
**ALBEMARLE-CHARLOTTESVILLE
REGIONAL JAIL AUTHORITY**

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2013

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

(A Regional Jail organized and existing pursuant to provisions of Chapter 7.1 of Title 53 of the *Code of Virginia* (1950), as amended)

BOARD MEMBERS

Kenneth C. Boyd	Steven Carter	Valerie L'Herrou
W. David Brooks	John E. Harding	Timothy Longo
James Brown III	Kathy Johnson-Harris	Kristen Szakos
Donald Byers		Doug Walker

SUPERINTENDENT

Ronald Matthews

BUSINESS MANAGER

Jeffrey A. Brill

CLERK OF THE BOARD

Emily Walker

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2013

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-3
<i>Basic Financial Statements:</i>	
Statement of Net Position	4
Statement of Revenues, Expenses and Changes in Net Position	5
Statement of Cash Flows	6
Notes to Financial Statements	7-20
<i>Required Supplementary Information:</i>	
Schedule of Pension and OPEB Funding Progress for the Virginia Retirement System and Other Postemployment Benefits	21
<i>Other Supplementary Information:</i>	
Schedule of Revenues and Expenses - Budgetary Basis	22-24
Reconciliation of the Schedule of Revenues and Expenses - Budgetary Basis to the Statement of Revenues, Expenses and Changes in Net Position	25
Schedule of Restricted Cash and Amounts Held for Others	26
Agency Funds - Schedule of Changes in Assets and Liabilities	27
<i>Compliance:</i>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	28-29

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

To the Board Members of the
Albemarle-Charlottesville Regional Jail Authority
Charlottesville, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Albemarle-Charlottesville Regional Jail Authority, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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; 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 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Albemarle-Charlottesville Regional Jail Authority, as of June 30, 2013, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the financial statements, in 2013, the Albemarle-Charlottesville Regional Jail Authority adopted new accounting guidance, GASB Statement Nos. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Albemarle-Charlottesville Regional Jail Authority's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2013, on our consideration of the Albemarle-Charlottesville 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Albemarle-Charlottesville Regional Jail Authority's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 1, 2013

- Basic Financial Statements -

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Statement of Net Position

At June 30, 2013

(With Comparative Amounts for 2012)

	<u>2013</u>	<u>2012</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,475,524	\$ 2,954,312
Restricted cash and cash equivalents	138,075	152,439
Prepaid items	4,980	462,695
Accounts receivable	30,148	26,454
Due from other governments	1,732,753	1,948,818
Total current assets	\$ <u>5,381,480</u>	\$ <u>5,544,718</u>
Capital assets:		
Capital assets, not being depreciated:		
Land	\$ 74,947	\$ 74,947
Total capital assets not being depreciated	\$ <u>74,947</u>	\$ <u>74,947</u>
Capital assets, being depreciated:		
Building and improvements	\$ 22,334,257	\$ 22,334,257
Equipment	3,170,809	3,108,748
Vehicles	286,533	303,523
Less accumulated depreciation	(13,640,526)	(12,730,437)
Total capital assets being depreciated	\$ <u>12,151,073</u>	\$ <u>13,016,091</u>
Total capital assets	\$ <u>12,226,020</u>	\$ <u>13,091,038</u>
Total assets	\$ <u><u>17,607,500</u></u>	\$ <u><u>18,635,756</u></u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 184,015	\$ 189,250
Compensation payable	92,802	102,222
Compensated absences	914,344	863,974
Amounts held for others	138,075	152,439
Long-term debt due within one year	359,780	347,599
Total current liabilities	\$ <u>1,689,016</u>	\$ <u>1,655,484</u>
Noncurrent liabilities:		
Net OPEB obligation	690,000	519,000
Long-term debt due after one year	5,514,024	5,873,804
Total noncurrent liabilities	\$ <u>6,204,024</u>	\$ <u>6,392,804</u>
Total liabilities	\$ <u><u>7,893,040</u></u>	\$ <u><u>8,048,288</u></u>
Net Position		
Net investment in capital assets	\$ 6,352,216	\$ 6,869,635
Unrestricted	3,362,244	3,717,833
Total net position	\$ <u><u>9,714,460</u></u>	\$ <u><u>10,587,468</u></u>

