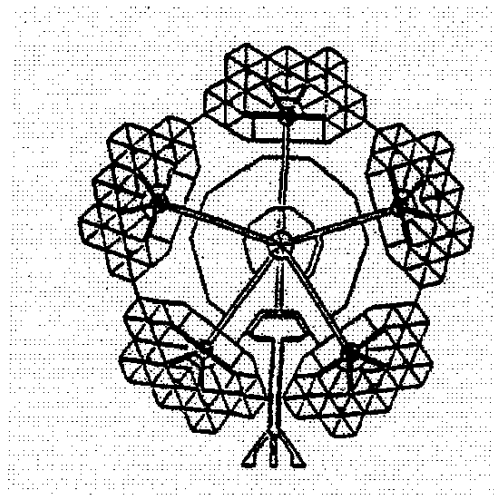


RIVERSIDE REGIONAL JAIL AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JULY 1, 2006 THROUGH JUNE 30, 2007



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, 2007**

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INTRODUCTORY SECTION

December 13, 2007

**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, 2007. 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, 2007 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, 2007, 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, 2007, 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.

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 \$1,254,090 for the year. This represents a \$1,550,656 decrease under net income for fiscal year 2006 of \$2,804,746. Net income totaled \$3,615,529 before the member jurisdictions transfer of \$2,361,439. This amount must be reflected in net income for accounting purposes.

The amount of \$2,361,439 was returned to the member jurisdictions as a refund from accumulated excess cash balances for fiscal year 2006.

Current year Operating Fund revenues experienced an increase of \$1,375,606 as compared to prior year Operating Fund revenues. The member jurisdictions' revenues increased by \$915,250 due to an increase in the inmate average daily population. Federal inmate housing and transportation increased 459,455. The funding from the Compensation Board for reimbursement of staff salaries, office expenses and equipment increased \$510,162. The revenue from nonmember jurisdictions decreased \$490,830.

Excluding the \$2,361,439 transfer to member jurisdictions, current year expenses increased \$1,747,492 as compared to prior year. Most of this increase is related to staff raises, payments for architectural fees and the increase in inmate population. As the average daily population for inmates increases, expenditures for jail operations continue to rise. Current year food service expenses increased by \$124,932 as compared to the prior year and medical services and supplies increased \$44,594. Repairs and maintenance decreased \$75,861.

The Canteen Fund experienced an increase in net assets of \$26,554 during fiscal year 2007. 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.

<u>Maturity Date</u> <u>July 1,</u>	<u>Principal Amount</u> <u>To Be Redeemed</u>
2007	\$ 1,810,000
2008	1,915,000
2014	<u>11,375,000</u>
Total	<u>\$ 15,100,000</u>

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 \$4,930,683 for the July 1, 2007 principal (\$1,815,000) and interest (\$3,115,683) 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 will be 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 expansion of the Jail Authority's existing Pre-Release Center is projected to be \$10,117,000.

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 anticipated completion date for the expansion of the main Jail facility is September 2009.

Cash Management

Operating and Canteen fund cash, temporarily idle during the year, was invested in overnight repurchase agreements (\$2,520,000 and \$294,000 respectively on June 30, 2007). Interest income from these investments totaled \$176,632 (Operating) and \$11,762 (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 \$9,993,150 as of June 30, 2007. The principal portion of the expansion fund totaled \$8,607,671 and the interest portion for the LGIP account was \$1,385,479 for fiscal year 2007.

At June 30, 2007, restricted cash and investments of the Jail Authority totaled \$14,947,678. Of this amount, \$10,360,146 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 \$ 1,207,872. Inmate funds totaling \$110,901 and employee association funds of \$14,481 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, 2007, capital assets, accumulated depreciation and depreciation expense for the Operating Fund totaled \$98,154,054, \$16,413,348 and \$1,696,788 respectively. Capital assets, accumulated depreciation and depreciation expense for the Canteen Fund totaled \$22,278, \$22,278 and \$688, respectively.

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 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, 2006. This was the ninth 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 Authority was accredited by the American Correction Association (ACA) in 1999, 2002 and 2006. In January 2002, the 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 Association 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 2007

Chairman	Angelia Yancey, County Administrator Charles City County
Vice Chairman	William E. Johnson, Finance Director City of Colonial Heights
Secretary/Treasurer	Jay Stegmaier, County Administrator Chesterfield County

