,830,221</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.

	2018	2017
Balance at beginning of year	\$ 192,745,298	\$ 191,150,329
Additions	466,722	1,637,581
Deletions	(7,411)	(42,612)
Accumulated depreciation	<u>(50,835,040)</u>	<u>(46,915,077)</u>
Balance at end of year	<u>\$ 142,369,569</u>	<u>\$ 145,830,221</u>

This year major, capital asset additions included the following:

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

Long-Term Debt

At year-end, the Jail Authority had bonded debt of \$75,875,000 outstanding as compared to fiscal year 2017 outstanding bonds in the amount of \$79,395,000. Additional information on the bonds is contained in Note 5.

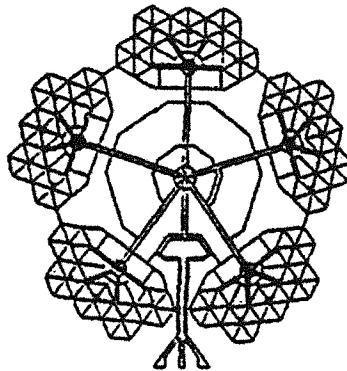
Economic Factors and Next Year's Budgets and Rates

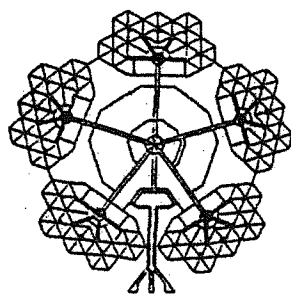
- The per diem rate remains at \$40 for member jurisdictions.
- The Fiscal Year 2019 Budget takes into consideration the decline in the number of inmates participating in the Intergovernmental Agreement (IGA) with the Federal Bureau of Prisons.
- The Jail Authority plans to maintain its 2019 Annual Budget with limited increases in expenses primarily due to concerted efforts to address projected staff retirements and staff turnover.

All of these factors were considered in preparing the Jail Authority's budget for the 2019 fiscal year.

Contacting the Jail Authority's Financial Management

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





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BASIC FINANCIAL STATEMENTS

RIVERSIDE REGIONAL JAIL AUTHORITY

STATEMENT OF NET POSITION

June 30, 2018

	Major Fund Operating Fund	Nonmajor Fund Canteen Fund	Total
ASSETS			
Current assets			
Cash and cash equivalents (Note 2)	\$ 15,108,266	\$ -	\$ 15,108,266
Cash and cash equivalents, restricted (Note 2)	5,361,938	447,050	5,808,988
Investments, unrestricted (Note 2)	14,701,898	-	14,701,898
Accounts receivable (Note 3)	5,054,779	-	5,054,779
Due from other funds (Note 8)	1,825	-	1,825
Amounts receivable from inmate accounts custodial fund (Note 8)	57,197	48,220	105,417
Total current assets	40,285,903	495,270	40,781,173
Noncurrent assets			
Cash and cash equivalents, restricted (Note 2)	16,389,621	-	16,389,621
Net pension asset (Note 6)	6,453,028	-	6,453,028
Capital assets:			
Nondepreciable (Note 4)	322,584	-	322,584
Depreciable, net (Note 4)	142,043,421	3,564	142,046,985
Total noncurrent assets	165,208,654	3,564	165,212,218
Total assets	205,494,557	498,834	205,993,391
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts from refunding of debt	4,288,407	-	4,288,407
Deferred outflows related to pensions (Note 6)	1,243,197	-	1,243,197
Deferred outflows related to other postemployment benefits (Note 7)	80,855	-	80,855
Total deferred outflows of resources	5,612,459	-	5,612,459
LIABILITIES			
Current liabilities			
Accounts payable	2,057,911	41,627	2,099,538
Insurance claims payable (Note 10)	215,119	-	215,119
Due to other funds (Note 8)	-	1,825	1,825
Accrued liabilities	671,094	-	671,094
Unearned revenues - current	334,247	-	334,247
Compensated absences payable - current portion (Note 5)	725,453	2,122	727,575
Accrued interest payable	1,710,132	-	1,710,132
Bonds payable - current portion (Note 5)	4,435,639	-	4,435,639
Total current liabilities	10,149,595	45,574	10,195,169
Long-term liabilities			
Compensated absences payable, net of current portion (Note 5)	823,000	2,408	825,408
Net other postemployment benefits liability (Note 7)	1,155,000	-	1,155,000
Bonds payable, net of current portion (Note 5)	77,832,259	-	77,832,259
Total long-term liabilities	79,810,259	2,408	79,812,667
Total liabilities	89,959,854	47,982	90,007,836
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions (Note 6)	2,670,114	-	2,670,114
Deferred inflows related to other postemployment benefits (Note 7)	183,000	-	183,000
Total deferred inflows of resources	2,853,114	-	2,853,114
NET POSITION			
Net investment in capital assets	64,386,514	3,564	64,390,078
Restricted for:			
Debt service	10,760,009	-	10,760,009
Operating reserve	8,963,847	-	8,963,847
Repair and replacement reserve	317,571	-	317,571
Canteen funds	-	447,288	447,288
Unrestricted	33,866,107	-	33,866,107
Total net position	\$ 118,294,048	\$ 450,852	\$ 118,744,900

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, 2018

	Major Fund Operating Fund	Nonmajor Fund Canteen Fund	Total
OPERATING REVENUES			
Charges for services - inmate housing	\$ 25,385,826	\$ -	\$ 25,385,826
State Compensation Board	14,789,934	-	14,789,934
Daily incarceration fees	611,022	-	611,022
Work release	341,478	-	341,478
Canteen sales	-	1,525,011	1,525,011
Miscellaneous operating income	121,931	-	121,931
Total operating revenues	41,250,191	1,525,011	42,775,202
OPERATING EXPENSES			
Salaries and wages	17,655,432	85,814	17,741,246
Fringe benefits	2,868,255	-	2,868,255
Contractual services	505,546	1,082,854	1,588,400
Materials and supplies	279,193	195,989	475,182
Medical services and supplies	6,398,054	52,075	6,450,129
Food services and supplies	1,690,233	21,092	1,711,325
Repairs and maintenance	807,263	-	807,263
Utilities	2,173,092	-	2,173,092
Depreciation	3,926,859	515	3,927,374
Other expenses	399,019	65,658	464,677
Total operating expenses	36,702,946	1,503,997	38,206,943
Operating income	4,547,245	21,014	4,568,259
NONOPERATING REVENUES (EXPENSES)			
Investment income	346,369	-	346,369
State and federal grants	51,616	-	51,616
Miscellaneous nonoperating income	504,725	-	504,725
Interest expense	(3,089,806)	-	(3,089,806)
Miscellaneous nonoperating expense	(82,140)	-	(82,140)
Total nonoperating revenue (expenses)	(2,269,236)	-	(2,269,236)
Change in net position	2,278,009	21,014	2,299,023
NET POSITION -- AT JULY 1, AS RESTATED (Note 11)	116,016,039	429,838	116,445,877
NET POSITION -- AT JUNE 30	\$ 118,294,048	\$ 450,852	\$ 118,744,900