See accompanying notes to financial statements.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Statement of Revenues, Expenses and Changes in Net Position
 Year Ended June 30, 2013
 (With Comparative Amounts for 2012)

	<u>2013</u>	<u>2012</u>
Operating Revenues:		
From local sources:		
Charges for services	\$ 7,899,001	\$ 8,067,537
Miscellaneous	74,191	92,015
Intergovernmental:		
Revenue from the Commonwealth	627,024	771,599
Total revenues	<u>\$ 8,600,216</u>	<u>\$ 8,931,151</u>
Operating Expenses:		
Compensation and related items	\$ 10,300,050	\$ 10,213,127
Contractual	649,517	588,817
Other charges	2,258,787	2,630,821
Depreciation and amortization	927,079	947,539
Total expenses	<u>\$ 14,135,433</u>	<u>\$ 14,380,304</u>
Net operating income (loss)	<u>\$ (5,535,217)</u>	<u>\$ (5,449,153)</u>
Nonoperating revenues (expenses):		
Operating grants:		
State	\$ 4,239,936	\$ 4,242,190
Federal grants	41,661	51,415
Debt service assessments	577,110	585,039
Interest income	1,665	709
Gain of disposal of assets	648	-
Tower lease	24,879	22,187
Interest expense	(223,690)	(236,392)
Total nonoperating revenues (expenses)	<u>\$ 4,662,209</u>	<u>\$ 4,665,148</u>
Change in net position	\$ (873,008)	\$ (784,005)
Net position, beginning of year, as restated	<u>10,587,468</u>	<u>11,371,473</u>
Net position, end of year	<u><u>\$ 9,714,460</u></u>	<u><u>\$ 10,587,468</u></u>

See accompanying notes to financial statements.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Statement of Cash Flows
Year Ended June 30, 2013
(With Comparative Amounts for 2012)

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Receipts from customers	\$ 8,812,587	\$ 8,312,334
Payments to suppliers	(2,455,824)	(3,754,477)
Payments to and for employees	(10,088,100)	(10,125,788)
Net cash provided by (used for) operating activities	<u>\$ (3,731,337)</u>	<u>\$ (5,567,931)</u>
Cash flows from non-capital financing activities:		
Operating grants	\$ 4,281,597	\$ 4,293,605
Other	24,879	22,187
Net cash provided by (used for) non-capital financing activities	<u>\$ 4,306,476</u>	<u>\$ 4,315,792</u>
Cash flows from investing activities:		
Interest income	\$ 1,665	\$ 709
Cash flows from capital and related financing activities:		
Debt service assessments	\$ 577,110	\$ 585,039
Proceeds from sale of assets	648	-
Purchase of capital assets	(62,061)	(472,096)
Principal payments on long-term debt	(347,599)	(335,143)
Interest expense	(223,690)	(236,392)
Net cash provided by (used for) capital and related financing activities	<u>\$ (55,592)</u>	<u>\$ (458,592)</u>
Net change in cash and cash equivalents	\$ 521,212	\$ (1,710,022)
Cash and cash equivalents, beginning of year	<u>2,954,312</u>	<u>4,664,334</u>
Cash and cash equivalents, end of year	<u>\$ 3,475,524</u>	<u>\$ 2,954,312</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (5,535,217)	\$ (5,449,153)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation and amortization	927,079	947,539
Changes in assets and liabilities:		
Prepaid items	457,715	(393,576)
Accounts receivable	(3,694)	(20,454)
Due from other governments	216,065	(598,363)
Accounts payable and accrued liabilities	(5,235)	(141,263)
Net OPEB obligation	171,000	172,000
Compensation payable	(9,420)	(148,515)
Compensated absences	50,370	63,854
Net cash provided by (used for) operating activities	<u>\$ (3,731,337)</u>	<u>\$ (5,567,931)</u>
Supplemental disclosures:		
Cash payments for interest	<u>\$ 223,690</u>	<u>\$ 236,392</u>

See accompanying notes to financial statements.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements As of June 30, 2013

NOTE 1 - BASIS OF PRESENTATION:

A. Organization and Purpose:

The Albemarle-Charlottesville Regional Jail Board was created pursuant to a resolution duly adopted by the City Council of the City of Charlottesville on April 9, 1974, and by the Board of Supervisors of Albemarle County on April 18, 1974. The County and City agreed to establish a regional jail known as the Albemarle-Charlottesville Joint Security Complex, pursuant to the provisions of Chapter 7.1 of Title 53 of the *Code of Virginia*, and including provisions to allocate costs of construction and operation. All property shall be held jointly by the City and the County.