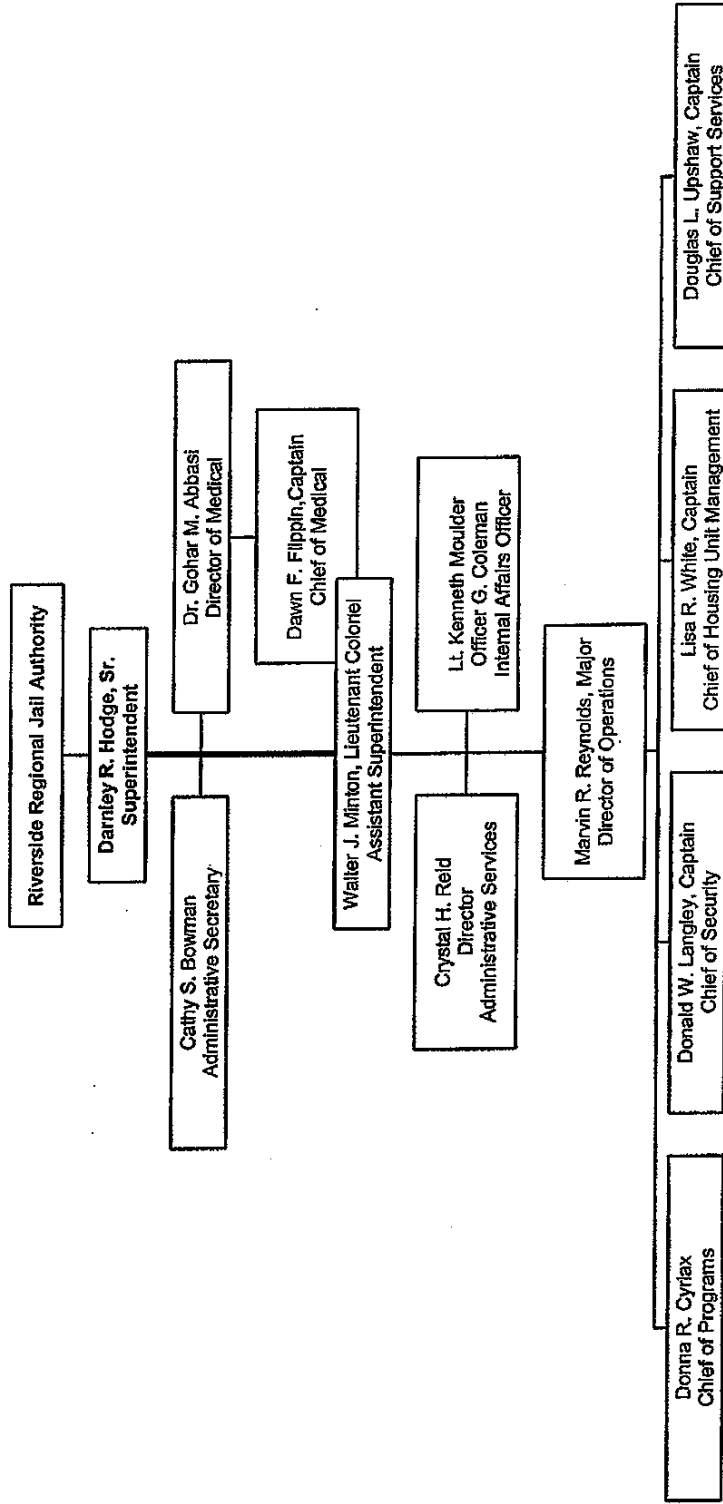
Other Members

Sheriff Todd Wilson City of Colonial Heights	Tyrone Franklin Surry County Administrator
Robert S. Hubert Acting City Manager City of Hopewell	Sheriff Greg Anderson City of Hopewell
B. David Canada, City Manager City of Petersburg	Sheriff Vanessa Crawford City of Petersburg
Sheriff B. A. Washington Charles City County	H. Martin Robertson, Attorney Prince George County
Sheriff Harold D. Brown Surry County	Sheriff H. E. Allin, III Prince George County
Sheriff Dennis Proffitt Chesterfield County	

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

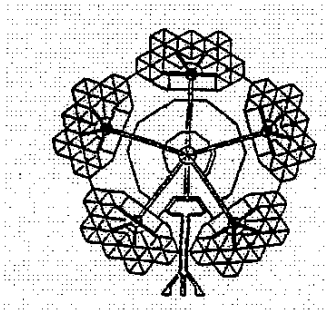
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

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.



President

Executive Director



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FINANCIAL SECTION



Report of Independent Auditors

Board of Directors
Riverside Regional Jail Authority

Certified Public Accountants
Specialized Services
Business Solutions

We have audited the accompanying basic financial statements of the *Riverside Regional Jail Authority* (Authority) as of and for the year ended June 30, 2007 as listed in the table of contents. These financial statements are the responsibility of the Authority's management. 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, 2007, 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 13, 2007, 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 13, 2007

Goodman & Company

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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, 2007. 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 \$1.3 million, or 2.5%, as a result of this year's operations and nonoperating financial activities.
- Operating Fund revenues increased \$1,248,455 or 4.6%, as did the Operating Fund expenses by \$1,839,692 or 8.6%.
- The Authority's investment in net capital assets increased by \$9,453,800 or 13.1%.
- The member jurisdiction revenue increased \$915,250, or 6.5%.
- The Authority completed expansion on the Maintenance Building in January 2007. The expansion of the Pre-Release Center is expected to be completed in January 2009. The total contract amount for this construction of both facilities was \$10.1 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 \$52,247,062 at June 30, 2007.

