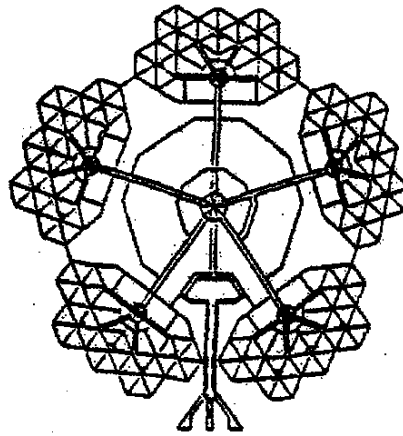


RIVERSIDE REGIONAL JAIL AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JULY 1, 2007 THROUGH JUNE 30, 2008



Prince George, Virginia

Prepared by Administrative Services - Finance Department

Darnley R. Hodge, M.S., CJM
Superintendent

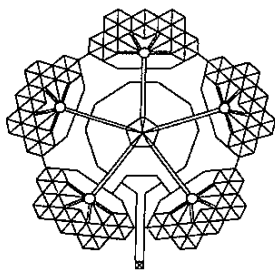
Crystal H. Reid, M.B.A.
Director of Administrative Services

**RIVERSIDE REGIONAL JAIL AUTHORITY
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 Year Ended June 30, 2008**

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INTRODUCTORY SECTION



RIVERSIDE REGIONAL JAIL

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Phone (804) 524-6600 Fax (804) 524-6659

December 15, 2008

Colonel
Darnley R. Hodge, Sr., M. S., CJM
Superintendent

Lieutenant Colonel
Walter J. Minton
Assistant Superintendent

Major
Marvin R. Reynolds
Director of Operations

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

Gohar M. Abbasi, M.D.
Director of
Medical Services

Donna R. Cyriax, B.S., CJM
Chief of Programs

Captain Dawn M. Flippin
Chief of Medical Services

Captain Donald W. Langley, B.S.
Chief of Security

Captain Douglas L. Upshaw
Chief of Support Services

Captain Lisa R. White
Chief of
Housing Unit Management

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, 2008. The report was prepared by the Superintendent and Finance Department, who assume full responsibility for the accuracy of information, and the completeness and fairness of presentation. We believe 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).

Riverside Regional Jail Authority is required to undergo an annual audit in conformity with the provisions of the *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. This report was prepared in accordance with generally accepted accounting principles (GAAP) as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB). In the performance of this audit, consideration is given to the adequacy of the Jail Authority's internal accounting control structure. Internal 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 an internal control structure should not exceed the benefits likely to be derived, and therefore, management must continuously evaluate the benefits of various controls given the related costs of implementation. We believe that the Jail Authority's internal accounting controls adequately safeguard assets and provide reasonable assurances of proper recording of financial transactions.

The certified public accounting firm of Goodman & Company, LLP has audited the June 30, 2008 basic and combining financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Riverside Regional Jail Authority for the fiscal year ended June 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and the significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Riverside Regional Jail Authority's financial statements for the fiscal year ended June 30, 2008, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

A NATIONALLY ACCREDITED AGENCY

Governmental Accounting Standards Board (GASB) pronouncements require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Jail Authority's MD&A can be found immediately following the auditor's report in the financial section.

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.

FACTORS AFFECTING FINANCIAL AND ECONOMIC CONDITION

Economic Condition

The Jail Authority is in sound financial and economic condition, and the economic outlook is stable. The economic stability of the Jail Authority is based on the contractual obligation of each member jurisdiction to pay a per diem rate of \$37 per inmate per day.

Change in net assets for the Operating Fund totaled \$967,501 for the year. This represents a \$286,589 decrease under net income for fiscal year 2007 of \$1,254,090. Net income totaled \$3,700,242 before the member jurisdictions transfer of \$2,732,741. This amount must be reflected in net income for accounting purposes.

The amount of \$2,732,741 was returned to the member jurisdictions as a refund from accumulated excess cash balances for fiscal year 2007.

Current year Operating Fund revenues experienced an increase of \$2,083,967 as compared to prior year Operating Fund revenues. The member jurisdictions' revenues increased by \$309,838 due to an increase in the inmate average daily population. Federal inmate housing and transportation increased \$1,374,479. The funding from the Compensation Board for reimbursement of staff salaries, office expenses and equipment increased \$748,876. The revenue from nonmember jurisdictions decreased \$6,387.

Excluding the \$2,732,741 transfer to member jurisdictions, current year expenses increased \$1,999,254 as compared to prior year. Most of this increase is related to staff raises, increase in the inmate population, food and medical services. As the average daily population for inmates increases, expenditures for jail operations continue to rise. Current year food service expenses increased by \$215,237 as compared to the prior year and medical services and supplies increased \$531,036. Repairs and maintenance decreased \$18,825.

The Canteen Fund experienced an increase in net assets of \$51,203 during fiscal year 2008. This increase in net assets is attributed to the Jail Authority utilizing more of the canteen profits to fund allowable expenses that are used solely for the benefit of the inmates.

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.

Basis of Accounting

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

Debt Administration

On March 19, 1998, the Commonwealth of Virginia pre-funded its reimbursement agreement with the Jail Authority with the issuance of \$28,289,154 of bonds. The proceeds of this bond issue were deposited with the Jail Authority’s trustee, The Bank of New York. These funds are used to pay principal and interest payments on the Series 1995 Jail Facility Revenue Bonds, and were used to call for an optional redemption on July 1, 2005, for the following bonds.

Maturity Date	Principal Amount To Be Redeemed
July 1, 2008	\$ 1,915,000
2014	11,375,000
Total	\$ 13,290,000

Currently, the proceeds of the \$28,289,154 bond issue are invested in United States Treasury Time Deposit Securities – State and Local Government Series (SLGs), and should generate sufficient revenues for principal and interest payments, and did generate sufficient revenue for the July 1, 2005 redemption. On August 23, 2000, the Virginia Department of Corrections certified total eligible construction costs for the jail, and as a result, the bonds related to the above funds qualified for a legal defeasance.

The Jail Authority deposits funds monthly with the bond trustee for the purpose of accumulating cash that will be sufficient to satisfy the Jail Authority’s portion of principal and interest payments coming due on the outstanding Series 1995 Jail Facility Revenue Bonds and the 2003 Series Jail Facility Revenue Bonds. During the year, the Jail Authority made payments to the bond trustee totaling \$5,150,520 for the July 1, 2008 principal (\$2,125,000) and interest (\$3,025,520) payments.

On May 8, 2003, the Jail Authority issued the Series 2003 Jail Facility Revenue Bonds for \$61,755,000. A portion of the Series 2003 Jail Facility Revenue Bond proceeds and the Local Government Investment Pool (LGIP) expansion fund were used to pay certain costs of constructing an expansion to the existing Pre-Release Center to provide an additional 180 beds to alleviate some of the space pressures of an increasing jail population. The total cost of expansion of the Jail Authority’s existing Pre-Release Center was \$10,175,297 and the Certificate of Occupancy was issued in December 2007.

On August 7, 2007, the Authority issued 2007 Bond Obligations totaling \$89,130,000 to construct a 480-bed expansion of the main Jail to add (2) two new housing units. The following denotes the 2007 Bond Obligations:

- Series 2007 Jail Facility Revenue Bonds: \$47,220,000
- Series 2007 Jail Facility Senior Revenue Anticipation Notes: \$34,520,000
- Series 2007 Jail Facility Subordinate Revenue Anticipation Notes: \$7,390,000

The Authority began construction of the Main Jail expansion on September 26, 2007 with an anticipated completion date of September 2009.

Cash Management

Operating and Canteen fund cash, temporarily idle during the year, was invested in overnight repurchase agreements (\$4,666,000 and \$350,000 respectively on June 30, 2008). Interest income from these investments totaled \$127,360 (Operating) and \$6,740 (Canteen) for the year. The Jail Authority's investment policy is to minimize credit and market risks while maintaining a competitive yield on investments. Accordingly, deposits were either insured by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act.

The LGIP expansion fund totaled \$8,711,098 as of June 30, 2008. The principal portion of the expansion fund totaled \$6,935,524 and the interest portion for the LGIP account was \$1,775,574 for fiscal year 2008.

At June 30, 2008, restricted cash and investments of the Jail Authority totaled \$83,867,599. Of this amount, \$10,247,758 was invested in money market accounts with the Commonwealth of Virginia State Non-Arbitrage Program and \$4,449,216 was invested with Bayerische Landesbank in repurchase agreements. During the fiscal year, investments generated interest revenue totaling \$1,243,760. Inmate funds totaling \$115,884 and employee association funds of \$14,922 were not invested.

Risk Management

The Jail Authority's risk management program involves maintaining comprehensive insurance policies, and identifying and monitoring loss exposure. The Jail Authority's comprehensive property, boiler and machinery, automobile, business interruption, inland marine and worker's compensation insurance is provided through the Virginia Municipal Self-Insurance Association (Association). The purpose of the Association is to create and administer group self-insurance pools for political subdivisions of the Commonwealth of Virginia pursuant to the authority provided in Chapter 11.1 of Title 15.1 of the Code of Virginia. The Association is managed by an eight-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 levying of an additional assessment upon Association members.

The Commonwealth of Virginia, Department of General Services, and Division of Risk Management provides the Jail Authority's general liability, and faithful performance of duty bond coverages.

Capital Assets

Operating and Canteen Fund assets with a cost of \$5,000 or more are capitalized and depreciated over their useful lives using the straight-line method. As of June 30, 2008, capital assets, accumulated depreciation and depreciation expense for the Operating Fund totaled \$120,429,108, \$18,086,917 and \$1,677,926 respectively. Capital assets for the Canteen Fund totaled \$22,278 and are fully depreciated.