Effective November 15, 1995 the Jail Board created the Albemarle-Charlottesville Regional Jail Authority, pursuant to the provisions of Chapter 3, Article 3.1 of Title 53.1 of the Code of Virginia, and transferred all assets, liabilities and operations of the Complex to the Authority. Effective July 1, 1998, Nelson County became a member of the Authority.

B. Financial Reporting Entity:

The Authority has determined that it is a related organization to Albemarle County, Nelson County, and the City of Charlottesville, in accordance with Governmental Accounting Standards Board Statement 39, *Determining Whether Certain Organizations are Component Units*. The Authority is a legally separate organization whose eleven Board members are appointed as follows: The Jail Board shall include the County Executive of Albemarle, County Administrator of Nelson, and City Manager of Charlottesville; Sheriffs of the City of Charlottesville, County of Albemarle, and County of Nelson; one member of City Council to be appointed by Council; one member of the Albemarle Board of Supervisors to be appointed by the Albemarle Board of Supervisors; one private citizen from the City and one from the County of Albemarle, to be appointed by the respective governing bodies, and one additional private citizen, to be appointed jointly by the governing bodies. Since the Boards of Supervisors of Albemarle and Nelson or City Council cannot impose their will on the Authority, and since there is no potential financial benefit or burden in the relationship, neither Boards of Supervisors nor City Council are financially accountable for the Authority. Accordingly the Authority is not considered a component unit of the City or Counties.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES:

A. Basis of Accounting:

The Authority operates as an enterprise fund and its accounts are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded as liabilities when incurred, without regard to receipt or payment of cash.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2013 (continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES: (Continued)

B. Capital Assets:

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. The Authority's policy is to capitalize assets whose cost equals or exceeds \$5,000. Donated capital assets are valued at fair market value as of the date received. Depreciation has been provided on capital assets using the straight-line method based on their estimated useful lives which are as follows:

Building and improvements	20-30 years
Equipment	3-10 years
Vehicles	3-4 years

Depreciation totaled \$927,079 for 2013 and \$944,789 for 2012.

C. Compensated Absences:

Vacation pay and other related employee benefits are accrued when earned. At June 30, 2013 and 2012, unpaid vacation and related benefits amounted to approximately \$914,344 and \$863,974, respectively.

D. Use of Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Operating and Nonoperating Revenues and Expenses:

Operating revenues and expenses are defined as those items that result from providing services, and include all transactions and events which are not capital and related financing, noncapital financing or investing activities. Nonoperating revenues are defined as grants, investment and other income. Nonoperating expenses are defined as capital and noncapital related financing and other expenses.

F. Comparative Amounts:

Comparative amounts are presented for informational purposes only. The prior year amounts have been reclassified to conform to the current year presentation.

G. Cash and Cash Equivalents:

The Authority's cash and cash equivalents consist of demand deposits, certificates of deposit, overnight repurchase agreements and short-term U.S. Governmental obligations, with an original maturity of three months or less, all of which are readily convertible to known amounts of cash. Restricted cash amounts include amounts held for inmates and other purposes.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements As of June 30, 2013 (continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES: (Continued)

H. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority does not have any deferred outflows of resources as of June 30, 2013.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority does not have any deferred inflows of resources as of June 30, 2013.

I. Net Position:

Net position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

J. Net Position Flow Assumption:

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

K. Adoption of Accounting Principles:

Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, Statement No. 63 of the Governmental Accounting Standards Board:

The Authority implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement provides guidance for reporting deferred inflows and deferred outflows of resources. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on an entity's net position. With the implementation of this Statement, certain terminology has changed and financial statement descriptions have changed from "net assets" to "net position." The net equity reported in the financial statements was not changed as a result of implementing this Statement and no restatement of prior balances is required.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements As of June 30, 2013 (continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES: (Continued)

K. Adoption of Accounting Principles: (Continued)

Items Previously Reported as Assets and Liabilities, Statement No. 65 of the Governmental Accounting Standards Board:

The Authority implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The net equity reported in the financial statements was restated as a result of implementing this Statement. Details of the restatement are included in note 15.