The Authority's total Operating Fund net assets increased by \$1,254,090 as compared to last year, and the Canteen Fund net assets increased by \$26,554. 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

	2007	2006	Dollars	Increase (Decrease)	%
Capital assets - net	\$ 81,740,706	\$ 72,288,016	\$ 9,452,690	13.1	%
Current assets and investments	39,662,875	48,942,127	(9,279,252)	(19.0)	%
Total assets	\$ 121,403,581	\$ 121,230,143	\$ 173,438	0.1	%
Long-term liabilities - end	\$ 63,231,023	\$ 65,133,410	\$ (1,902,387)	(2.9)	%
Other liabilities	5,925,496	5,130,315	795,181	15.5	%
Total liabilities	\$ 69,156,519	\$ 70,263,725	\$ (1,107,206)	(1.6)	%
Net assets					
Investments in capital assets - net of related debt	\$ 23,042,051	\$ 20,896,098	\$ 2,145,953	10.3	%
Restricted	14,822,297	22,090,891	(7,268,594)	(32.9)	%
Unrestricted	14,382,714	7,979,429	6,403,285	80.2	%
Total Net assets	\$ 52,247,062	\$ 50,966,418	\$ 1,280,644	2.5	%

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

	2007	2006	Dollars	Increase (Decrease)	%
Operating revenues					
Inmate housing	\$ 19,499,515	\$ 18,688,456	\$ 811,059	4.3	%
State Compensation Board	8,684,980	8,174,818	510,162	6.2	%
Work release	164,234	237,000	(72,766)	(30.7)	%
Canteen sales - net	475,637	411,016	64,621	15.7	%
Nonoperating revenues					
Interest revenue	1,753,238	1,622,327	130,911	8.1	%
Telephone commissions	326,296	318,532	7,764	2.4	%
Miscellaneous income	54,149	71,769	(17,620)	(24.6)	%
Daily incarceration fees	225,660	216,635	9,025	4.2	%
RSAT grant revenue	59,454	60,597	(1,143)	(1.9)	%
Total revenues	31,243,163	29,801,150	1,442,013	4.8	%
Operating expenses					
Salaries and wages	11,751,202	10,779,381	971,821	9.0	%
Fringe benefits	3,774,622	3,312,251	462,371	14.0	%
Contractual services	525,938	486,836	39,102	8.0	%
Materials and supplies	508,234	454,554	53,680	11.8	%
Medical services and supplies	1,474,246	1,429,458	44,788	3.1	%
Food services and supplies	1,460,300	1,335,469	124,831	9.3	%
Repairs and maintenance	570,130	645,811	(75,681)	(11.7)	%
Utilities	1,589,137	1,388,745	200,392	14.4	%
Depreciation	1,697,476	1,698,046	(570)	(0.0)	%
Other	449,097	510,743	(61,646)	(12.1)	%
Nonoperating expenses					
Interest expense	3,115,683	3,200,510	(84,827)	(2.7)	%
Bond discount	685,015	692,388	(7,373)	(1.1)	%
Transfer to member jurisdictions	2,361,439	1,182,669	1,178,770	99.7	%
Total expenses	29,962,519	27,116,861	2,845,658	10.5	%
Change in net assets	1,280,644	2,684,289	(1,403,645)	(52.3)	%
Beginning net assets	50,966,418	48,282,129	2,684,289	5.6	%
Ending net assets	\$ 52,247,062	\$ 50,966,418	\$ 1,280,644	2.5	%

Operating revenues increased by 4.8% in 2007 compared to 2006, which was primarily the result of an increase in inmate housing. Operating expenses increased 8.0% due to increases in inmate housing and salaries and benefits.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2007, the Authority had \$81,740,706, 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 \$9,452,690 over last year or 13%.

The following table summarizes the Authority's capital assets, net of accumulated depreciation, as of June 30, 2007 and 2006 for Operating and Canteen Funds combined.

	2007	2006
Land	\$ 322,584	\$ 322,584
Buildings	67,919,078	69,288,575
Construction in progress	12,527,255	1,489,756
Furniture and equipment	812,081	1,022,025
Computers	16,032	26,186
Vehicles	143,676	138,890
Total capital assets (net of accumulated depreciation)	\$81,740,706	\$72,288,016

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.

	2007	2006
Balance at beginning of year	\$87,114,075	\$85,712,324
Additions	11,170,583	1,411,404
Deletions	(108,326)	(9,653)
Accumulated depreciation	(16,435,626)	(14,826,059)
Balance at end of year	\$81,740,706	\$72,288,016

This year major capital asset additions include the following:

- Computer equipment
- Law enforcement equipment
- Food service 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 \$65,046,023 outstanding as compared to fiscal year 2006 outstanding bonds in the amount of \$66,863,410, a reduction of 7.8%. 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 Maintenance Building was completed in January 2007 and the expansion of the Authority's Pre-Release Center anticipated completion date is September 2007.
- The construction for the expansion of the Authority's Main Jail Facility is expected to begin in fiscal year 2008.

- The Authority plans to maintain its 2008 Annual Budget at a maximum increase of 4% due to the budget shortfall that affects the participating member jurisdictions.
- During fiscal year 2008, 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.