The Pre-Release Center was completed June 20, 1996 and began housing inmates in August 1996. The first phase of the main jail was completed July 1997 and began housing inmates shortly thereafter. The expansion of the Pre-Release Center was completed in December 2007. The various costs of construction have been capitalized and will be depreciated over their useful lives.

AWARDS AND ACKNOWLEDGMENTS

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, 2007. This was the tenth 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.

In addition, the Jail Authority was accredited by the American Correction Association (ACA) in 1999, 2002 and 2006. In January 2002, the Jail Authority obtained 100 percent mandatory compliance on all standards. The accreditation program is a professional peer review process based on national standards that have evolved since the founding of the ACA in 1870. ACA standards address services, programs and operations essential to effective correctional management. Standards set by ACA reflect practical up-to-date policies and procedures and function as a management tool for agencies and facilities throughout the world. The Jail Authority is one of over 1500 correctional organizations currently involved in the accreditation process across the nation and represents one of only five of the state's ninety-seven jails to be certified by ACA.

The Jail Authority also received accreditation from the Virginia State Board of Corrections in June 2005. An extensive audit was conducted and the Jail Authority received unconditional certification, a grade of 100 percent under Board of Corrections standards.

Finally, the preparation of this report could not be accomplished without the efficient and dedicated efforts of the employees of the Riverside Regional Jail Authority. Of special mention are Donna Albanese, Christine Beach, Christina Compton, Kelly Flexon and Patricia Keuling.

Further appreciation is extended to each member of the Riverside Regional Jail Authority for their continued interest, dedication and support.

Respectfully submitted,

Darnley R. Hodge, Sr.
Superintendent

Crystal H. Reid
Director of Administrative Services

Riverside Regional Jail Authority Members
Year 2008

Chairman William Johnson, Director of Finance
City of Colonial Heights

Vice Chairman Martin Robertson
Prince George County

Secretary/Treasurer Jay Stegmaier, County Administrator
Chesterfield County

Other Members

Sheriff Todd Wilson Tyrone Franklin
City of Colonial Heights Surry County Administrator

Chief Steve Martin Sheriff Greg Anderson
City of Hopewell City of Hopewell

B. David Canada, City Manager Sheriff Vanessa Crawford
City of Petersburg City of Petersburg

Sheriff Javier J. Smith H. Martin Robertson, Attorney
Charles City County Prince George County

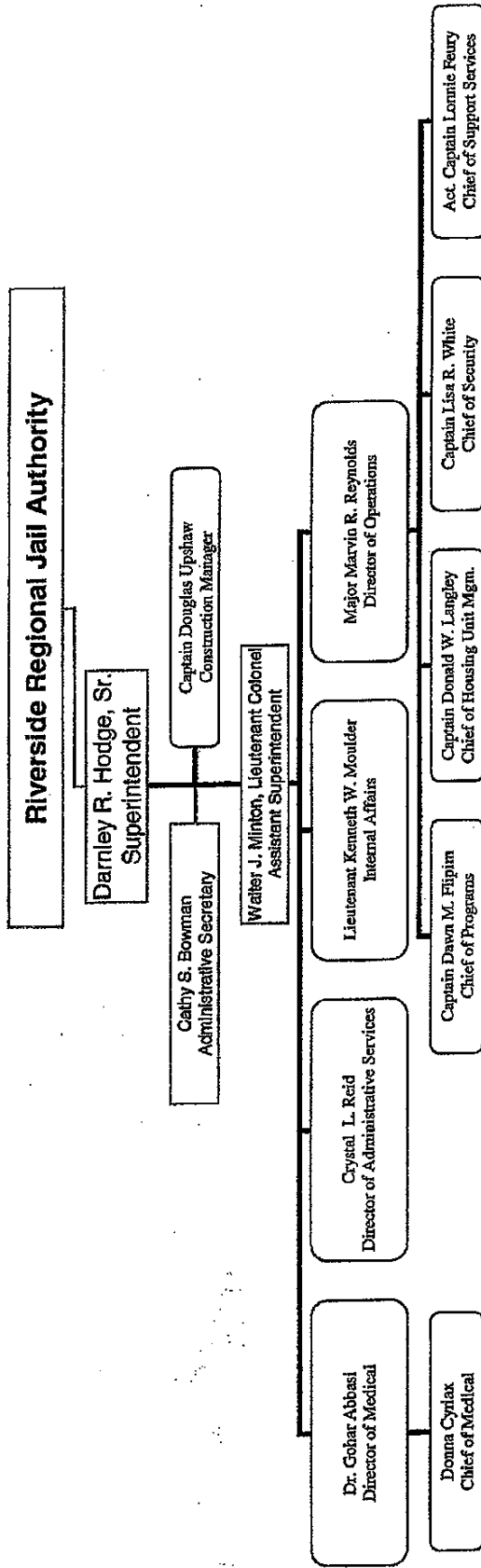
Sheriff Harold D. Brown Sheriff H. E. Allin, III
Surry County Prince George County

Sheriff Dennis Proffitt John F. Miniclier, Jr.
Chesterfield County Charles City County Administrator

William H. Hefty, Esq.
Counsel

Darnley R. Hodge, Sr.
Superintendent

Riverside Regional Jail Organizational Chart



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, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

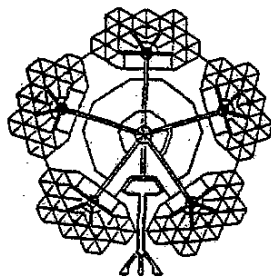


Oliver S. Cox

President

Jeffrey R. Emmer

Executive Director



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FINANCIAL SECTION



Certified Public Accountants
Specialized Services
Business Solutions

Report of Independent Auditors

Board of Directors
Riverside Regional Jail Authority

We have audited the accompanying basic financial statements of the **Riverside Regional Jail Authority** as of and for the year ended June 30, 2008 as listed in the table of contents. These financial statements are the responsibility of the management of the **Riverside Regional Jail Authority**. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Riverside Regional Jail Authority**, as of June 30, 2008, and the changes in its financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2008, on our consideration of **Riverside Regional Jail 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Management's Discussions and Analysis and the Schedule of Funding Progress as noted in the table of contents are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements of **Riverside Regional Jail Authority**. 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 express no opinion on them.

Richmond, Virginia
December 17, 2008

An independent firm associated with
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MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Riverside Regional Jail Authority (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, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report.

FINANCIAL HIGHLIGHTS

- The Authority's net assets increased by \$1.0 million, or 2.0%, as a result of this year's operations and nonoperating financial activities.
- Operating Fund operating revenues increased \$2,050,187 or 7.2%, as did the Operating Fund operating expenses by \$2,035,650 or 8.7%.
- The Authority's investment in net capital assets increased by \$20,601,485 or 25.2%.
- The member jurisdiction revenue increased \$309,838, or 2.0%.
- The Authority completed expansion of the Pre-Release Center in December 2007.
- The Authority issued the 2007 Jail Facility Revenue Bonds and Notes totaling \$89.1 million for the expansion of the Main Jail Facility. The expansion of the facility is expected to be completed in September 2009. The total contract amount for the construction of the Main Jail Facility was \$69.7 million.

USING THIS ANNUAL REPORT

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

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 Authority maintains two funds, Operating and Canteen, which are accounted for as enterprise funds. This is an accounting method that is similar to that used by private sector companies. The Statement of Net Assets includes the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). The Statement of Revenues, Expenses and Changes in Net Assets contains all of the current year's revenue and expenses. This statement measures the success of the 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 Authority's accounting policies, significant account balances and activities, obligations, commitments, segment information, contingencies and subsequent events, if any.

FINANCIAL ANALYSIS

Net Assets may serve over time as a useful indicator of a government's financial position. In the case of Riverside Regional Jail Authority, net assets exceeded liabilities by \$53,265,766 at June 30, 2008.

The Authority's total Operating Fund net assets increased by \$967,501 as compared to last year, and the Canteen Fund net assets increased by \$51,203. Our analysis that follows focuses on the change in net assets and the resulting changes in assets and liabilities of both the Operating Fund and Canteen Fund in the aggregate.