L. Upcoming Pronouncements:

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27*. This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. The Authority has not determined the impact of this pronouncement on its financial statements.

NOTE 3 - DEPOSITS AND INVESTMENTS:

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

The Authority's cash and cash equivalents are a part of the pooled cash and investments of the County of Albemarle, Virginia, the Authority's fiscal agent. The components of the Authority's cash and cash equivalents as to bank and investment balances are not identifiable. The portion of the County's cash and investments which are applicable to the Authority consist of deposits covered by FDIC insurance, the Virginia Security for Public Deposits Act, or are a part of the County's investments in the Virginia Local Government Investment Pool. The Authority has other cash accounts that are not a part of the County's pooled cash and investments. The carrying value of these deposits was \$140,168, and the bank balances were covered by FDIC insurance and/or collateralized in accordance with the Virginia Security for Public Deposits Act.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2013 (continued)

NOTE 4 - RECEIVABLES:

	<u>2013</u>	<u>2012</u>
Accounts receivable:		
Other	\$ 30,148	\$ 26,454
Total accounts receivable	<u>\$ 30,148</u>	<u>\$ 26,454</u>
Due from other governmental units:		
Commonwealth of Virginia:		
State Compensation Board	\$ 357,683	\$ 358,151
Department of Corrections	195,377	261,366
County of Albemarle	406,655	226,265
City of Charlottesville	653,968	989,030
Other	117,886	112,114
Federal government	<u>1,184</u>	<u>1,892</u>
Total due from other governmental units	<u>\$ 1,732,753</u>	<u>\$ 1,948,818</u>
Total receivables	<u><u>\$ 1,762,901</u></u>	<u><u>\$ 1,975,272</u></u>

NOTE 5 - CAPITAL ASSETS:

A summary of changes in capital assets is summarized below:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 74,947	\$ -	\$ -	\$ 74,947
Total capital assets not being depreciated	<u>\$ 74,947</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,947</u>
Capital assets being depreciated:				
Building and improvements	\$ 22,334,257	\$ -	\$ -	\$ 22,334,257
Equipment	3,108,748	62,061	-	3,170,809
Vehicles	303,523	-	16,990	286,533
Total capital assets being depreciated	<u>\$ 25,746,528</u>	<u>\$ 62,061</u>	<u>\$ 16,990</u>	<u>\$ 25,791,599</u>
Accumulated depreciation:				
Building and improvements	\$ 10,156,784	\$ 704,524	\$ -	\$ 10,861,308
Equipment	2,270,129	222,555	-	2,492,684
Vehicles	303,524	-	16,990	286,534
Total accumulated depreciation	<u>\$ 12,730,437</u>	<u>\$ 927,079</u>	<u>\$ 16,990</u>	<u>\$ 13,640,526</u>
Total capital assets being depreciated, net	<u>\$ 13,016,091</u>	<u>\$ (865,018)</u>	<u>\$ -</u>	<u>\$ 12,151,073</u>
Net capital assets	<u><u>\$ 13,091,038</u></u>	<u><u>\$ (865,018)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 12,226,020</u></u>

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2013 (continued)

NOTE 6 - REVENUE BONDS:

\$8,056,900 refinancing revenue bonds, issued March 1, 2005, payable in various annual installments ranging from \$279,310 to \$556,572 beginning on July 1, 2006 through July 1, 2025, interest at 3.7%, payable semiannually \$ 5,873,804

Estimated annual requirements to amortize this debt are as follows:

Fiscal Year	Revenue Bonds	
	Principal	Interest
2014	\$ 359,780	\$ 210,674
2015	371,677	197,122
2016	388,279	183,083
2017 - 2021	2,162,509	685,179
2022 - 2026	2,591,559	246,904
Total	\$ 5,873,804	\$ 1,522,962

The following details the changes in long-term debt:

Balance, July 1, 2012	\$ 6,221,403
Principal payments	(347,599)
Balance, June 30, 2013	\$ 5,873,804

NOTE 7 - DEFINED BENEFIT PENSION PLAN:

A. Plan Description:

Name of Plan: Virginia Retirement System (VRS)
 Identification of Plan: Agent Multiple-Employer Defined Benefit Pension Plan
 Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements As of June 30, 2013 (continued)