RIVERSIDE REGIONAL JAIL AUTHORITY

STATEMENT OF CASH FLOWS
Year Ended June 30, 2018

	Major Fund Operating Fund	Nonmajor Fund Canteen Fund	Total
OPERATING ACTIVITIES			
Receipts from jurisdictions	\$ 25,933,005	\$ -	\$ 25,933,005
Receipts from state agencies	14,672,350	-	14,672,350
Receipts from canteen sales	-	1,537,895	1,537,895
Receipts from inmates	1,096,367	-	1,096,367
Contract agreements and miscellaneous income received	4,725	-	4,725
Payments to suppliers	(11,162,602)	(1,423,686)	(12,586,288)
Payments to employees	(21,565,278)	(81,284)	(21,646,562)
Net cash provided by operating activities	8,978,567	32,925	9,011,492
NONCAPITAL FINANCING ACTIVITIES			
State and federal grants	51,616	-	51,616
Net cash provided by noncapital financing activities	51,616	-	51,616
CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(466,722)	-	(466,722)
Principal paid on capital debt	(3,520,000)	-	(3,520,000)
Interest paid on capital debt	(3,475,118)	-	(3,475,118)
Net cash used in capital and related financing activities	(7,461,840)	-	(7,461,840)
INVESTING ACTIVITIES			
Proceeds from investments	7,117,703	-	7,117,703
Purchases of investments	(9,736,808)	-	(9,736,808)
Interest income received	277,534	-	277,534
Net cash used in investing activities	(2,341,571)	-	(2,341,571)
Net increase (decrease) in cash and cash equivalents	(773,228)	32,925	(740,303)
CASH AND CASH EQUIVALENTS			
Beginning at July 1	37,633,053	414,125	38,047,178
Ending at June 30	\$ 36,859,825	\$ 447,050	\$ 37,306,875
RECONCILIATION TO EXHIBIT 1			
Cash and cash equivalents	\$ 15,108,266	\$ -	\$ 15,108,266
Cash and cash equivalents, restricted	5,361,938	447,050	5,808,988
Cash and cash equivalents - non-current, restricted	16,389,621	-	16,389,621
	\$ 36,859,825	\$ 447,050	\$ 37,306,875
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 4,547,245	\$ 21,014	\$ 4,568,259
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	3,926,859	515	3,927,374
Contract agreements and miscellaneous income received	4,725	-	4,725
Nonexchange forgiveness of penalties receivable	(82,140)	-	(82,140)
Excess of employer contributions over pension expense	(1,212,458)	-	(1,212,458)
Excess of employer contributions over other postemployment benefits expense	(75,239)	-	(75,239)
Changes in assets and liabilities:			
Accounts receivable	511,735	-	511,735
Due from other funds	1,314	-	1,314
Amounts receivable from inmate accounts agency fund	21,936	12,884	34,820
Accounts payable	1,061,644	(4,704)	1,056,940
Insurance claims payable	26,840	-	26,840
Due to other funds	-	(1,314)	(1,314)
Accrued liabilities	100,717	-	100,717
Compensated absences payable	145,389	4,530	149,919
Net cash provided by operating activities	\$ 8,978,567	\$ 32,925	\$ 9,011,492

EXHIBIT 4

RIVERSIDE REGIONAL JAIL AUTHORITY
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2018

	<u>Custodial Fund</u> <u>Inmate Accounts</u>
ASSETS	
Cash and cash equivalents, restricted (Note 2)	\$ 238,641
LIABILITIES	
Amounts payable to the Authority (Note 8)	\$ 105,417
NET POSITION	
Restricted for benefit of inmates	\$ 133,224

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, 2018

	<u>Custodial Fund</u> <u>Inmate Accounts</u>
ADDITIONS	
Payments received from and on behalf of inmates	\$ 3,522,469
DEDUCTIONS	
Reimbursements made to the Authority	\$ 2,575,441
Payments to vendors	730,010
Other deductions	251,438
Total deductions	<u>\$ 3,556,889</u>
Net decrease in fiduciary net position	(34,420)
NET POSITION – AT JULY 1, AS RESTATED (Note 11)	<u>167,644</u>
NET POSITION – AT JUNE 30	<u><u>\$ 133,224</u></u>

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 1. Summary of Significant Accounting Policies

Reporting entity:

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

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

Measurement focus and basis of accounting:

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

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

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

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

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

Cash and cash equivalents:

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

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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, 2018

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, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

Net position:

Net position is the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds.

Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Operating Fund amounts are restricted in accordance with the Master Indenture. Restrictions on Canteen Fund net position are imposed by §53.1-127.1 of the *Code of Virginia*.

Unrestricted net position represents the remaining net position not included as the previous two categories. The Authority has internally designated a portion of unrestricted net position for the following purposes and amounts: Fund balance reserve, \$8,536,168; rainy day fund, \$4,241,012; capital improvements fund, \$8,457,635; operating fund, \$8,518,386; and arbitrage reserve, \$56,059.

Estimates:

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

Unearned revenues:

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

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, 2018

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, 2018

Note 2. Deposits and Investments (Continued)

As of June 30, 2018, the Authority's deposits and investments consisted of the following:

Type	Fair Value	S&P Credit Rating	Weighted Average Maturity
Deposits:			
Cash in bank	\$ 15,736,998	N/A	N/A
Cash on hand	900	N/A	N/A
Money market	5,361,938	N/A	N/A
Total deposits	<u>21,099,836</u>		
Investments – Level 1:			
U.S. Treasury notes	<u>1,743,890</u>	AA+	1.86 years
Investments – Level 2:			
Federal agency bonds and notes	<u>12,958,008</u>	AA+	1.26 years
Investments reported at amortized cost:			
Virginia State Non-Arbitrage Program	<u>16,445,680</u>	AAAm	1 day
Total investments	<u>31,147,578</u>		
Total deposits and investments	<u>\$ 52,247,414</u>		

Reconciliation of deposits and investments to Exhibits 1 and 4:

	Exhibit 1	Exhibit 4	Total
Cash and cash equivalents	\$ 15,108,266	\$ -	\$ 15,108,266
Cash and cash equivalents, restricted	5,808,988	238,641	6,047,629
Cash and cash equivalents – noncurrent, restricted	16,389,621	-	16,389,621
Investments, unrestricted	14,701,898	-	14,701,898
	<u>\$ 52,008,773</u>	<u>\$ 238,641</u>	<u>\$ 52,247,414</u>

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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 2018 payment	\$ 3,996,679
2015 Bond fund, fiscal year 2018 payment	1,365,259
Inmate canteen funds	447,050
Cash and cash equivalents – restricted	<u>\$ 5,808,988</u>
Operating reserve	\$ 8,963,847
Repair and replacement reserve	317,571
Debt service reserve fund	7,108,203
Cash and cash equivalents – non-current, restricted	<u>\$ 16,389,621</u>

Note 3. Accounts Receivable

Accounts receivable consist of the following:

Member jurisdictions	\$ 2,555,680
Commonwealth of Virginia	2,242,447
Federal agencies	256,161
Other	491
	<u>\$ 5,054,779</u>