Operating Fund and Canteen Fund

	2008	2007	Dollars	Increase (Decrease)	%
Capital assets - net	\$ 102,342,191	\$ 81,740,706	\$ 20,601,485	25.2	%
Current assets and investments	109,512,767	39,662,875	69,849,892	176.1	%
Total assets	\$ 211,854,958	\$ 121,403,581	\$ 90,451,377	74.5	%
Long-term liabilities - end	\$ 151,150,154	\$ 63,231,023	\$ 87,919,131	139.0	%
Other liabilities	7,439,038	5,925,496	1,513,542	25.5	%
Total liabilities	\$ 158,589,192	\$ 69,156,519	\$ 89,432,673	129.3	%
Net assets					
Investments in capital assets - net of related debt	\$ 9,951,279	\$ 23,042,051	\$ (13,090,772)	(56.8)	%
Restricted	28,973,307	14,822,297	14,151,010	95.5	%
Unrestricted	14,341,180	14,382,714	(41,534)	(0.3)	%
Total Net assets	\$ 53,265,766	\$ 52,247,062	\$ 1,018,704	1.9	%

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

Operating Fund and Canteen Fund

	2008	2007	Dollars	Increase (Decrease)	%
Operating revenues					
Inmate housing	\$ 20,781,683	\$ 19,499,515	\$ 1,282,168	6.6	%
State Compensation Board	9,433,856	8,684,980	748,876	8.6	%
Work release	183,377	164,234	19,143	11.7	%
Canteen sales - net	440,090	475,637	(35,547)	(7.5)	%
Nonoperating revenues					
Interest revenue	1,640,596	1,753,238	(112,642)	(6.4)	%
Telephone commissions	411,248	326,296	84,952	26.0	%
Miscellaneous income	99,617	54,149	45,468	84.0	%
Daily incarceration fees	231,172	225,660	5,512	2.4	%
RSAT grant revenue	64,921	59,454	5,467	9.2	%
Total revenues	33,286,560	31,243,163	2,043,397	6.5	%
Operating expenses					
Salaries and wages	12,546,749	11,751,202	795,547	6.8	%
Fringe benefits	3,836,145	3,774,622	61,523	1.6	%
Contractual services	616,276	525,938	90,338	17.2	%
Materials and supplies	557,319	508,234	49,085	9.7	%
Medical services and supplies	1,923,598	1,474,246	449,352	30.5	%
Food services and supplies	1,675,318	1,460,300	215,018	14.7	%
Repairs and maintenance	588,955	570,130	18,825	3.3	%
Utilities	1,630,270	1,589,137	41,133	2.6	%
Depreciation	1,677,926	1,697,476	(19,550)	(1.2)	%
Other	718,258	449,097	269,161	59.9	%
Nonoperating expenses					
Interest expense	3,025,520	3,115,683	(90,163)	(2.9)	%
Bond discount	738,781	685,015	53,766	7.8	%
Transfer to member jurisdictions	2,732,741	2,361,439	371,302	15.7	%
Total expenses	32,267,856	29,962,519	2,305,337	7.7	%
Change in net assets	1,018,704	1,280,644	(261,940)	(20.5)	%
Beginning net assets	52,247,062	50,966,418	1,280,644	2.5	%
Ending net assets	\$ 53,265,766	\$ 52,247,062	\$ 1,018,704	1.9	%

Operating revenues increased by 6.9% in 2008 compared to 2007, which was primarily the result of an increase in inmate housing. Operating expenses increased 8.3% due to increases in inmate housing and salaries and benefits.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2008, the Authority had \$102,342,191, net of depreciation, invested in a broad range of capital assets (Operating and Canteen Funds), including land, buildings, vehicles, office and computer equipment. This amount represents a net increase (including additions and deductions) of \$20,601,485 over last year or 25%.

The following table summarizes the Authority's capital assets, net of accumulated depreciation, as of June 30, 2008 and 2007 for Operating and Canteen Funds combined.

	2008	2007
Land	\$ 322,584	\$ 322,584
Buildings	77,584,116	67,919,078
Construction in progress	23,454,973	12,527,255
Furniture and equipment	858,460	812,081
Computers	14,319	16,032
Vehicles	107,739	143,676
Total capital assets (net of accumulated depreciation)	\$102,342,191	\$81,740,706

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 7 to the financial statements.

	2008	2007
Balance at beginning of year	\$ 98,154,054	\$ 87,114,075
Additions	22,281,914	11,170,583
Deletions	(6,860)	(108,326)
Accumulated depreciation	(18,086,917)	(16,435,626)
Balance at end of year	\$102,342,191	\$ 81,740,706

This year major capital asset additions include the following:

- Computer equipment
- Law enforcement equipment
- Repair and maintenance equipment
- Inmate transportation vehicles
- Building, fixtures, furniture and equipment for the expansion of the Pre-Release Center

Long-Term Debt

At year-end, the Authority had net bonded debt of \$153,275,154 outstanding as compared to fiscal year 2007 outstanding bonds in the amount of \$65,046,023. Additional information on the bonds is contained in Note 6.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Economic conditions remain strong for the Authority.
- A change in the per diem charge to the localities is not anticipated.
- The construction of the Pre-Release Center was completed in December 2007 and the expansion of the Authority's Main Jail facility anticipated completion date is September 2009.
- The Authority plans to maintain its 2009 Annual Budget at a maximum increase of 4% due to the budget shortfall that affects the participating member jurisdictions.

All of these factors were considered in preparing the Authority's budget for the 2009 fiscal year.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our customers, bondholders and creditors with a general overview of the Authority's financial position and to demonstrate the Authority's accountability for revenues received. Questions concerning information provided in this report or requests for additional financial information should be directed to the Authority's Director of Administrative Services at 804-524-6604 or Riverside Regional Jail Authority, P. O. Box 1041, Hopewell, Virginia 23860. E-mail requests may be sent to: RRJUNIT5@AOL.COM.

RIVERSIDE REGIONAL JAIL AUTHORITY
STATEMENT OF NET ASSETS
ENTERPRISE FUNDS
June 30, 2008

	Operating Fund	Canteen Fund	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 14,485,532	\$ 373,127	\$ 14,858,659
Accounts receivable	4,620,199	-	4,620,199
Inventory	-	45,554	45,554
Current assets for restricted liabilities:			
Cash and cash equivalents with trustee	5,445,109	-	5,445,109
Cash held for inmates	115,884	-	115,884
Cash held for Employee Association	14,922	-	14,922
Total current assets for restricted liabilities	5,575,915	-	5,575,915
Total current assets	24,681,646	418,681	25,100,327
Noncurrent assets:			
Restricted cash, cash equivalents, and investments:			
Cash and cash equivalents with trustee	70,475,001	-	70,475,001
Investments with trustee	7,720,156	-	7,720,156
Interest receivable-investments	96,527	-	96,527
Total noncurrent restricted assets	78,291,684	-	78,291,684
Bond issuance costs	6,120,756	-	6,120,756
Capital assets:			
Land	322,584	-	322,584
Buildings	92,494,284	-	92,494,284
Furniture and equipment	3,044,437	-	3,044,437
Computers	670,415	22,278	692,693
Construction in progress	23,454,973	-	23,454,973
Vehicles	442,415	-	442,415
Less - accumulated depreciation	(18,086,917)	(22,278)	(18,109,195)
Capital assets - net	102,342,191	-	102,342,191
Total noncurrent assets	186,754,631	-	186,754,631
Total assets	211,436,277	418,681	211,854,958
Liabilities			
Current liabilities:			
Accounts payable	364,475	41,360	405,835
Accrued payroll payable	599,831	6,337	606,168
Compensated absences payable	843,469	7,651	851,120
Current liabilities payable from restricted assets:			
Amounts held for inmates	115,884	-	115,884
Amounts held for Employee Association	14,922	-	14,922
Accrued interest payable	3,320,109	-	3,320,109
Bonds payable - current portion	2,125,000	-	2,125,000
Total current liabilities payable from restricted assets	5,575,915	-	5,575,915
Total current liabilities	7,383,690	55,348	7,439,038
Noncurrent liabilities:			
Bonds payable, net of current portion	152,299,169	-	152,299,169
Bond discount	(1,149,015)	-	(1,149,015)
Total noncurrent liabilities	151,150,154	-	151,150,154
Total liabilities	158,533,844	55,348	158,589,192
Net assets			
Invested in capital assets - net of related debt	9,951,279	-	9,951,279
Restricted for:			
Debt service	20,948,280	-	20,948,280
Operating reserve	6,036,158	-	6,036,158
Other restricted assets	1,988,869	-	1,988,869
Unrestricted	13,977,847	363,333	14,341,180
Total net assets	\$ 52,902,433	\$ 363,333	\$ 53,265,766

The accompanying notes are an integral part of these financial statements.

RIVERSIDE REGIONAL JAIL AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
ENTERPRISE FUNDS
Year Ended June 30, 2008

	Operating Fund	Canteen Fund	Total
Operating revenues:			
Charges for services - inmate housing	\$ 20,781,683	\$ -	\$ 20,781,683
State Compensation Board	9,433,856	-	9,433,856
Work release	183,377	-	183,377
Canteen sales	-	1,014,587	1,014,587
Total operating revenues	30,398,916	1,014,587	31,413,503
Cost of goods sold	-	574,497	574,497
Total operating revenues and gross profit	30,398,916	440,090	30,839,006
Operating expenses:			
Salaries and wages	12,414,623	132,126	12,546,749
Fringe benefits	3,809,302	26,843	3,836,145
Contractual services	527,896	88,380	616,276
Materials and supplies	461,458	95,861	557,319
Medical services and supplies	1,900,712	22,886	1,923,598
Food services and supplies	1,675,318	-	1,675,318
Repairs and maintenance	588,955	-	588,955
Utilities	1,630,270	-	1,630,270
Depreciation	1,677,926	-	1,677,926
Other	688,727	29,531	718,258
Total operating expenses	25,375,187	395,627	25,770,814
Operating income	5,023,729	44,463	5,068,192
Nonoperating revenues (expenses):			
Interest revenue	1,633,856	6,740	1,640,596
Miscellaneous income	99,617	-	99,617
Telephone commissions	411,248	-	411,248
Daily incarceration fees	231,172	-	231,172
RSAT grant revenue	64,921	-	64,921
Interest expense	(3,025,520)	-	(3,025,520)
Bond discount and issuance costs - amortization	(738,781)	-	(738,781)
Transfer to member jurisdictions	(2,732,741)	-	(2,732,741)
Total nonoperating revenues (expenses)	(4,056,228)	6,740	(1,316,747)
Change in net assets	967,501	51,203	1,018,704
Net assets - July 1, 2007	51,934,932	312,130	52,247,062
Net assets - June 30, 2008	\$ 52,902,433	\$ 363,333	\$ 53,265,766

The accompanying notes are an integral part of these financial statements.