NOTE 7 - DEFINED BENEFIT PENSION PLAN: (Continued)

A. Plan Description: (Continued)

VRS administers two defined benefit plans for local government employees - Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2013 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70 %. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement, Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. 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.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2013 (continued)

NOTE 7 - DEFINED BENEFIT PENSION PLAN: (Continued)

A. Plan Description: (Continued)

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/PDF/Publications/2012-Annual-Report.pdf> or by writing to the System's Chief Financial Officer 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 5.00% of their compensation toward their retirement. All or part of the 5% member contribution has been assumed by the employer. In addition, the 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 Authority's contribution rate for the fiscal year ended June 30, 2013 was 14.9% of the annual covered payroll.

C. Annual Pension Cost:

For fiscal year 2013, the Authority's annual pension cost of \$1,032,855 (does not include the employee share assumed by the Authority which was \$346,596) was equal to the Authority's required and actual contributions.

<u>Three-Year Trend Information</u>			
<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2011	\$ 844,631	100%	-
June 30, 2012	866,839	100%	-
June 30, 2013	1,032,855	100%	-

(1) Employer portion only

The FY2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost of living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the Authority's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The Authority's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements As of June 30, 2013 (continued)

NOTE 7 - DEFINED BENEFIT PENSION PLAN: (Continued)

D. Funded Status and Funding Progress:

As of June 30, 2012, the most recent actuarial valuation date, the Authority's plan was 74.65% funded. The actuarial accrued liability for benefits was \$16,620,959, and the actuarial value of assets was \$12,407,165, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,213,794. The covered payroll (annual payroll of active employees covered by the plan) was \$6,715,169 and ratio of the UAAL to the covered payroll was 62.75%.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS VERIP:

A. Plan Description:

The Albemarle County Voluntary Early Retirement Incentive Program (VERIP) is a single-employer defined benefit plan. VERIP benefits are paid monthly for a period of five years or until age 65, whichever comes first. In addition to the monthly stipend, the County will pay an amount equivalent to the Board's annual contribution toward medical insurance. Participants may accept it as a cash payment or apply it toward the cost of the continuation of their County medical/dental benefits. To be eligible, employees must meet the age and service criteria for reduced VRS retirement and be a current employee at least 50 years of age and have been employed by the County in a benefits-eligible position for 10 of the last 13 years prior to retirement. The plan is administered by the County and does not have a separate financial report.

B. Funding Policy:

The Albemarle County government establishes employer medical contribution rates for all medical plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

C. Annual OPEB Cost and Net OPEB Obligation:

The annual cost of other postemployment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay-as-you-go cost for OPEB benefits is \$20,000 for the Albemarle-Charlottesville Regional Jail Authority for fiscal year 2013. The Albemarle-Charlottesville Regional Jail Authority has elected not to pre-fund OPEB liabilities. The Authority is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The unfunded liability is amortized over a closed 30 year period (as of July 1, 2007) as a level percentage of payroll.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2013 (continued)

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS VERIP: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation: (Continued)

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the preceding two years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Estimated Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	\$ 199,000	\$ 19,000	10%	\$ 180,000
June 30, 2012	178,000	6,000	3%	172,000
June 30, 2013	191,000	20,000	10%	171,000

For 2013, the Authority's estimated contribution of \$20,000 was less than the annual pension cost. The Authority's annual OPEB cost, the estimated contributions made, and the increase in net OPEB obligation are as follows:

	<u>Albemarle Charlottesville Regional Jail</u>
Annual required contribution	\$ 192,000
Interest on net OPEB obligation	31,000
Adjustment to annual required contribution	(32,000)
Annual OPEB cost (expense)	\$ 191,000
Contributions made	20,000
Increase (decrease) in net OPEB obligation	\$ 171,000
Net OPEB obligation - beginning of year	519,000
Net OPEB obligation - end of year	<u>\$ 690,000</u>

D. Funded Status and Funding Progress:

The funded status of the plan as of June 30, 2012, the most recent actuarial valuation date is as follows:

Actuarial accrued liability (AAL)	\$ 1,487,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	1,487,000
Funded ratio (actuarial value of plan assets/AAL)	-
Covered payroll (active plan members)	6,715,169
UAAL as a percentage of covered payroll	22.14%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2013 (continued)

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS VERIP: (Continued)

E. Actuarial Methods and Assumptions:

Cost Method

The valuation uses the projected unit credit method with linear pro-ratio to assumed benefit commencement.