All of these factors were considered in preparing the Authority's budget for the 2008 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, 2007

	Operating Fund	Canteen Fund	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 13,551,657	\$ 284,772	\$ 13,836,429
Accounts receivable	4,467,727	-	4,467,727
Inventory	-	63,672	63,672
Current assets for restricted liabilities:			
Cash and cash equivalents with trustee	3,351,096	-	3,351,096
Cash held for inmates	110,901	-	110,901
Cash held for Employee Association	14,481	-	14,481
Total current assets for restricted liabilities	3,476,478	-	3,476,478
Total current assets	21,495,862	348,444	21,844,306
Noncurrent assets:			
Restricted cash, cash equivalents, and investments:			
Cash and cash equivalents with trustee	6,493,934	-	6,493,934
Investments with trustee	4,968,158	-	4,968,158
Interest receivable-investments	9,109	-	9,109
Total noncurrent restricted assets	11,471,201	-	11,471,201
Bond issuance costs	6,347,368	-	6,347,368
Capital assets:			
Land	322,584	-	322,584
Buildings	81,351,416	-	81,351,416
Furniture and equipment	2,846,016	-	2,846,016
Computers	664,368	22,278	686,646
Construction in progress	12,527,255	-	12,527,255
Vehicles	442,415	-	442,415
Less - accumulated depreciation	(16,413,348)	(22,278)	(16,435,626)
Capital assets - net	81,740,706	-	81,740,706
Total noncurrent assets	99,559,275	-	99,559,275
Total assets	121,055,137	348,444	121,403,581
Liabilities			
Current liabilities:			
Accounts payable	1,117,659	25,588	1,143,247
Accrued payroll payable	507,456	6,624	514,080
Compensated absences payable	787,589	4,102	791,691
Current liabilities payable from restricted assets:			
Amounts held for inmates	110,901	-	110,901
Amounts held for Employee Association	14,481	-	14,481
Accrued interest payable	1,536,096	-	1,536,096
Bonds payable - current portion	1,815,000	-	1,815,000
Total current liabilities payable from restricted assets	3,476,478	-	3,476,478
Total current liabilities	5,889,182	36,314	5,925,496
Noncurrent liabilities:			
Bonds payable, net of current portion	64,169,767	-	64,169,767
Bond discount	(938,744)	-	(938,744)
Total noncurrent liabilities	63,231,023	-	63,231,023
Total liabilities	69,120,205	36,314	69,156,519
Net assets			
Invested in capital assets - net of related debt	23,042,051	-	23,042,051
Restricted for:			
Debt service	7,361,908	-	7,361,908
Operating reserve	5,777,195	-	5,777,195
Other restricted assets	1,683,194	-	1,683,194
Unrestricted	14,070,584	312,130	14,382,714
Total net assets	\$ 51,934,932	\$ 312,130	\$ 52,247,062

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, 2007

	Operating Fund	Canteen Fund	Total
Operating revenues:			
Charges for services - inmate housing	\$ 19,499,515	\$ -	\$ 19,499,515
State Compensation Board	8,684,980	-	8,684,980
Work release	164,234	-	164,234
Canteen sales	-	961,593	961,593
Total operating revenues	28,348,729	961,593	29,310,322
Cost of goods sold	-	485,956	485,956
Total operating revenues and gross profit	28,348,729	475,637	28,824,366
Operating expenses:			
Salaries and wages	11,625,625	125,577	11,751,202
Fringe benefits	3,747,890	26,732	3,774,622
Contractual services	438,923	87,015	525,938
Materials and supplies	426,393	81,841	508,234
Medical services and supplies	1,369,676	104,570	1,474,246
Food services and supplies	1,460,081	219	1,460,300
Repairs and maintenance	570,130	-	570,130
Utilities	1,589,137	-	1,589,137
Depreciation	1,696,788	688	1,697,476
Other	414,894	34,203	449,097
Total operating expenses	23,339,537	460,845	23,800,382
Operating income	5,009,192	14,792	5,023,984
Nonoperating revenues (expenses):			
Interest revenue	1,741,476	11,762	1,753,238
Miscellaneous income	54,149	-	54,149
Telephone commissions	326,296	-	326,296
Daily incarceration fees	225,660	-	225,660
RSAT grant revenue	59,454	-	59,454
Interest expense	(3,115,683)	-	(3,115,683)
Bond discount and issuance costs - amortization	(685,015)	-	(685,015)
Transfer to member jurisdictions	(2,361,439)	-	(2,361,439)
Total nonoperating revenues (expenses)	(3,755,102)	11,762	(3,743,340)
Change in net assets	1,254,090	26,554	1,280,644
Net assets - July 1, 2006	50,680,842	285,576	50,966,418
Net assets - June 30, 2007	\$ 51,934,932	\$ 312,130	\$ 52,247,062