RIVERSIDE REGIONAL JAIL AUTHORITY
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
Year Ended June 30, 2008

	Operating Fund	Canteen Fund	Total
Cash flows from operating activities			
Receipts from member jurisdictions	\$ 20,629,211	\$ -	\$ 20,629,211
Receipts from state agencies	9,617,233	-	9,617,233
Receipts from canteen sales	-	1,014,587	1,014,587
Telephone commissions and miscellaneous income received	809,461	-	809,461
Payments on behalf of employees and inmates	5,424	-	5,424
Payments to suppliers	(12,035,822)	(804,108)	(12,839,930)
Payments to employees	(12,266,368)	(128,864)	(12,395,232)
Net cash from operating activities	<u>6,759,139</u>	<u>81,615</u>	<u>6,840,754</u>
Cash flows from noncapital financing activities			
Transfer to member jurisdictions	(2,732,741)	-	(2,732,741)
Net cash from noncapital financing activities	<u>(2,732,741)</u>	<u>-</u>	<u>(2,732,741)</u>
Cash flows from capital and related financing activities			
Proceeds from issuance of 2007 bonds	89,130,000	-	89,130,000
Premium paid upon issuance of 2007 Bonds	1,422,779	-	1,422,779
Purchases of capital assets	(22,281,914)	-	(22,281,914)
Purchases of restricted investments	(2,751,998)	-	(2,751,998)
Bond issuance costs	(1,020,817)	-	(1,020,817)
Principal paid on capital debt	(1,815,000)	-	(1,815,000)
Interest paid on capital debt	(1,241,507)	-	(1,241,507)
Net cash from capital and related financing activities	<u>61,441,543</u>	<u>-</u>	<u>61,441,543</u>
Cash flows from investing activities			
Interest income received	1,546,438	6,740	1,553,178
Net cash from investing activities	<u>1,546,438</u>	<u>6,740</u>	<u>1,553,178</u>
Net increase in cash and cash equivalents	67,014,379	88,355	67,102,734
Cash and cash equivalents, July 1, 2007 (Restricted cash, \$9,970,412)	23,522,069	284,772	23,806,841
Cash and cash equivalents, June 30, 2008 (Restricted cash, \$76,050,916)	\$ 90,536,448	\$ 373,127	\$ 90,909,575
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 5,023,729	\$ 44,463	\$ 5,068,192
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation expense	1,677,926	-	1,677,926
Telephone commissions and miscellaneous income	809,461	-	809,461
(Increase) decrease in accounts receivable	(152,472)	-	(152,472)
(Increase) decrease in inventory	-	18,118	18,118
Increase (decrease) in accounts payable	(753,184)	15,772	(737,412)
Increase (decrease) in accrued payroll	92,375	3,549	95,924
Increase (decrease) in compensated absences	55,880	(287)	55,593
Increase (decrease) in amounts held for others	5,424	-	5,424
	<u>\$ 6,759,139</u>	<u>\$ 81,615</u>	<u>\$ 6,840,754</u>

The accompanying notes are an integral part of these financial statements.

RIVERSIDE REGIONAL JAIL AUTHORITY NOTES TO THE FINANCIAL STATEMENTS June 30, 2008

1. DESCRIPTION OF THE JAIL AUTHORITY AND ITS ACTIVITIES

Riverside Regional Jail Authority (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 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 the local Sheriff and an individual appointed by the governing body of each 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. The jail, as originally designed, was to house approximately 1,400 inmates and construction was to take place in three segments. The Pre-Release Center, constructed separate of the main jail, was completed June 20, 1996 and began accepting inmates in August 1996. The first phase of the main jail was completed July 1997 and began housing inmates shortly thereafter. The Pre-Release Center and first phase of the main jail can house approximately 804 inmates. However, based on the Service Agreement of Riverside Regional Jail Authority, once the combined average daily population of the member jurisdictions exceeds 732 inmates for three consecutive months, the "automatic" expansion clause is effective. The expansion of the Pre Release Center was completed in December 2007, which can house an additional 180 inmates. Expansion of the main jail began on September 26, 2007 and will create space for an additional 480 beds in (2) two new housing units. The anticipated completion date of the main jail expansion is September 2009.

Pre-Release Center and main jail construction were financed through the issuance of Series 1995 Jail Facility Revenue Bonds totaling approximately \$94.77 million. Under Section 53.1 through Section 53.1-83 of the *Code of Virginia* (1950), as amended, the Jail Authority was eligible to receive reimbursement for one-half of eligible construction costs upon approval by the Virginia Department of Corrections. The Virginia Board of Corrections approved the Jail Authority's planning study in September 1991, and on November 16, 1994, approved total state construction funding reimbursement of up to \$32,586,817. On March 30, 1995, the Jail Authority entered into a reimbursement agreement with the Virginia Department of Treasury (Treasury Board). This agreement required, subject to annual appropriation and final construction cost certification by the Virginia Department of Corrections, that the Treasury Board assumes financial responsibility for Series 1995 Jail Facility Revenue Bond principal of \$32,555,000 and future interest of \$18,877,354. On March 19, 1998, the Treasury Board issued bonds totaling \$28,289,154 for the purpose of pre-funding its reimbursement agreement with the Jail Authority. These funds were used to purchase United States Treasury Time Deposit Securities, State and Local Government Series (SLUGs), which were sent to the Jail Authority's bond trustee, The Bank of New York. The principal and interest from these securities were used to service the Commonwealth's share of revenue bond principal and interest through July 1, 2005, and to retire outstanding bonds totaling \$16,815,000 on that date. The pre-funding of the reimbursement agreement did not qualify as a legal or in-substance defeasance at that time as the Department of Corrections had not yet certified total construction costs eligible for reimbursement. The Virginia Department of Corrections certified total eligible construction costs of \$32,586,817 on August 23, 2000, and the Jail Authority completed the legal defeasance of the related bonds on September 18, 2000.

On May 8, 2003, the Jail Authority issued its Jail Facility Revenue Bonds, Series 2003, in the amount of \$61,755,000. A portion of the bond proceeds was used to refund and defease \$48,010,000 of the outstanding principal balance of the 1995 Bonds. After such refunding and defeasance, the principal amount of the 1995 Bonds that remained outstanding under the indenture was \$8,605,000. Of the 2003 Bonds, \$51,755,000 was allocable to the refunding and defeasance of the 1995 Bond. The new maximum annual debt service on the outstanding 1995 Bonds and the Refunding 2003 Bonds is \$4,449,216. From the issuance of the Series 2003 Bonds, the Jail Authority received \$9,301,525 in new money for the expansion of the Pre-Release Center.

On August 7, 2007, the Jail Authority issued the 2007 Jail Facility Revenue Bonds, for \$47,220,000, Jail Facility Senior Revenue Anticipation Notes for \$34,520,000 and its Jail Facility Subordinate Revenue Anticipation Notes for \$7,390,000 (collectively the "Obligations") for the purpose of constructing the 480-bed expansion of the main jail.

The 2007 Obligations were issued in accordance with the Act under an Indenture of Trust dated as of March 1, 1995 (the "Master Indenture"), by and between the Jail Authority and the Bank of New York, as successor trustee, as supplemented by a First Supplemental Indenture of Trust dated as of March 1, 1997 (the "First Supplement"), a Second Supplemental Indenture of Trust dated as of April 1, 2003 (the "Second Supplement") and a Third Supplement Indenture of Trust dated as of July 1, 2007 (the "Third Supplement" and, together with the Master Indenture, the First Supplement and the Second Supplement, the "Indenture"). The proceeds of the 2007 Obligations, together with other available funds of the Authority, will be used for the purpose of (a) paying a portion of the costs of an expansion for the main jail (the "2007 Project"), (b) paying the premium for the 2007 Bond Insurance, (c) funding a deposit to the Reserve Fund, (d) paying interest to accrue for the 2007 Obligations through July 1, 2010 and (e) financing the costs of issuing the 2007 Obligations.

Following the completion of the 2007 Project, the jail will have a rated capacity of 1,396 beds. The 2007 Project, plus the recent expansion of the Pre-Release Center, will alleviate some of the space pressures arising from a current average jail population of approximately 1,234 inmates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Jail Authority maintains two funds, Operating and Canteen, which are accounted for as enterprise funds. Enterprise funds account for operations (a) that are financed and operated in a manner similar to a private business, where the intent of the governing body is that the costs (expenses, including depreciation) of providing services be financed or recovered primarily through user charges; or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The financial statements for the Operating and Canteen Funds were prepared using the flow of economic resources measurement focus and the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recognized as incurred.

Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, requires proprietary activities to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements. In accordance with GASB Statement No. 20, the Jail Authority has elected not to apply FASB pronouncements issued after November 30, 1989.

B. Statement of Cash Flows

For the purpose of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents.

C. Capital Assets

During construction of the jail, construction in progress (CIP) and capital assets were recorded at cost and consisted of amounts related to project feasibility costs, construction expenditures, and furniture, fixtures and equipment. Interest expense related to the cost of acquiring or constructing capital assets were capitalized, net of interest earned on the investment of funds borrowed, for construction in accordance with FASB Statement No. 62-*Capitalization of Interest Cost in Situations Involving Certain Tax Exempt Borrowing and Certain Gifts and Grants*.

Capital assets used in operations during the year were depreciated over estimated useful lives using the straight-line method. When sold, capital assets are removed from the accounting records and a gain or loss is recognized in the statement of revenues, expenses and changes in net assets. The capitalization threshold is \$5,000. The estimated useful lives of capital assets are as follows:

Buildings	60 years
Furniture and equipment	10 years
Vehicles	5 years
Computers	3 years

Contributed land was recorded at fair market value on the date of receipt.