Coverage Status and Age of Spouse

Actual medical coverage status was used in the valuation. Females are assumed to be 3 years younger than male spouses. Employees with individual coverage are assumed to elect individual coverage at retirement while those with family / spouse coverage are assumed to continue family / spouse coverage at retirement. All of the active participants who are eligible to retire under the County's Voluntary Early Retirement Incentive Program (VERIP) will take the flat dollar subsidy, which for FY 13 is \$6,745. The VERIP Subsidy is assumed to increase at a flat rate of 3% per year. It is assumed that 50% of active employees currently enrolled in the health care plan will continue in the plan upon retiring from active service. Medical and prescription drugs are assumed to increase at rates ranging from 7.00% in FY 13 to 5.90% in FY 23.

The assumptions and calculations are based on the past three years of premium rates at the time of the valuation and the sharing of costs between the employer and plan members.

	<u>Percentage</u>
Discount rate	4.00%
Payroll Growth	4.00%
Inflation rate	2.50% per year
Investment return	4.00%
VERIP increase	3% plus 1/2 % increase from 3% to 7%

The UAAL is being amortized as a level percentage of projected payroll on an open basis.

Medical Trend Assumption

Based on the Society of Actuaries long-term medical trend model, as revised in September 2012, trends for the next ten years are as follows:

<u>Fiscal</u> <u>Year Ended</u>	<u>Percentage</u>	<u>Fiscal</u> <u>Year Ended</u>	<u>Percentage</u>
2014	6.50%	2019	6.00%
2015	6.50%	2020	6.00%
2016	6.10%	2021	5.90%
2017	6.10%	2022	5.90%
2018	6.00%	2023	5.90%

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2013 (continued)

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS VERIP: (Continued)

E. Actuarial Methods and Assumptions: (Continued)

The following chart shows explicit costs, total medical costs, and drug costs between pre and post Medicare as well as single and family coverage:

<u>Total costs</u>	<u>Single</u>	<u>Family</u>
1. Explicit Costs		
a. Pre-Medicare	\$ 7,003	\$ 9,243
b. Medicare age	-	-
2. Total Medical Costs		
a. Under 50	\$ 4,267	\$ 9,132
b. Age 50-54	5,121	10,959
c. Age 55-59	5,942	12,716
d. Age 60-64	7,091	15,175
e. Over Age 65	-	-
2. Total Drug Costs		
a. Under 50	\$ 996	\$ 2,132
b. Age 50-54	1,269	2,717
c. Age 55-59	1,504	3,218
d. Age 60-64	1,719	3,678
e. Over Age 65	-	-

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2013 (continued)

NOTE 9 - PRISONER COST PER DIEM:

The Authority has a designed capacity of 329 prisoners yielding a total of 120,085 prisoner days per year. Actual prisoner days totaled 160,629 for the year ended June 30, 2013 and 190,436 for 2012. Costs incurred in the operation of the Authority are as follows:

	<u>2013</u>	<u>2012</u>
Total operating expenses	\$ 14,135,433	\$ 14,380,304
Add:		
Capital assets costs paid from operating funds	62,061	819,727
Interest expense	223,690	236,392
Principal payments on debt	347,599	335,143
Deduct:		
Depreciation and amortization	<u>(927,079)</u>	<u>(947,539)</u>
Total expenditures	<u>\$ 13,841,704</u>	<u>\$ 14,824,027</u>
Less:		
Charges to others for prisoner care and other sources	\$ (643,017)	\$ (678,875)
Reimbursed expenditures from the Commonwealth	<u>(4,866,960)</u>	<u>(5,013,789)</u>
Net cost to participant localities	<u>\$ 8,331,727</u>	<u>\$ 9,131,363</u>
Total prisoner days for participant localities	<u>\$ 160,629</u>	<u>\$ 190,436</u>
Actual local cost per diem	<u>\$ 51.87</u>	<u>\$ 47.95</u>

The City of Charlottesville and Counties of Albemarle and Nelson contributions to the Authority include costs for services based on bed days plus debt service requirements for the jail expansion bonds.