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, 2007

	Operating Fund	Canteen Fund	Total
Cash flows from operating activities			
Receipts from member jurisdictions	\$ 18,710,581	\$ -	\$ 18,710,581
Receipts from state agencies	8,849,214	-	8,849,214
Receipts from canteen sales	-	961,593	961,593
Telephone commissions and miscellaneous income received	682,889	-	682,889
Payments on behalf of employees and inmates	10,651	-	10,651
Payments to suppliers	(9,266,256)	(829,433)	(10,095,689)
Payments to employees	(11,518,644)	(124,818)	(11,643,462)
Net cash from operating activities	<u>7,468,435</u>	<u>7,342</u>	<u>7,475,777</u>
Cash flows from noncapital financing activities			
Transfer to member jurisdictions	(2,361,439)	-	(2,361,439)
Net cash from noncapital financing activities	<u>(2,361,439)</u>	<u>-</u>	<u>(2,361,439)</u>
Cash flows from capital and related financing activities			
Purchases of capital assets	(11,170,585)	-	(11,170,585)
Proceeds from sale of capital assets	2,665	-	2,665
Proceeds from restricted investments	149,048	-	149,048
Principal paid on capital debt	(1,905,103)	-	(1,905,103)
Interest paid on capital debt	(3,159,173)	-	(3,159,173)
Net cash from capital and related financing activities	<u>(16,083,148)</u>	<u>-</u>	<u>(16,083,148)</u>
Cash flows from investing activities			
Interest income received	1,751,879	11,762	1,763,641
Net cash from investing activities	<u>1,751,879</u>	<u>11,762</u>	<u>1,763,641</u>
Net increase in cash and cash equivalents	(9,224,273)	19,104	(9,205,169)
Cash and cash equivalents, July 1, 2006 (Restricted cash, \$16,954,173)	32,746,342	265,668	33,012,010
Cash and cash equivalents, June 30, 2007 (Restricted cash, \$9,970,412)	<u>\$ 23,522,069</u>	<u>\$ 284,772</u>	<u>\$ 23,806,841</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income	\$ 5,009,192	\$ 14,792	\$ 5,023,984
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation expense	1,696,788	688	1,697,476
(Gain) loss on disposal of capital assets	17,329	422	17,751
Telephone commissions and miscellaneous income	665,560	-	665,560
(Increase) decrease in accounts receivable	(788,934)	-	(788,934)
(Increase) decrease in prepaid expenses	120,496	-	120,496
(Increase) decrease in inventory	-	(14,227)	(14,227)
Increase (decrease) in accounts payable	630,372	4,908	635,280
Increase (decrease) in accrued payroll	81,167	92	81,259
Increase (decrease) in compensated absences	25,814	667	26,481
Increase (decrease) in amounts held for others	10,651	-	10,651
	<u>\$ 7,468,435</u>	<u>\$ 7,342</u>	<u>\$ 7,475,777</u>

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

RIVERSIDE REGIONAL JAIL AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2007

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. During the fiscal year, the construction of a new Maintenance Building was completed in January, and the anticipated completion date for the expansion of the Pre-Release Center is September 2007. During June 2007, the Authority issued a Notice of Intent to Award for construction of the main jail facility with an anticipated completion date of 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.

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 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, 2007 totaled \$63,672. 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, 2007 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 indenture. The bond indenture also requires the establishment of Debt Service, and Principal and Interest Reserve accounts. At June 30, 2007, the Debt Service Reserve reflected a balance of \$4,449,216 (principal reserve) in accordance with the bond indenture. In addition, the new Debt Service Reserve Account that was established as a result of the 2003 Bond Series had a balance of \$518,942. 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 \$287,022 and the Operating Reserve of \$5,777,195 are restricted for extraordinary repairs and revenue shortfalls, respectively. The proceeds from the 2003 Bond Series for the expansion of the Authority's Pre-Release Center totaled \$3,826 on June 30, 2007. 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, 2007
<u>Cash Equivalents:</u>			
Operating Reserve	SNAP	Money Market	\$ 5,777,195
Principal and Interest Reserve	SNAP	Money Market	1,922,160
Repair and Replacement Reserve	SNAP	Money Market	287,022
Arbitrage Rebate Reserve	SNAP	Money Market	50,666
Escrow Fund 2003 Bond Series	SNAP	Money Market	1,383,237
Principal Account 2003 Bond Series	SNAP	Money Market	420,924
Construction Fund	AMBAC	Guarantee	3,826
Total Cash Equivalents			9,845,030
<u>Non-cash Equivalents:</u>			
Debt Service Reserve-Principal	SNAP	US Securities	4,449,216
Debt Service Reserve	SNAP	Money Market	518,942
Total Non-Cash Equivalents			4,968,158

Cash Held For Inmates	RRJ	None	110,901
Cash Held For Employee Association	RRJ	Savings	14,481
Interest receivable -- restricted accounts			9,109
Total Restricted Cash and Investments			<u>\$ 14,947,679</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 \$6,347,368 at June 30, 2007, after \$597,297 was amortized during the year. Unamortized bond discounts totaled \$938,744 after \$87,716 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, 2007 or claims not covered by existing policies.