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 4. Capital Assets

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

	Beginning July 1	Increases	Decreases	Ending June 30
Capital assets, nondepreciable				
Land	\$ 322,584	\$ -	\$ -	\$ 322,584
Capital assets, depreciable				
Buildings and improvements	181,542,686	-	-	181,542,686
Furniture and equipment	8,866,511	306,900	7,411	9,166,000
Computer hardware and software	1,088,947	131,810	-	1,220,757
Vehicles	771,826	28,012	-	799,838
Land improvements	147,591	-	-	147,591
Total capital assets, depreciable	192,417,561	466,722	7,411	192,876,872
Less accumulated depreciation:				
Buildings and improvements	40,229,296	3,174,763	-	43,404,059
Furniture and equipment	5,257,800	597,920	7,411	5,848,309
Computer hardware and software	819,747	84,508	-	904,255
Vehicles	589,148	59,829	-	648,977
Land improvements	18,012	9,839	-	27,851
Total accumulated depreciation	46,914,003	3,926,859	7,411	50,833,451
Total capital assets depreciable, net	145,503,558	(3,460,137)	-	142,043,421
Total capital assets, net	\$ 145,826,142	\$ (3,460,137)	\$ -	\$ 142,366,005

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 4. Capital Assets (Continued)

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

	<u>Beginning July 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending June 30</u>
Capital assets, depreciable				
Equipment	\$ 5,153	\$ -	\$ -	\$ 5,153
Less accumulated depreciation:				
Equipment	1,074	515	-	1,589
Total capital assets depreciable, net	<u>\$ 4,079</u>	<u>\$ (515)</u>	<u>\$ -</u>	<u>\$ 3,564</u>

Note 5. Long-Term Liabilities

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

	<u>Beginning July 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending June 30</u>	<u>Due Within One Year</u>
Jail Facility Revenue Bonds	\$ 79,395,000	\$ -	\$ 3,520,000	\$ 75,875,000	\$ 3,630,000
Issuance premiums	7,240,780	-	847,882	6,392,898	805,639
	86,635,780	-	4,367,882	82,267,898	4,435,639
Compensated absences	1,403,064	2,098,548	1,948,629	1,552,983	727,575
Total long-term liabilities	<u>\$ 88,038,844</u>	<u>\$ 2,098,548</u>	<u>\$ 6,316,511</u>	<u>\$ 83,820,881</u>	<u>\$ 5,163,214</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 3,630,000	\$ 3,347,663	\$ 6,977,663
2020	3,780,000	3,199,463	6,979,463
2021	3,935,000	3,031,113	6,966,113
2022	4,110,000	2,841,363	6,951,363
2023	4,305,000	2,639,088	6,944,088
2024-2028	24,850,000	9,802,078	34,652,078
2029-2033	31,265,000	3,331,721	34,596,721
	<u>\$ 75,875,000</u>	<u>\$ 28,192,489</u>	<u>\$ 104,067,489</u>

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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%	\$ 43,775,000
Series 2013 Jail Facility Revenue Bonds	06/27/2013	07/01/2032	\$ 44,025,000	4.27%	<u>32,100,000</u>
					<u>\$ 75,875,000</u>

The Authority's debt agreements contain certain financial covenants for which the Authority was in compliance at June 30, 2018.

Note 6. Defined Benefit Pension Plan

Plan Description

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

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

Plan 1 – Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013 and have not taken a refund.

- **Hybrid Opt-In Election** – VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 6. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Plan 1 (Continued)

- **Retirement Contributions** – Employees contribute 5.00% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.
- **Creditable Service** – Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
- **Vesting** – Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.
- **Calculating the Benefit** – The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier, and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.
 - **Average Final Compensation** – A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
 - **Service Retirement Multiplier** – The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.
 - **Normal Retirement Age** – Age 65 or age 60 for hazardous duty employees.
 - **Earliest Unreduced Retirement Eligibility** – Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service for hazardous duty employees.

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 6. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Plan 1 (Continued)

- **Earliest Reduced Retirement Eligibility** – Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service. Age 50 with at least five years of creditable service for hazardous duty employees.
- **Cost-of-Living Adjustment (COLA) in Retirement** – The Cost-of-Living Adjustment (COLA) matches the first 3.00% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4.00%) up to a maximum COLA of 5.00%.
 - **Eligibility** – For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.
 - **Exceptions to COLA Effective Dates** – The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:
 - The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
 - The member retires on disability.
 - The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
 - The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
 - The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.
- **Disability Coverage** – Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted.
- **Purchase of Prior Service** – Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 6. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Plan 2 - Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

- **Hybrid Opt-In Election** – Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.
- **Retirement Contributions** – Employees contribute 5.00% of their compensation each month to their member contribution account through a pre-tax salary reduction.
- **Creditable Service** – Same as Plan 1.
- **Vesting** – Same as Plan 1.
- **Calculating the Benefit** – See definition under Plan 1.
- **Average Final Compensation** – A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
- **Service Retirement Multiplier** – Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased, or granted on or after January 1, 2013. Sheriffs, regional jail superintendents, and hazardous duty employees are same as Plan 1.
- **Normal Retirement Age** – Normal Social Security retirement age. Hazardous duty employees are the same as Plan 1.
- **Earliest Unreduced Retirement Eligibility** – Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90. Hazardous duty employees are the same as Plan 1.
- **Earliest Reduced Retirement Eligibility** – Age 60 with at least five years (60 months) of creditable service. Hazardous duty employees are the same as Plan 1.
- **Cost-of-Living Adjustment (COLA) in Retirement** – The Cost-of-Living Adjustment (COLA) matches the first 2.00% increase in the CPI-U and half of any additional increase (up to 2.00%), for a maximum COLA of 3.00%.
 - **Eligibility** – Same as Plan 1.
 - **Exceptions to COLA Effective Dates** – Same as Plan 1.
- **Disability Coverage** – Same as Plan 1 except that the retirement multiplier is 1.65%.

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 6. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Plan 2 (Continued)

- **Purchase of Prior Service** – Same as Plan 1.

Hybrid Retirement Plan – The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. The defined benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

- **Eligible Members** – Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes political subdivision employees; members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.
- **Non-Eligible Members** – Some employees are not eligible to participate in the Hybrid Retirement Plan. They include political subdivision employees who are covered by enhanced benefits for hazardous duty employees. Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
- **Retirement Contributions** – A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
- **Creditable Service** –
 - **Defined Benefit Component** – Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 6. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Hybrid Retirement Plan (Continued)

- **Defined Contributions Component** – Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.
- **Vesting –**
 - **Defined Benefit Component** – Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.
 - **Defined Contributions Component** – Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. After two years, a member is 50% vested and may withdraw 50% of employer contributions. After three years, a member is 75% vested and may withdraw 75% of employer contributions. After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
- **Calculating the Benefit –**
 - **Defined Benefit Component** – See definition under Plan 1.
 - **Defined Contribution Component** – The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
- **Average Final Compensation** – Same as Plan 2 for the defined benefit component of the plan.
- **Service Retirement Multiplier** – The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. This is not applicable to sheriffs, regional jail superintendents, or hazardous duty employees.
- **Normal Retirement Age –**
 - **Defined Benefit Component** – Same as Plan 2, however, not applicable for hazardous duty employees.