NOTE 10 - LITIGATION:

At June 30, 2013, there were no matters of litigation involving the Authority or which would materially affect the Authority's financial position should any court decisions on pending matters not be favorable to such entities.

NOTE 11 - FISCAL AGENT:

The Director of Finance of the County of Albemarle is the Fiscal Agent for the Authority.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Notes to Financial Statements
As of June 30, 2013 (continued)

NOTE 12 - OPERATING RESERVE FUND:

As a requirement of the jail expansion bond issue, the Authority is required to fund an operating reserve equal to 25% of the Authority's operating budget. At June 30, 2013 this fund totaled \$2,945,285.

NOTE 13 - CAPITAL PROJECTS:

At June 30, 2013, the Authority had \$795,700 commitments for capital projects and related subsequent year expenses.

NOTE 14 - RISK MANAGEMENT:

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority joined together with other local governments in Virginia to form the VACO Risk Management Programs, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The Authority pays an annual premium to the association for its workers' compensation insurance.

In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The Authority continues to carry commercial insurance for all other risks of loss, including general liability and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 15 - RESTATEMENT OF NET POSITION:

As a result of the implementation of GASB Statement Number 65, beginning net position was restated as follows:

Net Position July 1, 2012	\$	11,407,223
Write-off of bond issuance costs (GASB 65)		<u>(35,750)</u>
Net Position as restated July 1, 2012	\$	<u><u>11,371,473</u></u>

- Required Supplementary Information -

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Schedule of Pension and OPEB Funding Progress for the Virginia Retirement System
and Other Postemployment Benefits

Last Three Fiscal Years

Virginia Retirement System:

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
June 30, 2012	\$ 12,407,165	\$ 16,620,959	\$ 4,213,794	74.65%	\$ 6,715,169	62.75%
June 30, 2011	11,347,597	15,114,409	3,766,812	75.08%	6,485,654	58.08%
June 30, 2010	10,188,975	13,922,172	3,733,197	73.19%	6,740,578	55.38%

Other Postemployment Benefits:

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
June 30, 2012	\$ -	\$ 1,487,000	\$ 1,487,000	0.00%	\$ 6,715,169	22.14%
June 30, 2011	-	1,329,000	1,329,000	0.00%	6,485,654	20.49%
June 30, 2010	-	1,375,000	1,375,000	0.00%	6,740,578	20.40%

Information only available for two years.

- Other Supplementary Information -

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Schedule of Revenues and Expenses
Budgetary Basis
Year Ended June 30, 2013

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for services:				
Care of prisoners:				
City of Charlottesville	\$ 4,137,145	\$ 4,137,145	\$ 4,098,628	\$ (38,517)
County of Albemarle	3,324,064	3,324,064	2,648,751	(675,313)
County of Nelson	510,168	510,168	582,796	72,628
Other localities	12,000	12,000	18,702	6,702
Federal	243,608	243,608	173,630	(69,978)
Work release	48,000	48,000	46,877	(1,123)
Inmate telephone	200,000	200,000	200,855	855
Daily inmate charges	92,000	92,000	84,347	(7,653)
Other	5,000	5,000	44,415	39,415
Total charges for services	<u>\$ 8,571,985</u>	<u>\$ 8,571,985</u>	<u>\$ 7,899,001</u>	<u>\$ (672,984)</u>
Miscellaneous:				
Other	\$ 73,600	\$ 73,600	\$ 74,191	\$ 591
Intergovernmental:				
Revenue from the Commonwealth:				
Department of Corrections	1,024,000	1,024,000	627,024	(396,976)
Total operating revenues	<u>\$ 9,669,585</u>	<u>\$ 9,669,585</u>	<u>\$ 8,600,216</u>	<u>\$ (1,069,369)</u>
Expenses:				
Compensation and related items:				
Salaries and wages	\$ 7,636,098	\$ 7,636,098	\$ 7,372,785	\$ 263,313
Fringes:				
Social security and medicare taxes	584,161	584,161	541,177	42,984
Retirement	1,089,608	1,089,608	1,035,470	54,138
Health insurance	1,031,985	1,031,985	970,361	61,624
Dental insurance	40,000	40,000	28,033	11,967
Life insurance	100,000	100,000	82,929	17,071
Unemployment	25,000	25,000	-	25,000
Workers compensation	90,000	90,000	70,481	19,519
Employee physical assessments	2,500	2,500	2,670	(170)
Other employee benefits	-	-	25,144	(25,144)
Total compensation and related items	<u>\$ 10,599,352</u>	<u>\$ 10,599,352</u>	<u>\$ 10,129,050</u>	<u>\$ 470,302</u>
Contractual:				
Legal	\$ 29,120	\$ 29,120	\$ 32,157	\$ (3,037)
Professional services	3,000	3,000	14,827	(11,827)
Health services	230,000	230,000	249,297	(19,297)
Audit	10,974	10,974	10,347	627
Repairs and maintenance	73,000	73,000	64,026	8,974
Maintenance contracts	143,240	143,240	84,408	58,832