3. ACCOUNTS RECEIVABLE

Accounts receivable balances at June 30, 2007 consisted of the following:

Description	Outstanding Balance
Member jurisdictions	\$ 2,318,975
Commonwealth of Virginia	1,910,861
Federal agencies	192,429
Other jails	45,462
Total Accounts Receivable	<u>\$ 4,467,727</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 and Series 2003 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 \$1,154,061, and the bank balance was \$1,151,850. Cash on hand at June 30, 2007 totaled \$600. 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, 2007, the carrying value of the Authority's investments was as follows:

Type	Rating	Maturities	Carrying Value
Deposits:			
Demand deposits			\$ 869,289
Cash on hand			600
Money market – SNAP			10,360,146
Local Government Investment Pool	AAA*		<u>9,993,150</u>
			21,223,185
Investments:			
Overnight repurchase agreements			2,814,000
Guarantee investment contracts – Ambac Capital Funding, Inc.	AAA*	07/31/06	3,826
Guaranteed investment contract – Bayern LB	AAA*	06/20/14	<u>4,449,216</u>
			<u>7,267,042</u>
Total deposits and investments			<u><u>\$ 28,490,227</u></u>
Reconciliation to Statement of Net Assets:			
Current:			
Cash and cash equivalents			\$ 13,551,657
Current assets for restricted liabilities			3,476,478
Noncurrent:			
Cash and cash equivalents with trustee			6,493,934
Investment with trustee			<u>4,968,158</u>
			<u><u>\$ 28,490,227</u></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 \$1,154,061 at June 30, 2007, which was fully insured by depository insurance or collateralized under the Act.

Investment Interest Risk

The 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, 2007, are provided in the schedule above. The operating funds of the Authority are by nature short-term and are not considered to have investment interest rate risk.

Investment Credit Risk

The 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 Authority places no limit on the amount it may invest in any one issuer. At June 30, 2007, the Authority had a concentration in the following issues:

Bayern LB – guaranteed investment contract \$4,449,216

5. INTEREST PAYABLE

Accrued interest payable totaled \$1,536,096 at June 30, 2007. 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, 2007.

Description	Balance July 1, 2006	Increase	Decrease	Balance June 30, 2007
Series 1995 Jail Facility Revenue Bonds, average interest rate 5.63%	\$ 4,605,000	\$ -	\$1,455,000	\$ 3,150,000
Series 2003 Jail Facility Revenue Bonds, average interest rate 4.20%	61,220,000	-	275,000	60,945,000
	\$ 65,825,000	\$ -	\$ 1,730,000	\$ 64,095,000
Add: Original Issue Premium (2003 Series)				1,889,767
Less: Current Portion Bond Discount				(1,815,000)
				(938,744)
Bonds payable – noncurrent				\$ 63,231,023

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 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 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. Debt service requirements on outstanding long-term liabilities at June 30, 2007 were comprised of the following:

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

Date	Series 2003 Bonds		Remaining Outstanding Series 1995 Bonds		Total Debt Service
	Principal	Interest*1	Principal	Interest	
07/01/2007	\$ 280,000	\$ 2,893,794	\$ 1,535,000	\$ 178,399	\$ 4,887,193
07/01/2008	510,000	2,886,794	1,615,000	92,054	5,103,848
07/01/2009	2,235,000	2,872,769	-	-	5,107,769
07/01/2010	2,305,000	2,800,131	-	-	5,105,131
07/01/2011	2,385,000	2,719,456	-	-	5,104,456
07/08/2012 - 07/01/2016	13,870,000	11,682,031	-	-	25,552,031
07/01/2017 - 07/01/2021	17,710,000	7,849,281	-	-	25,559,281
07/01/2022 - 07/01/2026	18,110,000	3,026,231	-	-	21,136,231
07/01/2027 - 07/01/2031	2,880,000	564,250	-	-	3,444,250
07/01/2032	660,000	30,525	-	-	690,525
			-	-	
Total	\$60,945,000	\$37,325,262	\$ 3,150,000	\$ 270,453	\$101,690,715

* Interest paid semiannually January 1 and July 1.

C. Subsequent Issue of Revenue Bonds

On August 7, 2007, the 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").

The 2007 Obligations are being issued in accordance with the Act under an Indenture of Trust dated as of March 1, 1995 (the "Master Indenture"), by and between the 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.

The 2007 Project consist 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. Each of the Obligations is issuable as registered bonds without coupons in the denomination of \$5,000 or any multiple thereof as provided in the Indenture. Principal on the 2007 Bonds will be due July 1 in the years ranging from 2011 to 2032 at interest rates ranging from 4.00% to 5.00%. The Bonds may be called at any time, on or after July 1, 2017 at par. The 2007 Senior Notes will mature on July 1, 2010 and bear an interest rate of 4.25%. The Senior Notes may be called at any time, on or after July 1, 2009 at par. The 2007 Subordinate Notes will mature on July 1, 2010 and bear an interest rate of 4.25%. The Subordinated Notes may be called at any time, on or after July 1, 2009 at par. Interest will be payable on each January 1 and July 1, commencing January 1, 2008 for each obligation.

7. CAPITAL ASSETS

The following schedule denotes the changes in capital assets for the year ended June 30, 2007.