D. Revenue Recognition

Operating revenues are recognized as revenue when billed. Per diem charges and reimbursements from the Commonwealth of Virginia are billed monthly. Unbilled revenues through June 30 of each fiscal year are accrued at year-end.

E. Operating and Nonoperating Revenue and Expenses Recognition

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services in connection with the Jail Authority's principal service of operating a regional jail. The majority of operating revenues is from jail operations, but other associated miscellaneous services and charges are also included. Revenues and expenses not meeting the operating definition are reported as nonoperating. These nonoperating revenues and expenses consist mainly of investment income and interest expense.

F. Allowance for Uncollectibles

In accordance with prior history and given the Jail Authority's relationship with member jurisdictions, no allowance has been established for uncollectible accounts.

G. Inventory

Canteen Fund inventory at June 30, 2008 totaled \$45,554. This inventory was valued using the first-in, first-out (FIFO) inventory method. Under the FIFO method, costs are allocated between inventory on hand and goods sold based on the assumption that goods are sold in the order in which they are purchased; in other words, the first goods purchased are the first sold. The inventory on-hand at June 30, 2008 represents the most recent purchases. Other inventories were considered immaterial and therefore were not capitalized.

H. Restricted Assets

Certain cash and investments held by the trustee (The Bank of New York) and the Jail Authority are classified as noncurrent - restricted assets on the statement of net assets in accordance with the Series 2003 Jail Facility Revenue Bond and the Series 2007 Jail Facility Revenue Bond indentures. The bond indentures also require the establishment of Debt Service, and Principal and Interest Reserve accounts. At June 30, 2008, the Debt Service Reserve reflected a balance of \$7,720,156 in accordance with the bond indentures. The Principal and Interest Reserves reflect monthly payments to the bond trustee, by the Jail Authority, for the Jail Authority's share of principal and interest payments coming due on the revenue bonds. The Repair and Replacement Reserve of \$299,887 and the Operating Reserve of \$6,036,158 are restricted for extraordinary repairs and revenue shortfalls, respectively. The proceeds from the 2007 Bond Series for the expansion of the Authority's Main Jail totaled \$54,763,492 on June 30, 2008. The bond trustee has custody of the Arbitrage Rebate, Debt Service, Principal and Interest funds, and Commonwealth of Virginia Debt Service Reserves. The Repair and Replacement, and Operating Reserves are held by the Jail Authority. With the exception of the Commonwealth of Virginia Debt Service Reserve, all the above investments are managed, for the Jail Authority, by the Commonwealth of Virginia State Non-Arbitrage Program. Restricted assets for bonded debt are summarized in the following table.

Account Description	Investment Manager	Type of Investment	Fair Value June 30, 2008
<u>Cash Equivalents:</u>			
Operating Reserve	SNAP	Money Market	\$ 6,036,158
Principal and Interest Reserve	SNAP	Money Market	1,556,696
Repair and Replacement Reserve	SNAP	Money Market	299,887
Arbitrage Rebate Reserve	SNAP	Money Market	52,937
Escrow Fund 2003 Bond Series	SNAP	Money Market	1,592,449
Principal Account 2003 Bond Series	SNAP	Money Market	709,631
Capitalized Interest Fund	AMBAC	Guarantee	10,908,860
Construction Fund	AMBAC	Guarantee	54,763,492
Total Cash Equivalents			<u>75,920,110</u>
<u>Non-cash Equivalents:</u>			
Debt Service Reserve-Principal	SNAP	US Securities	4,449,216
Debt Service Reserve	SNAP	Money Market	3,270,940
Total Non-Cash Equivalents			<u>7,720,156</u>
Cash Held For Inmates	RRJ	None	115,884
Cash Held For Employee Association	RRJ	Savings	14,922
Interest receivable – restricted accounts			<u>96,527</u>
Total Restricted Cash and Investments			<u>\$ 83,867,599</u>

SNAP - Commonwealth of Virginia State Non-Arbitrage Program
AMBAC - Ambac Capital Funding, Inc.
RRJ - Riverside Regional Jail

I. Budget

The Superintendent must submit a balanced budget (accrual basis) to the Board of Directors and member jurisdictions by January 1, annually. The budget denotes per diem rates to be charged to member jurisdictions, other line-item revenues thereafter and expenses. The Board of Directors must adopt a final budget by the first day of March to be effective the following July 1.

J. Bond Issuance Costs and Discounts

Bond issuance costs and discounts are amortized over the life of the bonds using the bonds outstanding method. Unamortized issuance costs totaled \$6,120,756 at June 30, 2008, after \$625,311 was amortized during the year. Unamortized bond discounts totaled \$1,149,015 after \$113,470 was amortized during the year.

K. Vacation, Sick, Compensatory and Holiday Leave

Jail Authority employees are granted vacation and sick leave in varying amounts as services are provided. Employees are compensated, with limits, for unused vested vacation leave upon termination, retirement, 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 Jail Authority, except when separation is the result of retirement. Employees who retire with at least five years of service to the Jail Authority are compensated for up to \$2,500 of unused sick leave. Employees who are required to work overtime and holidays earn compensatory and holiday leave, respectively. An expense has been recognized for the vacation, overtime and holiday liabilities discussed in this paragraph.

L. Risk Management

The Jail Authority's risk management program involves maintaining comprehensive insurance coverage and identifying and monitoring loss exposure. The Jail Authority's comprehensive property, boiler and machinery, automobile, business interruption, inland marine and worker's compensation insurance is provided through the Virginia Municipal Self-Insurance Association (Association). The purpose of the Association is to create and administer group self-insurance pools for political subdivisions of the Commonwealth of Virginia pursuant to the authority provided in Chapter 11.1 of Title 15.1 of the *Code of Virginia* (1950), as amended. The Association is managed by an eight 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, Division of Risk Management. There was no reduction in insurance coverage for the year ended June 30, 2008 or claims not covered by existing policies.

3. ACCOUNTS RECEIVABLE

Accounts receivable balances at June 30, 2008 consisted of the following:

Description	Outstanding Balance
Member jurisdictions	\$ 2,245,826
Commonwealth of Virginia	1,796,336
Federal agencies	563,049
Other jails	14,988
Total Accounts Receivable	<u>\$ 4,620,199</u>

4. DEPOSITS AND INVESTMENTS

A. Definition of Cash and Cash Equivalents

Cash and cash equivalents consists of cash on hand, deposits in banks and short-term investments with maturities of three months or less when purchased. Cash and cash equivalents also include amounts held in restricted accounts in accordance with the Series 1995, Series 2003 and Series 2007 Jail Facility Revenue Bonds.

B. Investment Policy

The statutes of the Commonwealth of Virginia govern the Jail Authority's investment policy. Permissible investments include 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).

C. Deposits

At year-end, the carrying value of the Jail Authority's deposits with the bank, including funds held for inmates, totaled \$1,261,568, and the bank balance was \$1,168,613. Cash on hand at June 30, 2008 totaled \$800. The difference between the carrying value of bank deposits and the bank balance is primarily due to outstanding deposits and checks. The bank balance is fully covered by the Federal Depository Insurance Corporation (FDIC) or collateralized in accordance with the Virginia Security for Public Deposits Act (Act) and is considered fully insured. Under the Act, banks holding public

deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of the FDIC limits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loans.

D. Investments

As of June 30, 2008, the carrying value of the Authority's investments was as follows:

Type	Rating	Maturities	Carrying Value
Deposits:			
Demand deposits			\$ 888,440
Cash on hand			800
Money market – SNAP			10,247,758
Local Government Investment Pool	AAA*		8,711,098
			<u>19,848,096</u>
Investments:			
Overnight repurchase agreements			5,016,000
Capitalized interest			10,908,860
Guarantee investment contracts – Royal Bank Canada	AA*	6/1/09	54,763,492
Guaranteed investment contract – MBIA	AA*	7/1/32	3,270,940
Guaranteed investment contract – Bayern LB	AAA*	06/20/14	4,449,216
			<u>78,408,508</u>
Total deposits and investments			<u>\$ 98,256,604</u>
Reconciliation to Statement of Net Assets:			
Current:			
Cash and cash equivalents			\$ 14,485,532
Current assets for restricted liabilities			5,575,915
Noncurrent:			
Cash and cash equivalents with trustee			70,475,001
Investment with trustee			7,720,156
			<u>\$ 98,256,604</u>

* Ratings are by Standard & Poor's

Custodial Credit Risk

Deposits in financial institutions, reported as components of cash and cash equivalents had a bank balance of \$1,168,613 at June 30, 2008, which was fully insured by depository insurance or collateralized under the Act.

Investment Interest Risk

The Jail Authority has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at June 30, 2008, are provided in the schedule above. The operating funds of the Jail Authority are by nature short-term and are not considered to have investment interest rate risk.

Investment Credit Risk

The Jail Authority has no investment policy that limits its investment choices other than the limitation of state law. See investment policy in Note 4.B above.

Concentration of Investment Credit Risk

The Jail Authority places no limit on the amount it may invest in any one issuer. At June 30, 2008, the Jail Authority had a concentration in the following issues:

Bayern LB – guaranteed investment contract	\$4,449,216
MBIA– guaranteed investment contract	\$3,270,940

5. INTEREST PAYABLE

Accrued interest payable totaled \$3,320,109 at June 30, 2008. This amount is related to the Jail Authority's share of the Series 1995 and Series 2003 Jail Facility Revenue Bonds. Accrued interest payable will be paid from restricted cash.