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 6. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Hybrid Retirement Plan (Continued)

- **Defined Contribution Component** – Members are eligible to receive distributions upon leaving employment, subject to restrictions.
- **Earliest Unreduced Retirement Eligibility –**
 - **Defined Benefit Component** – Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. This is not applicable to hazardous duty employees.
 - **Defined Contribution Component** – Members are eligible to receive distributions upon leaving employment, subject to restrictions.
- **Earliest Reduced Retirement Eligibility –**
 - **Defined Benefit Component** – Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. This is not applicable to hazardous duty employees.
 - **Defined Contribution Component** – Members are eligible to receive distributions upon leaving employment, subject to restrictions.
- **Cost-of-Living Adjustment (COLA) in Retirement**
 - **Defined Benefit Component** – Same as Plan 2.
 - **Defined Contribution Component** – Not Applicable.
 - **Eligibility** – Same as Plan 1 and 2.
 - **Exceptions to COLA Effective Dates** – Same as Plan 1 and 2.
- **Disability Coverage** – Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
- **Purchase of Prior Service –**
 - **Defined Benefit Component** – Same as Plan 1, with the following exceptions:
 - Hybrid Retirement Plan members are ineligible for ported service.
 - **Defined Contribution Component** – Not Applicable.

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 6. Defined Benefit Pension Plan (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2016 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	53
Inactive members:	
Vested inactive members	41
Non-vested inactive members	263
Inactive members active elsewhere in VRS	<u>148</u>
Total inactive members	452
Active members	<u>357</u>
Total covered employees	<u><u>862</u></u>

Contributions

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

The political subdivision's contractually required contribution rate for the year ended June 30, 2018 was 8.16% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were \$1,243,197 and \$1,146,951 for the years ended June 30, 2018 and June 30, 2017, respectively.

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 6. Defined Benefit Pension Plan (Continued)

Net Pension Asset

The political subdivision's net pension asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2016, 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, 2017.

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

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

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 60% of deaths are assumed to be service related. Mortality is projected using the applicable RP-2014 Mortality Table Projected to 2020 with various set backs or set forwards for both males and females.

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

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

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 6. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions – General Employees (Continued)

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

Long-Term Expected Rate of Return

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

<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	40.00 %	4.54 %	1.82 %
Fixed Income	15.00	0.69	0.10
Credit Strategies	15.00	3.96	0.59
Real Assets	15.00	5.76	0.86
Private Equity	15.00	9.53	1.43
Total	100.00 %		4.80 %
	Inflation		2.50 %
	* Expected arithmetic nominal return		7.30 %

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

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 6. Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the Political Subdivision Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances at June 30, 2016	\$ 38,875,503	\$ 41,271,957	\$ (2,396,454)
Changes for the year:			
Service cost	2,186,637	-	2,186,637
Interest	2,682,164	-	2,682,164
Benefit changes	-	-	-
Difference between expected and actual experience	(1,418,135)	-	(1,418,135)
Changes of assumptions	(586,776)	-	(586,776)
Contributions – employer	-	1,146,951	(1,146,951)
Contributions – employee	-	701,743	(701,743)
Net investment income	-	5,104,533	(5,104,533)
Benefit payments, including refunds of employee contributions	(1,117,762)	(1,117,762)	-
Refunds of employee contributions	-	-	-
Administrative expenses	-	(28,163)	28,163
Other changes	-	(4,600)	4,600
Net changes	1,746,128	5,802,702	(4,056,574)
Balances at June 30, 2017	\$ 40,621,631	\$ 47,074,659	\$ (6,453,028)

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 6. Defined Benefit Pension Plan (Continued)

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

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

	<u>1.00% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1.00% Increase (8.00%)</u>
Political subdivision's net pension liability (asset)	\$ 129,759	\$ (6,453,028)	\$ (11,823,197)

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

For the year ended June 30, 2018, the political subdivision recognized pension expense of \$30,739. At June 30, 2018, 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	\$ -	\$ 1,529,178
Changes of assumptions	-	432,767
Net difference between projected and actual earnings on pension plan investments	-	708,169
Employer contributions subsequent to the measurement date	<u>1,243,197</u>	<u>-</u>
Total	<u><u>\$ 1,243,197</u></u>	<u><u>\$ 2,670,114</u></u>

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 6. Defined Benefit Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The Authority reported as deferred outflows of resources related to pensions resulting from the Political Subdivision's contributions subsequent to the measurement date which will be recognized as an increase of the Net Pension Asset in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Increase (Reduction) to Pension Expense
2019	\$ (1,229,668)
2020	(519,128)
2021	(483,106)
2022	(438,212)
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-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, 2018, \$165,438 was payable to the Virginia Retirement System for the legally required contributions related to June 2018 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, 2018

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, 2015. 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:	1.31% of covered employee compensation. Rate allocated 60/40; 0.79% employee and 0.52% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2018 Contribution	\$80,855
June 30, 2017 Contribution	\$73,616

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

The net OPEB liabilities were measured as of June 30, 2017 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by actuarial valuations as of that date. The covered employer's proportion of the net OPEB liabilities were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2017 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, 2018

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, 2018 proportionate share of liability	\$1,155,000
June 30, 2017 proportion	0.07675%
June 30, 2016 proportion	0.08038%
June 30, 2018 expense	\$5,616

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.

Group Life Insurance Program

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 27,000
Change of assumptions	-	59,000
Net difference between projected and actual earnings on OPEB plan investments	-	43,000
Changes in proportion	-	54,000
Employer contributions subsequent to the measurement date	80,855	-
Total	<u>\$ 80,855</u>	<u>\$ 183,000</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 ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Group Life Insurance Program

<u>Year Ending June 30,</u>	<u>Increase (Reduction) to OPEB Expense</u>
2019	\$ (37,693)
2020	(37,693)
2021	(37,693)
2022	(37,695)
2023	(22,225)
Thereafter	(10,001)

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2016, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017:

Inflation	2.5%
Salary increases, including inflation:	
• Locality- general employees	3.5 – 5.35%
• Locality – hazardous duty employees	3.5 – 4.75%
Healthcare cost trend rates:	
• Under age 65	7.75 – 5.00%
• Ages 65 and older	5.75 – 5.00%
Investment rate of return, net of expenses, including inflation*	7.0%

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

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

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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, 2017, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program
Total OPEB Liability	\$ 2,942,426
Plan fiduciary net position	1,437,586
Employers' net OPEB liability (asset)	\$ 1,504,840
Plan fiduciary net position as a percentage of total OPEB liability	48.86%

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, 2018

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

Long-Term Expected Rate of Return (Continued)

<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	40.00 %	4.54 %	1.82 %
Fixed Income	15.00	0.69	0.10
Credit Strategies	15.00	3.96	0.59
Real Assets	15.00	5.76	0.86
Private Equity	15.00	9.53	1.43
Total	100.00 %		4.80 %
	Inflation		2.50 %
	*Expected arithmetic nominal return		7.30 %

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

Discount Rate

The discount rate used to measure the GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, 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, 2019 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, 2018

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

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

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

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
GLI Net OPEB liability	\$ 1,493,828	\$ 1,155,000	\$ 880,264

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-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, 2018, \$16,787 was payable to the Virginia Retirement System for the legally required contributions related to June 2018 payroll.