Description	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Operating Fund				
Land	\$ 322,584	\$ -	\$ -	\$ 322,584
Buildings	81,351,416	-	-	81,351,416
Construction in progress	1,489,756	11,037,499	-	12,527,255
Furniture and equipment	2,801,062	85,941	40,987	2,846,016
Computers	664,728	5,937	6,297	664,368
Vehicles	459,588	41,206	58,379	442,415
Total capital assets	87,089,134	11,170,583	105,633	98,154,054
Less accumulated depreciation:				
Buildings	12,062,841	1,369,497	-	13,432,338
Furniture and equipment	1,779,703	275,594	21,362	2,033,935
Computers	638,986	15,277	5,927	648,336
Vehicles	320,698	36,420	58,379	298,739
Accumulated depreciation	14,802,228	1,696,788	85,668	16,413,348
Net capital assets	\$ 72,286,906			\$ 81,740,706
Canteen Fund				
Furniture and equipment	\$ 2,663	\$ -	\$ 2,663	\$ -
Computers	22,278	-	-	22,278
Total capital assets	24,941	-	2,663	22,278
Less accumulated depreciation:				
Furniture and equipment	1,997	244	2,241	-
Computers	21,834	444	-	22,278
Accumulated depreciation	23,831	688	2,241	22,278
Net capital assets	\$ 1,110			\$ -
Total net capital assets	\$ 72,288,016			\$ 81,740,706

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
2008	\$ 36,293
2009	36,293
2010	36,293
2011	36,293
2012	36,293
Total	<u>\$ 181,465</u>

B. Inmate Trust and Employee Association

Funds held for inmates totaled \$110,901 at June 30, 2007. 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 (\$14,481) 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, 2007 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, 2007, the Jail Authority's pension cost of \$1,628,492 was equal to the Jail Authority's required and actual contributions. The required contribution was determined as part of the June 30, 2006 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, 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	\$ -
June 30, 2003	\$ 1,246,397	\$ 1,246,397	\$ -

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, 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%
June 30, 2002	\$5,599,559	\$6,465,721	\$ 866,162	86.6%	\$8,767,015	9.9%

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

F. The actuarial assumptions and methods of the June 30, 2006 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, 2007

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, 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%
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%
June 30, 1996	\$ 12,691	\$ (14,009)	\$ (26,700)	-90.6%	\$ 716,348	-3.7%

* - The Jail Authority is in its tenth 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, 2007, which collectively comprise *Riverside Regional Jail Authority's* basic financial statements and have issued our report thereon dated December 13, 2007. 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.

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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 13, 2007.

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.

Goodman & Carney, LLP

Richmond, Virginia
December 13, 2007

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.

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 (1)

	2007	2006	2005	2004	2003
Invested in capital assets - net of related debt	\$ 23,042,051	\$ 20,896,098	\$ 19,624,138	\$ 20,722,932	\$ 11,071,061
Restricted	14,822,297	22,090,891	22,753,255	23,054,770	21,679,725
Unrestricted	14,382,714	7,979,429	5,904,736	4,215,823	13,187,703
Total net assets	<u>\$ 52,247,062</u>	<u>\$ 50,966,418</u>	<u>\$ 48,282,129</u>	<u>\$ 47,993,525</u>	<u>\$ 45,938,489</u>

Source: Comprehensive Annual Financial Reports

(1) The Authority implemented GASB Statement 34 beginning in FY 2003.

TABLE 2
RIVERSIDE REGIONAL JAIL AUTHORITY
CHANGE IN NET ASSETS
ENTERPRISE FUNDS
Last Five Fiscal Years (1)

	2007	2006	2005	2004	2003
Operating revenues					
Charges for services - inmate housing	\$ 19,499,515	\$ 18,688,456	\$ 17,419,424	\$ 17,902,444	\$ 17,188,314
State Compensation Board	8,684,980	8,174,818	7,802,311	7,498,717	7,461,691
Work release	164,234	237,000	209,214	138,126	158,812
Canteen sales - net	475,637	411,016	395,992	356,957	353,419
Nonoperating revenues					
Interest revenue	1,753,238	1,622,327	1,035,486	795,649	523,400
Miscellaneous income	54,149	71,769	84,285	75,279	386,823
Telephone commissions	326,296	318,532	316,710	339,214	63,197
Daily incarceration fees	225,660	216,635	228,250	-	-
RSAT grant revenue	59,454	60,597	-	-	-
Total revenues	<u>31,243,163</u>	<u>29,801,150</u>	<u>27,491,672</u>	<u>27,106,386</u>	<u>26,135,656</u>
Operating expenses					
Salaries and wages	11,751,202	10,779,381	10,351,239	9,706,310	9,535,786
Fringe benefits	3,774,622	3,312,251	3,092,593	2,979,172	2,769,699
Contractual services	525,938	486,836	481,098	462,906	343,351
Materials and supplies	508,234	454,554	393,202	367,111	374,411
Medical services and supplies	1,474,246	1,429,458	1,295,428	1,122,477	1,861,236
Food service and supplies	1,460,300	1,335,469	1,141,212	1,186,444	1,082,342
Repairs and maintenance	570,130	645,811	591,606	599,101	556,650
Utilities	1,589,137	1,388,745	1,434,707	1,221,041	1,176,804
Depreciation	1,697,476	1,698,046	1,679,597	1,663,718	1,634,961
Other	449,097	510,743	488,115	286,018	298,228
Nonoperating expenses					
Interest expense	3,115,683	3,200,510	3,280,407	2,326,383	3,342,699
Bond discount and issuance costs - amortization	685,015	692,388	699,545	779,085	179,430
Transfer to member jurisdictions	2,361,439	1,182,669	2,274,319	2,351,584	-
Total expenses	<u>29,962,519</u>	<u>27,116,861</u>	<u>27,203,068</u>	<u>25,051,350</u>	<u>23,155,597</u>
Change in net assets	1,280,644	2,684,289	288,604	2,055,036	2,980,059
Beginning net assets	50,966,418	48,282,129	47,993,525	45,938,489	42,958,430
Ending net assets	<u>\$ 52,247,062</u>	<u>\$ 50,966,418</u>	<u>\$ 48,282,129</u>	<u>\$ 47,993,525</u>	<u>\$ 45,938,489</u>