6. BONDS PAYABLE

A. This schedule reflects changes in long-term liabilities for the fiscal year ended June 30, 2008.

Description	Balance July 1, 2007	Increase	Decrease	Balance June 30, 2008
Series 1995 Jail Facility Revenue Bonds, average interest rate 5.63%	\$ 3,150,000	\$ -	\$ 1,535,000	\$ 1,615,000
Series 2003 Jail Facility Revenue Bonds, average interest rate 4.79%	60,945,000	-	280,000	60,665,000
Series 2007 Jail Facility Revenue Bonds, average interest rate 4.26%	-	89,130,000	-	89,130,000
	\$ 64,095,000	\$89,130,000	\$1,815,000	\$ 151,410,000
Add: Original Issue Premium (2003 Series)				1,716,136
Add: Original Issue Premium (2007 Series)				1,298,033
Less: Current Portion Bond Discount				(2,125,000) (1,149,015)
Bonds payable – noncurrent				<u>\$ 151,150,154</u>

There were no long-term liabilities for the Canteen Fund.

B. Details of Bonds Payable

The Series 2003 Bonds were issued in accordance with the Indenture of Trust dated March 1, 1995 (Master Indenture) by and between the Authority and the Bank of New York (Bond Trustee). The proceeds of the Series 2003 Bonds, together with other available funds of the Jail Authority were used for the purpose of (a) advance refunding a portion (\$48,010,000) of the outstanding principal amount of the Jail Authority's Jail Facility Revenue Bonds, Series 1995 maturing on and after July 1, 2014, (b) designated to fund a portion of the costs of the construction of an addition to

the Jail Authority's Pre-Release Center, (c) paying the premium for the Bond Insurance, (d) funding a deposit to the Reserve Fund and (e) paying issuance costs of the Series 2003 Bonds.

The refunding of the Series 1995 Jail Facility Revenue Bonds was accomplished by depositing into the Escrow Fund (Agreement dated as of April 1, 2003) noncallable defeasance obligations or cash sufficient to pay all principal, premium and interest due on the refunded 1995 bonds. The first date on which the refunded 1995 bonds could be called for redemption was July 1, 2005, at which time they were fully redeemed.

The 2007 Project consists of a 480-bed expansion of the main Jail to add (2) two new housing units. The date of issuance of the Obligations is August 7, 2007. The proceeds of the 2007 Project to fund the expansion of the Main Jail facility totaled \$89,130,000 (2007 Jail Facility Revenue Bonds for \$47,220,000; Jail Facility Senior Revenue Anticipation Notes for \$34,520,000; and Jail Facility Subordinate Revenue Anticipation Notes for \$7,390,000.

Debt service requirements on outstanding long-term liabilities at June 30, 2008 were comprised of the following:

**DEBT SERVICE REQUIREMENTS FOR THE SERIES 2007 BONDS
AND THE REMAINING OUTSTANDING SERIES 2003 AND 1995 BONDS**

Date	Series 2007 Bonds		Series 2003 Bonds		Remaining Outstanding Series 1995 Bonds		Total Debt Service
	Principal	Interest*	Principal	Interest*	Principal	Interest*	
07/01/2008	\$ -	\$3,661,369	\$ 510,000	\$ 2,886,794	\$1,615,000	\$92,055	\$ 8,765,218
07/01/2009	-	4,068,188	2,235,000	2,872,769	-	-	9,175,956
07/01/2010	41,910,000	4,068,188	2,305,000	2,800,131	-	-	51,083,319
07/01/2011	325,000	2,287,013	2,385,000	2,719,456	-	-	7,716,469
07/01/2012	340,000	2,274,013	2,505,000	2,600,206	-	-	7,719,219
07/08/2013 - 07/01/2017	1,890,000	11,148,570	14,565,000	10,988,530	-	-	38,592,101
07/01/2018 - 07/01/2022	2,310,000	10,712,039	18,600,000	6,963,780	-	-	38,585,819
07/01/2023 - 07/01/2027	11,920,000	9,952,738	14,545,000	2,168,749	-	-	38,586,487
07/01/2028 - 07/01/2032	30,435,000	4,704,175	3,015,000	431,051	-	-	38,585,226
Total	\$89,130,000	\$52,876,288	\$60,665,000	\$34,431,469	\$1,615,000	\$92,055	\$238,809,811

* Interest paid semiannually January 1 and July 1.

The entire amount due on July 1, 2010 represents principal due on the 2007 Notes. It is expected that all of such principal will be paid from the 2007 Reimbursement Payment. In addition, the interest due on the 2007 Obligations through July 1, 2010 will be paid from the proceeds of the 2007 Obligations, and investment income thereon, in the Capitalized Interest Account and from the Pre-Release and Maintenance Project Reimbursement Payment.

A portion of the 1995 Bonds was refunded and defeased with the proceeds of the 2003 Bonds and other available moneys. The amounts in these columns represent the debt service payments due on the 1995 Bonds that remain Outstanding under the indenture.

7. CAPITAL ASSETS

The following schedule denotes the changes in capital assets for the year ended June 30, 2008.

Description	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
<u>Operating Fund</u>				
Land	\$ 322,584	\$ -	\$ -	\$ 322,584
Buildings	81,351,416	11,142,868	-	92,494,284
Construction in progress	12,527,255	25,186,583	14,258,865	23,454,973
Furniture and equipment	2,846,016	205,281	6,860	3,044,437
Computers	664,368	6,047	-	670,415
Vehicles	442,415	-	-	442,415
Total capital assets	98,154,054	36,540,779	14,265,725	120,429,108
Less accumulated depreciation:				
Buildings	13,432,338	1,477,830	-	14,910,168
Furniture and equipment	2,033,935	152,042	-	2,185,977
Computers	648,336	7,760	-	656,096
Vehicles	298,739	35,937	-	334,676
Accumulated depreciation	16,413,348	1,673,569	-	18,086,917
Net capital assets	\$ 81,740,706			\$ 102,342,191
<u>Canteen Fund</u>				
Furniture and equipment	\$ -	\$ -	\$ -	\$ -
Computers	22,278	-	-	22,278
Total capital assets	22,278	-	-	22,278
Less accumulated depreciation:				
Furniture and equipment	-	-	-	-
Computers	22,278	-	-	22,278
Accumulated depreciation	22,278	-	-	22,278
Net capital assets	\$ -			\$ -
Total net capital assets	\$ 81,740,706			\$ 102,342,191

8. COMMITMENTS AND CONTINGENT LIABILITIES

A. Lease Commitments

The Jail Authority leases various types of equipment under operating agreements. A summary of future minimum rental payments follows:

Year Ending June 30,	Operating Leases
2009	\$ 35,131
2010	35,131
2011	35,131
2012	35,131
2013	35,131
Total	<u>\$ 175,655</u>

B. Inmate Trust and Employee Association

Funds held for inmates totaled \$115,884 at June 30, 2008. These funds are maintained in a separate bank account and any remaining balance in an individual account will be paid to an inmate upon their release. The Jail also acts as fiscal agent for the RRJ Employee Association. These funds (\$14,922) are also maintained in a separate bank account.

C. Contingent Liabilities

Various claims and lawsuits are pending against the Jail Authority. In the opinion of management, resolution of these cases would not involve a substantial uninsured liability that would negatively impact the financial condition of the Jail Authority.

9. DEFINED BENEFIT PENSION PLAN

A. Plan Description

The Riverside Regional Jail Authority contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan, administered by the Virginia Retirement System (System). All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters and sheriffs) and at age 50 with 30 years of service for participating employees (age 50 with 25 years for participating local law enforcement officers, firefighters and sheriffs) payable monthly for life in an amount equal to 1.7 percent of their average final salary (AFS) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases beginning in their second year of retirement. AFS is defined as the highest consecutive 36 months of salary. Participating local law enforcement officers, firefighters and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by writing the Virginia Retirement System at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution has been assumed by the Jail Authority. In addition, the Jail Authority is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. The Jail Authority's contribution rate for the fiscal year ended June 30, 2008 was 7.75% of annual covered payroll.

C. 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 in compliance with Governmental Accounting Standards Board Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

D. Annual Pension Cost

For the year ended June 30, 2008, the Jail Authority's pension cost of \$1,580,450 was equal to the Jail Authority's required and actual contributions. The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return, (b) projected salary increases of 3.75% to 5.60% per year, and (c) 2.50% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of the Jail Authority's assets is equal to the modified market value of assets. This method was determined using techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period.

Trend Information for the Jail Authority

Fiscal Year Ended	Annual Pension Cost (APC)	Amount of APC Contributed	Net Pension Obligation
June 30, 2008	\$ 1,580,450	\$ 1,580,450	\$ -
June 30, 2007	\$ 1,628,492	\$ 1,628,492	\$ -
June 30, 2006	\$ 1,406,150	\$ 1,406,150	\$ -
June 30, 2005	\$ 1,330,277	\$ 1,330,277	\$ -
June 30, 2004	\$ 1,278,434	\$ 1,278,434	\$ -

E. Schedule of Funding Progress

Actuarial Valuation Date *1	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as Percent of Payroll
June 30, 2007	\$14,865,445	\$13,694,582	\$ (1,170,863)	108.55%	\$ 11,321,677	-10.34%
June 30, 2006	\$12,161,296	\$11,453,660	\$ (707,636)	106.18%	\$ 10,382,989	-6.82%
June 30, 2005	\$10,155,846	\$10,538,375	\$ 382,529	96.4%	\$ 10,011,786	3.8%
June 30, 2004	\$ 8,626,767	\$ 9,300,732	\$ 673,965	92.8%	\$ 9,217,664	7.3%
June 30, 2003	\$ 7,208,989	\$ 8,125,848	\$ 916,859	88.7%	\$ 8,896,013	10.3%

*1 - The Jail Authority is currently in its eleventh valuation cycle.