Note 8. Interfund Balances and Transfers

The following interfund receivables and payables are included in the fund financial statements at June 30, 2018:

	Due From		Total Due From Other Funds
	Canteen Fund	Inmate Accounts Custodial Fund	
Due To			
Operating Fund	\$ 1,825	\$ 57,197	\$ 59,022
Canteen Fund	-	48,220	48,220
	\$ 1,825	\$ 105,417	\$ 107,242

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, 2018

Note 9. Deferred Compensation Plan

The Authority has a deferred compensation plan under which the participants may defer a portion of their annual compensation subject to Internal Revenue Code Section 457 limitations. Any contributions made to the deferred compensation plan are not available to employees until termination, retirement, death, or unforeseeable emergency. Contributions to the plan are administered by a third party administrator. In compliance with the provisions of the IRC Section 457(g), the plan assets are in custodial accounts for the exclusive benefit of the plan's participants and beneficiaries. Consequently, these assets and the related liability are not reported in the accompanying financial statements.

Note 10. Risk Management

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

General liability and faithful performance of duty bond coverages are provided by the Commonwealth of Virginia, Department of General Services and the Division of Risk Management. There was no reduction in insurance coverage for the year ended June 30, 2018 or claims not covered by existing policies. Claims have not exceeded coverage for the last four fiscal years.

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

Claims liabilities are based on estimates of the ultimate cost of reported claims, related claim adjustment expenses and an estimate for claims incurred but not reported (IBNR) based on historical experience. The following represents the change in approximate aggregate liabilities for the fund from July 1, 2016 to June 30, 2018:

<u>Fiscal Year</u>	<u>Beginning Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
2018	\$ 188,279	\$ 2,415,713	\$ 2,388,873	\$ 215,119
2017	-	2,224,584	2,036,305	188,279

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 11. Adoption of New Standard and Prior Period Restatement

In the current year the Authority adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This standard replaces the requirements of GASB Statement No. 45 as it relates to governments that provide postemployment benefits other than pensions. The new Statement requires governments providing defined benefit postemployment benefits to recognize the long-term obligation for those benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of other postemployment benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information, including disclosing descriptive information about the types of benefits provided, how contributions to the plans are determined, and assumptions and methods used to calculate the liability. Comparative prior year information, to the extent presented, has not been restated because the necessary information is not available. The Authority has also adjusted beginning net position for items discovered subsequent to its previously issued financial statements, as noted below.

The following is a summary of the restatements to net position, as applicable, resulting from the adoption of GASB Statement No. 75 and other items discovered subsequent to its previously issued financial statements:

	<u>Operating Fund</u>
Net position July 1, 2017, as previously reported	\$ 117,752,933
Recognition of other postemployment benefit related liabilities and related deferred outflows/inflows in accordance with GASB Statement No. 75	(1,332,384)
Classification of expenses to the prior period	(404,510)
Net position July 1, 2017, as restated	<u>\$ 116,016,039</u>

The Authority also adopted GASB Statement No. 84, *Fiduciary Activities*, in the current year. As a result, the balance previously reported as amounts held for benefit of inmates liability is now classified as net position restricted for benefit of inmates on Exhibit 4, which has restated the Inmate Accounts custodial fund's July 1, 2017 net position to \$167,644. The standard also requires the presentation of a statement of changes in fiduciary net position as a basic financial statement, which is now included at Exhibit 5.

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 12. New Accounting Standards

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

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

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

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

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

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

(Continued)

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 12. New Accounting Standards (Continued)

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

RIVERSIDE REGIONAL JAIL AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

EXHIBIT 7

RIVERSIDE REGIONAL JAIL AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS

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

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

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

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

RIVERSIDE REGIONAL JAIL AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY

June 30, 2018

Plan Year Ended June 30	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Virginia Retirement System - Group Life Insurance - General Employees					
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.

RIVERSIDE REGIONAL JAIL AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS

June 30, 2018

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

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

RIVERSIDE REGIONAL JAIL AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2018

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. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 are not material.

Other Postemployment Benefits (OPEB)

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

Note 2. Changes of Assumptions

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

Largest 10 – Non-Hazardous Duty:

- Update mortality table
- Lowered in rates of service retirement
- Update withdrawal rates to better fit experience
- Lowered in rates of disability retirement
- No changes to salary rates
- Increase Line of Duty Disability rates
- Applicable to: Pension and GLI OPEB

Largest 10 –Hazardous Duty:

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

RIVERSIDE REGIONAL JAIL AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2018

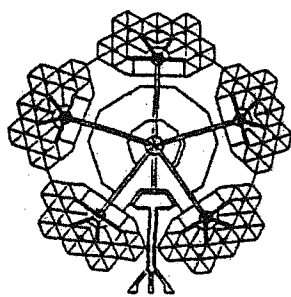
Note 2. Changes of Assumptions (Continued)

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

- Update mortality table
- Lowered rates of retirement at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience
- Lowered disability rates
- No changes to salary rates
- Increased Line of Duty disability rates from 14% to 15%
- Applicable to: Pension and GLI OPEB

All Others (Non 10 Largest) – Hazardous Duty:

- Update mortality table
- Increased retirement rate at age 50 and lowered rates at older ages
- Update withdrawal rates to better fit experience
- Update disability rates to better fit experience
- No changes to salary rates
- Lowered Line of Duty rate from 60% to 45%
- Applicable to: Pension and GLI OPEB



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STATISTICAL SECTION

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

Financial Trends

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

Tables 1-2

Revenue Capacity

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

Tables 3 - 4

Debt Capacity

These tables present information to help the reader assess the affordability of the Authority's current level of outstanding debt and the Authority's ability to issue additional debt in the future.

Tables 5 - 6

Demographic and Economic Information

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

Tables 7 - 8

Operating Information

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

Tables 9 - 11

Other Information

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

Table 12

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

TABLE 1

RIVERSIDE REGIONAL JAIL AUTHORITY

NET POSITION BY COMPONENT

Last Ten Fiscal Years	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net investment in capital assets	\$ 64,390,078	\$ 64,000,243	\$ 62,449,317	\$ 61,778,237	\$ * 60,702,234	\$ 66,463,717	\$ 65,847,316	\$ 66,809,229	\$ 19,218,446	\$ 20,883,322
Restricted	20,488,715	19,744,177	20,282,900	20,274,448	19,757,014	15,596,539	20,096,513	20,354,400	71,523,261	23,929,384
Unrestricted	*** 33,866,107	34,438,351	31,270,767	** 27,987,079	* 25,328,498	19,820,836	17,119,171	13,491,881	11,986,242	19,229,219
Total Net Position	\$ 118,744,900	\$ 118,182,771	\$ 114,002,984	\$ 110,039,764	\$ 105,787,746	\$ 101,881,092	\$ 103,063,000	\$ 100,655,510	\$ 102,727,949	\$ 64,041,925