Source: Comprehensive Annual Financial Reports

(1) The Authority implemented GASB Statement 34 beginning in FY 2003.

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		Petersburg	Prince George County	Surry County	Sub-total
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		
1998	\$ 180,492	\$ 3,035,643	\$ 1,436,526	\$ 1,103,466	\$ 858,429	\$ 417,144	\$ 215,865	\$ 7,247,565		

Regional and Local Jails	Federal Inmates			Total
	Commonwealth of Virginia	Housing and Transportation	Central State Hospital	
\$ 253,071	\$ 3,431,382	\$ 898,586	\$ -	\$ 4,583,039
\$ 743,901	\$ 3,504,198	\$ 439,131	\$ -	\$ 4,687,230
\$ 500,477	\$ 3,076,962	\$ 913,677	\$ -	\$ 4,491,116
\$ 186,684	\$ 2,552,766	\$ 1,183,913	\$ -	\$ 3,923,363
\$ 87,594	\$ 2,760,251	\$ 541,086	\$ 445,824	\$ 3,834,755
\$ 62,790	\$ 3,129,070	\$ 1,096,870	\$ 630,720	\$ 4,919,450
\$ 197,613	\$ 2,389,672	\$ 1,899,978	\$ 621,960	\$ 5,109,223
\$ 283,647	\$ 1,731,532	\$ 2,226,425	\$ 621,096	\$ 4,862,700
\$ 136,928	\$ 1,492,225	\$ 2,428,525	\$ 613,200	\$ 4,670,878
\$ 71,409	\$ 1,732,697	\$ 833,640	\$ 435,120	\$ 3,072,866
				\$ 19,499,515
				\$ 18,688,456
				\$ 17,419,424
				\$ 17,902,444
				\$ 17,188,314
				\$ 17,492,679
				\$ 14,715,681
				\$ 13,108,233
				\$ 12,162,147
				\$ 10,320,431

TABLE 4
RIVERSIDE REGIONAL JAIL AUTHORITY
REVENUES AND BILLED INMATE DAYS - BY CUSTOMER
Years Ended June 30, 2007 and 2006

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

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

Fiscal Year 2006

Customer	2006 Revenue	Per Diem Rate	Inmate Days Billed
Charles City County	\$ 411,625	\$ 37	11,125
Chesterfield County	7,105,813	\$ 37	192,049
City of Hopewell	2,009,211	\$ 37	54,303
City of Colonial Heights	1,591,407	\$ 37	43,011
City of Petersburg	1,591,221	\$ 37	43,006
Prince George County	1,099,401	\$ 37	29,714
Surry County	192,548	\$ 37	5,204
Regional and Local Jails	743,901	\$ 43	17,300
Commonwealth of Virginia *1	3,504,198	Various	N/A
Federal Inmates - Housing	435,122	\$ 66.36	6,557
Federal Inmates - Transportation	4,009	\$ N/A	N/A
Total	\$ 18,688,456		402,269

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	
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%
1998	\$ 17,466,436	\$ 11,052,895	\$ 6,413,541	\$ -	\$ 3,820,432	\$ 3,820,432	167.87%

(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)	
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
1998	12.68	213.58	101.05	77.67	60.37	29.32	15.21	5.02	37.73	48.00	600.63

(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	
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
1998	226	55	281

TABLE 8
RIVERSIDE REGIONAL JAIL AUTHORITY
SCHEDULE OF INSURANCE IN FORCE
As of June 30, 2007

Insurance Coverage	Insurance Company	Expiration Date	Coverage Company	Deductible
Building and Personal Property	Virginia Municipal Liability Pool	7/01/2007	\$ 55,382,796	\$ 1,000
Earthquake	Virginia Municipal Liability Pool	7/01/2007	\$ 10,000,000	\$ 25,000
Flood	Virginia Municipal Liability Pool	7/01/2007	\$ 10,000,000	\$ 25,000
Business Auto	Virginia Municipal Liability Pool	7/01/2007	\$ 1,000,000	\$ 250/500
Schedule Equipment (Tractor)	Virginia Municipal Liability Pool	7/01/2007	\$ 70,712	\$ 250
Boiler and Machinery	Virginia Municipal Liability Pool	7/01/2007	\$ 20,000,000	\$ 1,000
Business Interruption and Extra Expense	Virginia Municipal Liability Pool	7/01/2007	\$ 21,000,000	\$ 1,000
Workers' Compensation	Virginia Municipal Group Self Insurance Association	7/01/2007	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