F. The actuarial assumptions and methods of the June 30, 2007 valuation were as follows:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent, open
Payroll growth rate	2.50%
Remaining amortization period	20 Years
Asset valuation method	Modified market
Actuarial assumptions:	
Investment rate of return ¹	7.50%
Projected salary increases ¹	
Non-law enforcement officer employees	3.75% to 5.60%
Law enforcement officer employees	3.50% to 4.75%
Cost-of-living adjustments	2.50%

¹ Includes inflation at 2.50%

REQUIRED SUPPLEMENTARY INFORMATION

**RIVERSIDE REGIONAL JAIL AUTHORITY
SCHEDULE OF FUNDING PROGRESS
VIRGINIA RETIREMENT SYSTEM
June 30, 2008**

Actuarial Valuation Date *	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as Percent of Payroll
June 30, 2007	\$ 14,865,445	\$ 13,694,582	\$ (1,170,863)	108.5%	\$ 11,321,677	-10.3%
June 30, 2006	\$ 12,161,296	\$ 11,453,660	\$ (707,636)	106.2%	\$ 10,382,989	-6.8%
June 30, 2005	\$ 10,155,846	\$ 10,538,375	\$ 382,529	96.4%	\$ 10,011,786	3.8%
June 30, 2004	\$ 8,626,767	\$ 9,300,732	\$ 673,965	92.8%	\$ 9,217,664	7.3%
June 30, 2003	\$ 7,208,989	\$ 8,125,848	\$ 916,859	88.7%	\$ 8,896,013	10.3%
June 30, 2002	\$ 5,599,559	\$ 6,465,721	\$ 866,162	86.6%	\$ 8,767,015	9.9%
June 30, 2001	\$ 4,041,588	\$ 5,076,297	\$ 1,034,709	79.6%	\$ 8,071,902	12.8%
June 30, 2000	\$ 2,422,884	\$ 4,254,736	\$ 1,831,852	56.9%	\$ 7,952,925	23.0%
June 30, 1999	\$ 1,399,964	\$ 1,481,398	\$ 81,434	94.5%	\$ 7,254,253	1.1%
June 30, 1998	\$ 684,131	\$ 635,731	\$ (48,400)	107.6%	\$ 6,661,565	-0.7%

* - The Jail Authority is in its eleventh valuation cycle.

COMPLIANCE REPORT



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***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***

Board of Directors
Riverside Regional Jail Authority

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of ***Riverside Regional Jail Authority*** as of and for the year ended June 30, 2008, which collectively comprise ***Riverside Regional Jail Authority's*** basic financial statements and have issued our report thereon dated December 17, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered ***Riverside Regional Jail Authority's*** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the ***Riverside Regional Jail Authority's*** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the ***Riverside Regional Jail Authority's*** internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects ***Riverside Regional Jail Authority's*** ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of ***Riverside Regional Jail Authority's*** financial statements that is more than inconsequential will not be prevented or detected by ***Riverside Regional Jail Authority's*** internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by ***Riverside Regional Jail Authority's*** internal control.

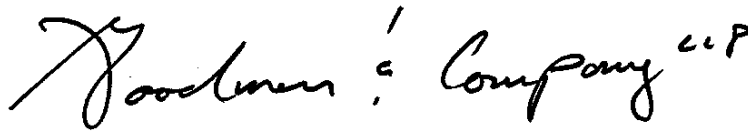
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Riverside Regional Jail 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*.

We noted certain matters that we reported to management of *Riverside Regional Jail Authority* in a separate letter dated December 17, 2008.

This report is intended solely for the information and use of the finance committee, management, and federal awarding agencies and pass-through entities, and is not intended to be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Goodman & Company LLP". The signature is written in black ink and is positioned to the right of the typed address.

Richmond, Virginia
December 17, 2008

STATISTICAL SECTION

This section 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 overall financial health.

Financial Trends

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

Tables 1-2

Revenue Capacity

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

Tables 3-4

Debt Capacity

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

Table 5

Demographic and Economic Information

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

Table 6

Operating Information

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

Tables 7

Other Information

This table present information as it relates to insurance coverage in force separated by type and insurance company.

Table 8

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The Authority implemented Governmental Accounting Standards Board Statement No. 34 in FY 2003; schedules presenting government-wide information includes information beginning in that year.

TABLE 1
RIVERSIDE REGIONAL JAIL AUTHORITY
NET ASSETS BY COMPONENT
ENTERPRISE FUNDS
Last Five Fiscal Years

	2008	2007	2006	2005	2004
Invested in capital assets - net of related debt	\$ 9,951,279	\$ 23,042,051	\$ 20,896,098	\$ 19,624,138	\$ 20,722,932
Restricted	28,973,307	14,822,297	22,090,891	22,753,255	23,054,770
Unrestricted	14,341,180	14,382,714	7,979,429	5,904,736	4,215,823
Total net assets	<u>\$ 53,265,766</u>	<u>\$ 52,247,062</u>	<u>\$ 50,966,418</u>	<u>\$ 48,282,129</u>	<u>\$ 47,993,525</u>

Source: Comprehensive Annual Financial Reports

TABLE 2
RIVERSIDE REGIONAL JAIL AUTHORITY
CHANGE IN NET ASSETS
ENTERPRISE FUNDS
Last Five Fiscal Years

	2008	2007	2006	2005	2004
Operating revenues					
Charges for services - inmate housing	\$ 20,781,683	\$ 19,499,515	\$ 18,688,456	\$ 17,419,424	\$ 17,902,444
State Compensation Board	9,433,856	8,684,980	8,174,818	7,802,311	7,498,717
Work release	183,377	164,234	237,000	209,214	138,126
Canteen sales - net	440,090	475,637	411,016	395,992	356,957
Nonoperating revenues					
Interest revenue	1,640,596	1,753,238	1,622,327	1,035,486	795,649
Miscellaneous income	99,617	54,149	71,769	84,285	75,279
Telephone commissions	411,248	326,296	318,532	316,710	339,214
Daily incarceration fees	231,172	225,660	216,635	228,250	-
RSAT grant revenue	64,921	59,454	60,597	-	-
Total revenues	<u>33,286,560</u>	<u>31,243,163</u>	<u>29,801,150</u>	<u>27,491,672</u>	<u>27,106,386</u>
Operating expenses					
Salaries and wages	12,546,749	11,751,202	10,779,381	10,351,239	9,706,310
Fringe benefits	3,836,145	3,774,622	3,312,251	3,092,593	2,979,172
Contractual services	616,276	525,938	486,836	481,098	462,906
Materials and supplies	557,319	508,234	454,554	393,202	367,111
Medical services and supplies	1,923,598	1,474,246	1,429,458	1,295,428	1,122,477
Food service and supplies	1,675,318	1,460,300	1,335,469	1,141,212	1,186,444
Repairs and maintenance	588,955	570,130	645,811	591,606	599,101
Utilities	1,630,270	1,589,137	1,388,745	1,434,707	1,221,041
Depreciation	1,677,926	1,697,476	1,698,046	1,679,597	1,663,718
Other	718,258	449,097	510,743	488,115	286,018
Nonoperating expenses					
Interest expense	3,025,520	3,115,683	3,200,510	3,280,407	2,326,383
Bond discount and issuance costs - amortization	738,781	685,015	692,388	699,545	779,085
Transfer to member jurisdictions	2,732,741	2,361,439	1,182,669	2,274,319	2,351,584
Total expenses	<u>32,267,856</u>	<u>29,962,519</u>	<u>27,116,861</u>	<u>27,203,068</u>	<u>25,051,350</u>
Change in net assets	1,018,704	1,280,644	2,684,289	288,604	2,055,036
Beginning net assets	52,247,062	50,966,418	48,282,129	47,993,525	45,938,489
Ending net assets	<u>\$ 53,265,766</u>	<u>\$ 52,247,062</u>	<u>\$ 50,966,418</u>	<u>\$ 48,282,129</u>	<u>\$ 47,993,525</u>

Source: Comprehensive Annual Financial Reports

Table 3
Riverside Regional Jail Authority
Revenues By Customer
Last Ten Fiscal Years

Fiscal Year	Charles City County	Chesterfield County	City of Hopewell	City of Colonial Heights	City of Petersburg	Prince George County	Surry County	Sub-total
2008	\$ 301,957	\$ 7,299,397	\$ 2,321,898	\$ 2,103,561	\$ 1,926,257	\$ 1,128,093	\$ 145,151	\$ 15,226,314
2007	\$ 291,782	\$ 7,620,187	\$ 2,175,045	\$ 1,672,067	\$ 1,879,600	\$ 1,109,593	\$ 168,202	\$ 14,916,476
2006	\$ 411,625	\$ 7,105,813	\$ 2,009,211	\$ 1,591,407	\$ 1,591,221	\$ 1,099,401	\$ 192,548	\$ 14,001,226
2005	\$ 306,000	\$ 6,592,031	\$ 1,798,903	\$ 1,872,940	\$ 1,223,960	\$ 1,009,377	\$ 125,097	\$ 12,928,308
2004	\$ 299,256	\$ 7,113,990	\$ 1,931,141	\$ 1,995,521	\$ 1,476,670	\$ 984,644	\$ 177,859	\$ 13,979,081
2003	\$ 317,238	\$ 6,836,009	\$ 1,788,654	\$ 1,763,938	\$ 1,475,264	\$ 934,842	\$ 237,614	\$ 13,353,559
2002	\$ 173,752	\$ 6,043,395	\$ 1,950,603	\$ 1,588,114	\$ 1,658,636	\$ 880,933	\$ 277,796	\$ 12,573,229
2001	\$ 247,715	\$ 3,814,552	\$ 1,875,234	\$ 1,484,662	\$ 1,214,858	\$ 780,774	\$ 188,663	\$ 9,606,458
2000	\$ 165,020	\$ 3,137,586	\$ 1,745,432	\$ 1,288,924	\$ 1,106,004	\$ 651,607	\$ 150,960	\$ 8,245,533
1999	\$ 164,761	\$ 3,171,953	\$ 1,580,221	\$ 1,142,620	\$ 814,333	\$ 494,557	\$ 122,824	\$ 7,491,269