* 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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Operating revenues										
Charges for services- inmate housing	\$ 25,385,826	\$ 25,661,966	\$ 24,766,756	\$ 23,959,544	\$ 25,721,049	\$ 23,256,688	\$ 23,155,970	\$ 22,692,000	\$ 19,640,607	\$ 19,132,352
State Compensation Board	14,789,934	14,053,434	14,352,174	13,235,682	13,385,391	12,726,338	12,735,177	12,493,133	10,710,641	7,078,241
Daily incarceration fees	611,022	571,333	579,022	268,371	278,045	262,236	250,911	246,560	252,159	229,165
Federal Grants passed through the Commonwealth of Virginia	-	-	-	-	-	-	-	-	-	-
Reimbursements	-	-	-	-	-	-	-	-	616,930	2,756,813
Per diems, net of recoveries	-	-	-	-	-	-	-	-	-	658,415
Work release	341,478	520,869	398,422	277,182	243,207	294,850	225,927	105,214	164,329	157,655
Canteen sales- net 2007-2010, gross 2011-2016	1,525,011	1,411,553	1,383,021	1,417,313	1,545,388	1,357,162	1,096,987	1,018,362	417,026	415,649
Miscellaneous income	121,931	131,175	-	-	-	-	-	-	-	-
Nonoperating revenues										
Investment income	346,369	183,563	209,599	38,903	346,856	572,409	569,367	562,790	783,887	3,225,177
Miscellaneous income	504,725	505,376	698,810	254,833	94,182	199,255	132,127	292,306	340,703	113,059
Telephone commissions	-	-	-	465,335	614,442	633,036	488,040	467,910	411,611	375,404
RSAT grant revenue	51,616	42,833	-	-	-	-	-	-	-	65,996
Commonwealth of Virginia reimbursements	-	-	-	-	-	-	-	-	-	5,420,483
Total revenues	43,677,912	43,082,102	42,387,804	39,917,163	42,228,560	39,301,974	38,654,506	37,878,275	33,337,893	39,628,409
Operating expenses										
Salaries and wages	17,741,246	15,780,058	16,229,999	13,948,873	13,642,700	13,758,502	13,722,458	14,358,464	14,381,868	13,214,293
Fringe benefits	2,868,255	3,368,094	3,118,198	3,976,992	4,671,817	4,426,271	4,650,730	5,028,687	4,626,749	3,904,974
Contractual services	1,588,400	1,597,777	1,525,689	1,433,461	1,390,918	1,268,453	1,100,609	955,665	555,817	488,118
Materials and supplies	475,182	575,106	540,461	468,785	551,661	456,643	584,612	273,247	564,042	471,884
Medical services and supplies	6,450,129	5,554,146	4,824,290	5,590,650	5,439,134	5,326,272	2,482,628	1,806,588	2,056,299	1,921,576
Food service and supplies	1,711,325	1,585,996	1,558,699	1,521,714	1,509,434	1,400,026	1,549,234	1,957,951	1,876,909	1,770,483
Repairs and maintenance	807,263	813,981	909,809	891,359	979,798	688,519	713,627	678,346	745,300	768,513
Utilities	2,173,092	2,084,505	2,103,097	2,097,263	2,060,824	2,094,137	2,267,726	2,245,263	1,984,911	1,731,210
Depreciation	3,927,374	3,857,073	3,793,174	3,735,242	3,675,804	3,508,674	3,311,249	3,330,194	2,139,853	1,737,811
Other	464,677	501,084	479,640	586,905	589,150	496,778	384,897	414,759	647,093	616,867
Nonoperating expenses										
Interest expense	3,089,806	3,184,495	3,341,528	3,133,852	3,810,666	5,314,288	5,479,246	5,639,475	4,476,650	3,587,244
Bond issuance expense	-	-	-	383,186	-	-	-	-	-	-
Commonwealth of Va. budget reduction	-	-	-	-	-	-	-	-	593,584	601,459
Transfer to member jurisdictions	-	-	-	-	-	-	-	-	429,066	1,341,900
Miscellaneous expense	-	-	-	-	-	-	-	-	-	-
Total expenses	41,378,889	38,902,315	38,424,584	37,768,282	38,321,906	38,738,563	36,247,016	39,950,714	35,058,141	32,156,332
Change in net position	2,299,023	4,179,787	3,963,220	2,148,881	3,906,654	563,411	2,407,490	(2,072,439)	(1,720,248)	7,472,077
Beginning net position	116,445,877	114,002,984	110,039,764	107,890,883	101,881,092	103,063,000	100,655,510	102,727,949	64,041,925	56,569,848
Contributed capital- Commonwealth of Virginia	-	-	-	-	-	-	-	-	40,406,272	-
Ending net position	\$ 118,744,900	\$ 118,182,771	\$ 114,002,984	\$ 110,039,764	\$ 105,787,746	\$ 103,626,411	\$ 103,063,000	\$ 100,655,510	\$ 102,727,949	\$ 64,041,925

* Restated for implementation of GASB Statement No. 65

** Restated for implementation of GASB Statement No. 68

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

TABLE 3

**RIVERSIDE REGIONAL JAIL AUTHORITY
REVENUES BY CUSTOMER**

Last Ten Fiscal Years

Fiscal Year	Charles City County	Chesterfield County	City of Hopewell	City of Colonial Heights	City of Petersburg	Prince George County		Surry County	Member Localities	
						County	County		Subtotal	Subtotal
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 (1)		
2011	173,082	9,787,651	2,343,993	2,647,885	2,204,910	1,926,157	216,898	19,300,576		
2010	401,635	8,272,978	2,065,229	2,493,356	1,689,605	1,349,760	128,908	16,401,471		
2009	394,901	7,171,858	2,109,962	2,293,815	1,860,249	1,076,478	166,315	15,073,578		

	Regional and Local Jails	Commonwealth of Virginia	Federal Inmates		Other Sources	Total
			Housing and Transportation	Subtotal		
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)	
2011	506,810	2,723,567	161,047	3,391,424	22,692,000	
2010	120,674	3,068,106	50,357	3,239,137	19,640,608	
2009	213,757	3,335,564	1,167,868	4,717,189	19,790,767	

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

TABLE 4

RIVERSIDE REGIONAL JAIL AUTHORITY
REVENUES AND BILLED DAYS - BY CUSTOMER

Years Ended June 30, 2018 and 2017 and Nine Years Ago

Fiscal Year 2018

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

Fiscal Year 2017

<u>Customer</u>	<u>2017 Revenue</u>	<u>Per Diem Rate</u>	<u>Inmate Days Billed</u>
Charles City County	\$ 272,000	\$ 40	6,800
Chesterfield County	11,198,840	40	279,972
City of Hopewell	2,149,560	40	53,739
City of Colonial Heights	2,408,680	40	60,188
City of Petersburg	3,433,237	40	82,925
Prince George County	1,276,120	40	31,903
Surry County	149,720	40	3,743
Regional and Local Jails	15,033	Various	115
Commonwealth of Virginia (a)	3,106,021	Various	N/A
Federal Inmates - Housing	1,652,755	Various	24,868
Total	\$ 25,661,966		544,253

Fiscal Year 2009

<u>Customer</u>	<u>2009 Revenue</u>	<u>Per Diem Rate</u>	<u>Inmate Days Billed</u>
Charles City County	\$ 394,901	\$ 37	10,673
Chesterfield County	7,171,858	37	193,875
City of Hopewell	2,109,962	37	57,024
City of Colonial Heights	2,293,815	37	61,994
City of Petersburg	1,860,249	37	50,277
Prince George County	1,076,478	37	29,094
Surry County	166,315	37	4,495
Regional and Local Jails	213,757	Various	5,183
Commonwealth of Virginia (a)	3,335,564	Various	N/A
Federal Inmates - Housing	1,165,775	66.36	17,612
Federal Inmates - Transportation	2,093	N/A	N/A
Total	\$ 19,790,767		430,227

(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⁾		Total	Bond Coverage				
						Principal	Interest						
2018	\$	41,806,532	\$	32,776,087	\$	9,030,445	\$	3,630,000	\$	3,420,263	\$	7,050,263	128.09%
2017		41,486,986		30,609,588		10,877,398		3,520,000		3,529,913		7,049,913	154.29%
2016		40,791,270		29,796,470		10,994,800		3,425,000		3,628,749		7,053,749	155.87%
2015		40,280,934		29,059,687		11,221,247		3,385,000		3,850,826		7,235,826	155.08%
2014		40,393,713		29,229,276		11,164,437		3,200,000		3,855,725		7,055,725	158.23%
2013		37,438,039		28,896,317		8,541,722		2,980,000		4,092,071		7,072,071	120.78%
2012		37,041,831		26,301,140		10,740,691		2,845,000		4,230,101		7,075,101	151.81%
2011		36,336,948		26,801,097		9,535,851		2,710,000		4,377,935		7,087,935	134.54%
2010		32,203,031		27,592,451		4,610,580		2,305,000		2,410,563		4,715,563	97.77%
2009		30,852,101		25,118,271		5,733,830		2,235,000		1,988,735		4,223,735	135.75%

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

(2) Operating expenses exclude depreciation, interest expense, bond issuance amortization, and transfers to member jurisdictions.

(3) Total debt service requirements have been reduced by interest income on bond accounts, and reflect principal and interest payments required for the next fiscal year.

TABLE 6

RIVERSIDE REGIONAL JAIL AUTHORITY

RATIOS OF OUTSTANDING DEBT BY TYPE

Fiscal Year	Total Outstanding Revenue Bonds	Debt as a Percentage of Personal Income (1)	Amount of Debt Per Capita
2018	\$ 82,267,898	0.6%	\$ 176
2017	86,635,780	0.6%	187
2016	90,939,331	0.7%	198
2015	94,708,492	0.5%	208
2014	95,049,112	0.6%	211
2013	96,027,807	0.5%	215
2012	102,189,780	0.6%	231
2011	105,111,350	0.7%	239
2010	149,545,627	0.9%	346
2009	152,007,243	0.9%	355

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

Table 7

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

Employer	Calendar Year 2017*	Calendar Year 2007*
	Rank	Rank
Chesterfield County School Board	1	1
U.S Department of Defense	2	2
Amazon.com KYDC Inc.	3	-
County of Chesterfield	4	4
Wal-mart	5	3
HCA Virginia Health System	6	7
U.P.S.	7	6
Integrity Staffing Solutions	8	-
E.I. DuPont De Nemours Company	9	5
Anteon Corporation	10	12
Dominion Virginia Power	11	13
Kroger	12	-

*Final Quarter data for most recent calendar year (2017 and 2007)

**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
Charles City County	2017	7,004	\$ 54,167	\$ 30,477	5.20%
	2016	7,071	\$ 49,563	\$ 30,588	4.60%
	2015	7,040	\$ 48,088	\$ 26,053	5.20%
	2014 *	7,023	\$ 48,758	\$ 32,411	5.40%
	2013	7,106	\$ 48,428	\$ 32,205	4.50%
	2012	7,157	\$ 48,208	\$ 30,265	7.00%
	2011	7,241	\$ 47,093	\$ 32,500	7.60%
	2010	7,271	\$ 46,337	\$ 31,576	8.90%
	2009	7,217	\$ 49,747	\$ 33,028	10.20%
	2008 *	7,212	\$ 49,417	\$ 32,822	6.20%

Jurisdiction	Year	Population	Household Income	Per Capita Personal Income	Unemployment Rate
Chesterfield County	2017	343,599	\$ 73,869	\$ 33,848	3.90%
	2016	339,009	\$ 72,609	\$ 32,896	4.00%
	2015	335,687	\$ 75,514	\$ 32,940	4.30%
	2014	332,499	\$ 72,878	\$ 42,205	5.60%
	2013	327,745	\$ 66,881	\$ 40,507	6.70%
	2012	323,856	\$ 70,243	\$ 44,509	7.80%
	2011	320,346	\$ 71,110	\$ 41,617	6.20%
	2010	317,102	\$ 69,149	\$ 37,657	6.80%
	2009	306,670	\$ 69,922	\$ 38,607	7.20%
	2008	303,852	\$ 71,148	\$ 43,490	4.70%

Jurisdiction	Year	Population	Household Income	Per Capita Personal Income	Unemployment Rate
City of Petersburg	2017	31,750	\$ 32,169	\$ 20,464	7.60%
	2016	32,420	\$ 31,798	\$ 24,521	8.00%
	2015	32,477	\$ 33,927	\$ 18,535	9.00%
	2014 *	32,701	\$ 35,092	\$ 26,003	8.80%
	2013	32,593	\$ 34,424	\$ 25,335	8.40%
	2012	32,167	\$ 35,126	\$ 24,167	9.60%
	2011	32,159	\$ 36,289	\$ 26,479	10.80%
	2010	32,527	\$ 36,449	\$ 26,255	11.60%
	2009	32,986	\$ 35,874	\$ 26,003	14.00%
	2008 *	32,916	\$ 35,511	\$ 25,335	9.50%

Jurisdiction	Year	Population	Household Income	Per Capita Personal Income	Unemployment Rate
Prince George County	2017	37,809	\$ 64,805	\$ 26,721	4.70%
	2016	37,845	\$ 61,857	\$ 39,294	5.10%
	2015 *	37,380	\$ 61,071	\$ 24,521	5.30%
	2014 *	37,333	\$ 63,551	\$ 38,870	5.20%
	2013	36,462	\$ 63,074	\$ 38,141	4.39%
	2012	36,013	\$ 63,031	\$ 37,272	6.60%
	2011	35,520	\$ 62,924	\$ 36,730	8.50%
	2010	35,129	\$ 64,171	\$ 34,835	7.40%
	2009	37,116	\$ 66,049	\$ 41,057	7.30%
	2008 *	36,089	\$ 65,305	\$ 40,328	5.00%

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

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

Table 9

RIVERSIDE REGIONAL JAIL AUTHORITY
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Fiscal Year	Jail Operations Sworn	Civilian	Total
2018	306	69	375
2017	290	64	354
2016	304	60	364
2015	299	61	360
2014	290	57	347
2013	277	59	336
2012	283	78	361
2011	269	100	369
2010	299	99	398
2009	232	116	348