Federal Inmates			
Regional and Local Jails	Commonwealth of Virginia	Housing and Transportation	Central State Hospital
		Sub-total	Total
\$ 246,684	\$ 3,035,620	\$ 2,273,065	\$ -
\$ 253,071	\$ 3,431,382	\$ 898,586	\$ -
\$ 743,901	\$ 3,504,198	\$ 439,131	\$ -
\$ 500,477	\$ 3,076,962	\$ 913,677	\$ -
\$ 186,684	\$ 2,552,766	\$ 1,183,913	\$ -
\$ 87,594	\$ 2,760,251	\$ 541,086	\$ 445,824
\$ 62,790	\$ 3,129,070	\$ 1,096,870	\$ 630,720
\$ 197,613	\$ 2,389,672	\$ 1,899,978	\$ 621,960
\$ 283,647	\$ 1,731,532	\$ 2,226,425	\$ 621,096
\$ 136,928	\$ 1,492,225	\$ 2,428,525	\$ 613,200
		\$ 5,555,369	\$ 20,781,683
		\$ 4,583,039	\$ 19,499,515
		\$ 4,687,230	\$ 18,688,456
		\$ 4,491,116	\$ 17,419,424
		\$ 3,923,363	\$ 17,902,444
		\$ 3,834,755	\$ 17,188,314
		\$ 4,919,450	\$ 17,492,679
		\$ 5,109,223	\$ 14,715,681
		\$ 4,862,700	\$ 13,108,233
		\$ 4,670,878	\$ 12,162,147

TABLE 4
RIVERSIDE REGIONAL JAIL AUTHORITY
REVENUES AND BILLED INMATE DAYS - BY CUSTOMER
Years Ended June 30, 2008 and 2007

Fiscal Year 2008

Customer	2008 Revenue	Per Diem Rate	Inmate Days Billed
Charles City County	\$ 301,957	\$ 37	8,146
Chesterfield County	7,299,397	\$ 37	197,333
City of Hopewell	2,321,898	\$ 37	62,752
City of Colonial Heights	2,103,561	\$ 37	56,820
City of Petersburg	1,926,257	\$ 37	52,061
Prince George County	1,128,093	\$ 37	30,468
Surry County	145,151	\$ 37	3,923
Regional and Local Jails	246,684	\$ 43	5,847
Commonwealth of Virginia *1	3,035,620	Various	N/A
Federal Inmates - Housing	2,270,972	\$ 66.36	34,242
Federal Inmates - Transportation	2,093	N/A	N/A
Total	\$ 20,781,683		451,592

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

N/A - Not Applicable

Fiscal Year 2007

Customer	2007 Revenue	Per Diem Rate	Inmate Days Billed
Charles City County	\$ 291,782	\$ 37	7,795
Chesterfield County	7,620,187	\$ 37	206,078
City of Hopewell	2,175,045	\$ 37	58,785
City of Colonial Heights	1,672,067	\$ 37	45,160
City of Petersburg	1,879,600	\$ 37	50,800
Prince George County	1,109,593	\$ 37	29,988
Surry County	168,202	\$ 37	4,546
Regional and Local Jails	253,071	\$ 43	6,037
Commonwealth of Virginia *1	3,431,382	Various	N/A
Federal Inmates - Housing	894,378	\$ 66.36	13,476
Federal Inmates - Transportation	4,208	N/A	N/A
Total	\$ 19,499,515		422,665

N/A - Not Applicable

TABLE 5
RIVERSIDE REGIONAL JAIL AUTHORITY
REVENUE BOND COVERAGE
OPERATING FUND
Last Ten Fiscal Years

Fiscal Year	Operating and Nonoperating Revenues	Operating Expense (1)	Net Revenue Available For Debt Service	Debt Service Requirements			Bond Coverage
				Principal	Interest	Total	
2008	\$ 32,839,730	\$ 23,697,261	\$ 9,142,469	\$ 2,125,000	\$ 3,025,520	\$ 5,150,520	177.51%
2007	\$ 30,755,764	\$ 21,642,749	\$ 9,113,015	\$ 1,815,000	\$ 3,115,683	\$ 4,930,683	184.82%
2006	\$ 29,380,158	\$ 19,804,697	\$ 9,575,461	\$ 1,730,000	\$ 3,200,510	\$ 4,930,510	194.21%
2005	\$ 27,089,920	\$ 18,724,550	\$ 8,365,370	\$ 1,675,000	\$ 3,280,407	\$ 4,955,407	168.81%
2004	\$ 26,747,492	\$ 17,434,342	\$ 9,313,150	\$ 1,595,000	\$ 2,326,383	\$ 3,921,383	237.50%
2003	\$ 25,778,153	\$ 17,542,803	\$ 8,235,351	\$ 1,265,000	\$ 3,342,699	\$ 4,607,699	178.73%
2002	\$ 26,171,866	\$ 16,352,654	\$ 9,819,212	\$ 1,205,000	\$ 3,406,564	\$ 4,611,564	212.93%
2001	\$ 23,955,102	\$ 15,168,658	\$ 8,786,443	\$ 1,145,000	\$ 3,466,676	\$ 4,611,676	190.53%
2000	\$ 22,026,285	\$ 14,012,211	\$ 8,014,074	\$ 1,085,000	\$ 3,766,185	\$ 4,851,185	165.20%
1999	\$ 19,984,442	\$ 12,985,496	\$ 6,998,946	\$ 1,035,000	\$ 3,818,970	\$ 4,853,970	144.19%

(1) - Operating expenses exclusive of depreciation, interest expense and bond discount and issuance amortization.

**Table 6
Riverside Regional Jail Authority
Inmate Population Statistics
Last Ten Fiscal Years**

Fiscal Year	Average Daily Population										Total
	Charles City County	Chesterfield County	City of Hopewell	City of Colonial Heights	City of Petersburg	Prince George County	Surry County	Regional and Local Jails	Federal Inmates Housing and Transportation	Central State Hospital (1)	
2008	22.27	539.17	171.40	155.38	142.24	83.23	10.72	15.95	93.50	-	1,233.86
2007	21.35	564.45	161.03	123.79	139.26	82.18	12.44	16.44	36.89	-	1,157.83
2006	30.64	526.17	148.77	117.84	117.24	81.38	14.28	47.60	17.99	-	1,101.91
2005	22.70	488.38	133.22	138.63	91.25	74.75	9.27	31.84	37.42	-	1,027.46
2004	22.09	525.17	142.55	147.40	109.07	72.63	13.15	12.74	48.51	-	1,093.31
2003	23.49	506.47	132.56	130.69	109.20	69.37	17.57	4.50	22.05	48.00	1,063.90
2002	12.87	447.41	144.53	117.65	122.76	65.63	20.54	4.43	45.12	48.00	1,028.94
2001	18.36	282.30	138.71	110.31	89.81	57.90	13.99	13.64	78.21	48.00	851.23
2000	12.19	232.40	130.59	96.38	81.81	47.70	11.16	19.80	90.09	48.00	770.12
1999	11.88	227.90	112.40	80.75	58.75	35.80	8.78	9.58	106.87	48.00	700.71

(1) Contract ended fiscal year 2003

Table 7
Riverside Regional Jail Authority
Full-time Equivalent Employees by Function
Last Ten Fiscal Years

Fiscal Year	Jail Operations		Total
	Sworn	Civilian	
2008	219	127	346
2007	208	122	330
2006	204	112	316
2005	204	103	307
2004	203	101	304
2003	202	100	302
2002	218	73	291
2001	218	69	287
2000	218	64	282
1999	227	59	286

TABLE 8
RIVERSIDE REGIONAL JAIL AUTHORITY
SCHEDULE OF INSURANCE IN FORCE
As of June 30, 2008

Insurance Coverage	Insurance Company	Expiration Date	Coverage Company	Deductible
Building and Personal Property	Virginia Municipal Liability Pool	7/01/2008	\$ 67,178,802	\$ 5,000
Earthquake	Virginia Municipal Liability Pool	7/01/2008	\$ 10,000,000	\$ 25,000
Flood	Virginia Municipal Liability Pool	7/01/2008	\$ 10,000,000	\$ 25,000
Business Auto	Virginia Municipal Liability Pool	7/01/2008	\$ 1,000,000	\$ 1000/1000
Schedule Equipment (Tractor)	Virginia Municipal Liability Pool	7/01/2008	\$ 301,841	\$ 5,000
Boiler and Machinery	Virginia Municipal Liability Pool	7/01/2008	\$ 20,000,000	\$ 1,000
Business Interruption and Extra Expense	Virginia Municipal Liability Pool	7/01/2008	\$ 17,000,000	\$ 5,000
Workers' Compensation	Virginia Municipal Group Self Insurance Association	7/01/2008	Required Statutory Limits	
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