TABLE 10

**RIVERSIDE REGIONAL JAIL AUTHORITY
INMATE POPULATION STATISTICS**

Last Ten Fiscal Years		Average Daily Population									
Fiscal Year	Charles City County	Chesterfield County	City of Hopewell	City of Colonial Heights	City of Petersburg	Prince George County	Surry County	Regional and Local Jails	Federal Inmates Housing and Transportation	Jail Contract Beds (1)	Total
2018	15.48	739.12	146.63	155.35	270.07	102.47	15.13	1.82	44.84	47.04	1,537.95
2017	18.62	767.27	147.35	164.74	227.07	87.39	10.27	0.31	68.10	51.51	1,542.63
2016	20.09	700.86	145.43	171.54	225.88	94.45	10.32	0.47	71.97	53.92	1,494.93
2015	16.36	742.69	157.36	180.56	103.46	126.14	14.28	0.30	74.41	45.84	1,461.40
2014	22.93	796.25	178.56	179.62	78.08	146.64	15.33	0.39	70.70	38.31	1,526.81
2013	23.76	701.19	164.27	178.57	96.45	130.61	17.17	4.31	52.37	52.61	1,421.31
2012	21.22	657.93	174.30	151.94	143.59	132.56	14.11	29.69	35.90	38.23	1,399.47
2011	10.76	602.33	145.12	162.92	135.77	117.41	13.15	37.73	6.71	30.57	1,262.47
2010	29.70	613.00	152.80	184.60	125.10	100.00	9.50	9.20	2.00	26.97	1,252.87
2009	29.29	531.14	156.30	169.82	137.65	79.73	12.34	14.13	47.83	28.07	1,206.30

(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	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<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
Construction in progress	-	-	-	-	-	-	-	-	-	75,450,252
Depreciable capital assets										
Buildings	181,542,686	181,542,686	181,522,435	181,519,235	181,482,748	181,383,359	178,620,415	178,620,416	178,620,416	92,501,315
Furniture and equipment	9,166,000	8,866,511	7,734,026	6,830,539	6,208,719	5,516,234	4,744,669	4,694,812	4,637,719	3,141,597
Computers	1,220,757	1,088,947	844,103	799,700	804,714	736,838	715,909	715,909	715,909	670,415
Vehicles	799,838	771,826	671,887	610,374	564,354	519,787	481,713	483,222	483,222	483,222
Land improvements	147,591	147,591	48,473	34,373	34,373	34,373	1,501	-	-	-
Total capital assets	193,199,456	192,740,145	191,143,508	190,116,805	189,417,492	188,513,175	184,886,791	184,836,943	184,779,850	172,569,385
Less accumulated depreciation										
Buildings	43,404,059	40,229,296	37,058,850	33,874,783	30,689,778	27,509,871	24,360,942	21,370,295	18,379,647	16,465,489
Furniture and equipment	5,848,309	5,257,800	4,732,081	4,221,399	3,757,461	3,363,632	3,051,758	2,788,284	2,501,771	2,322,995
Computers	904,255	819,747	765,815	731,282	722,589	705,953	703,056	687,018	670,980	662,651
Vehicles	648,977	589,148	531,699	482,806	445,250	408,568	425,421	443,259	409,080	370,910
Land improvements	27,851	18,012	9,945	6,875	4,584	2,292	-	-	-	-
Accumulated depreciation	50,833,451	46,914,003	43,098,390	39,317,145	35,619,662	31,990,316	28,541,177	25,288,856	21,961,478	19,822,045
Net capital assets	\$ 142,366,005	\$ 145,826,142	\$ 148,045,118	\$ 150,799,660	\$ 153,797,830	\$ 156,522,859	\$ 156,345,614	\$ 159,548,087	\$ 162,818,372	\$ 152,747,340
<u>Canteen Fund</u>										
Depreciable capital assets										
Furniture and equipment	\$ 5,153	\$ 5,153	\$ 5,153	\$ 5,153	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Computers	-	-	1,668	1,668	1,668	22,278	22,278	22,278	22,278	22,278
Total capital assets	5,153	5,153	6,821	6,821	1,668	22,278	22,278	22,278	22,278	22,278
Less accumulated depreciation										
Furniture and equipment	1,589	1,074	558	43	-	-	-	-	-	-
Computers	-	-	1,668	1,668	1,668	22,278	22,278	22,278	22,278	22,278
Accumulated depreciation	1,589	1,074	2,226	1,711	1,668	22,278	22,278	22,278	22,278	22,278
Net capital assets	3,564	4,079	4,595	5,110	-	-	-	-	-	-
Total net capital assets	\$ 142,369,569	\$ 145,830,221	\$ 148,049,713	\$ 150,804,770	\$ 153,797,830	\$ 156,522,859	\$ 156,345,614	\$ 159,548,087	\$ 162,818,372	\$ 152,747,340

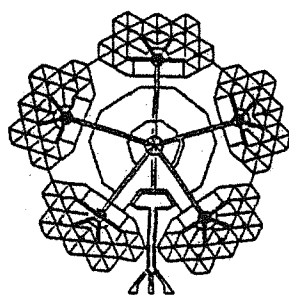
Table 12

RIVERSIDE REGIONAL JAIL AUTHORITY
SCHEDULE OF INSURANCE IN FORCE

Insurance Coverage	Insurance Company	Expiration Date	Coverage Amount	Deductible
Building and Personal Property	Virginia Municipal Liability Pool	7/01/2018	\$ 234,684,844	\$ 5,000
Earthquake	Virginia Municipal Liability Pool	7/01/2018	\$ 10,000,000	\$ 25,000
Flood	Virginia Municipal Liability Pool	7/01/2018	\$ 10,000,000	\$ 25,000
Business Auto	Virginia Municipal Liability Pool	7/01/2018	\$ 1,000,000	1000/1000
Schedule Equipment (Tractor)	Virginia Municipal Liability Pool	7/01/2018	\$ 270,390	\$ 5,000
Boiler and Machinery	Virginia Municipal Liability Pool	7/01/2018	\$ 20,000,000	\$ 1,000
Business Interruption and Extra Expense	Virginia Municipal Liability Pool	7/01/2018	\$ 18,000,000	\$ 5,000
Cyber Liability Coverage	Virginia Municipal Liability Pool	7/01/2018	\$ 1,000,000	N/A
Environmental Impairment Liability	Virginia Municipal Liability Pool	7/01/2018	\$ 1,000,000	\$ 25,000
Local Government & Excess Liability Coverage	Virginia Municipal Liability Pool	7/01/2018	\$ 2,000,000	N/A
Workers' Compensation	Virginia Municipal Liability Pool	7/01/2018	Required statutory limit	
Line of Duty	Virginia Municipal Liability Pool	7/01/2018	Required statutory limit	
Faithful Performance of Duty Bond *	Commonwealth of Virginia - Division of Risk Management	Continuous	\$ 500,000	N/A
Constitutional Officer General Liability *	Commonwealth of Virginia - Division of Risk Management	Continuous	\$ 1,000,000	N/A

N/A - Not Applicable

* Provided by the Commonwealth of Virginia



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COMPLIANCE SECTION

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the business-type activities, the major fund, and the aggregate remaining fund information of the Riverside Regional Jail Authority (the "Authority"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 31, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. **Given these limitations, 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. **The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards***

Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
October 31, 2018

RIVERSIDE REGIONAL JAIL AUTHORITY

SUMMARY OF COMPLIANCE MATTERS

June 30, 2018

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