Schedule of Revenues and Expenses
 Budgetary Basis
 Year Ended June 30, 2013 (Continued)

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Expenses: (continued)				
Contractual: (continued)				
Printing and binding	\$ 300	\$ 300	\$ 335	\$ (35)
Advertising	-	-	256	(256)
Other purchased services	7,000	7,000	4,781	2,219
Refuse collection	40,000	40,000	18,776	21,224
Administration fees	137,512	137,512	137,512	-
Data processing	20,000	20,000	32,795	(12,795)
Total contractual	<u>\$ 694,146</u>	<u>\$ 694,146</u>	<u>\$ 649,517</u>	<u>\$ 44,629</u>
Other charges:				
Electrical	\$ 230,000	\$ 230,000	\$ 208,661	\$ 21,339
Heating	140,000	140,000	105,102	34,898
Water and sewer	320,000	320,000	238,008	81,992
Postal services	6,500	6,500	5,422	1,078
Telecommunications	48,000	48,000	56,245	(8,245)
Fire insurance	42,000	42,000	25,527	16,473
Automotive insurance	5,000	5,000	5,009	(9)
Leases, rentals	3,708	3,708	4,120	(412)
Training - Academy	80,000	80,000	78,600	1,400
Travel - education	14,323	14,323	23,825	(9,502)
Travel - subsistence	5,000	5,000	862	4,138
Miscellaneous	17,000	17,000	14,564	2,436
Dues and memberships	2,200	2,200	5,646	(3,446)
Office supplies	28,000	28,000	49,746	(21,746)
Food supplies	820,000	820,000	767,487	52,513
Medical and lab supplies	400,000	400,000	279,938	120,062
Laundry and janitorial supplies	75,000	75,000	63,289	11,711
Kitchen supplies	25,000	25,000	27,718	(2,718)
Linen supplies	15,500	15,500	10,621	4,879
Uniforms - inmates	15,000	15,000	16,792	(1,792)
Repair and maintenance supplies	65,000	65,000	73,369	(8,369)
Vehicle and equipment fuel, supplies, repairs	33,000	33,000	30,978	2,022
Police supplies	17,000	17,000	11,506	5,494
Uniforms and apparel	31,000	31,000	34,428	(3,428)
Books and subscriptions	300	300	1,833	(1,533)
Education and recreation supplies	100,000	100,000	81,675	18,325
Other operating supplies	800	800	-	800
Copy expense	200	200	60	140
Total other charges	<u>\$ 2,539,531</u>	<u>\$ 2,539,531</u>	<u>\$ 2,221,031</u>	<u>\$ 318,500</u>

Schedule of Revenues and Expenses
 Budgetary Basis
 Year Ended June 30, 2013 (Continued)

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Expenses: (continued)				
Capital Outlay:				
Machinery and equipment	\$ 25,000	\$ 25,000	\$ 75,360	\$ (50,360)
Other	-	-	24,457	(24,457)
Total capital outlay	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 99,817</u>	<u>\$ (74,817)</u>
Total expenses	<u>\$ 13,858,029</u>	<u>\$ 13,858,029</u>	<u>\$ 13,099,415</u>	<u>\$ 758,614</u>
Net operating income (loss)	<u>\$ (4,188,444)</u>	<u>\$ (4,188,444)</u>	<u>\$ (4,499,199)</u>	<u>\$ (310,755)</u>
Nonoperating revenue (expenses):				
Debt service assessments:				
City of Charlottesville	\$ 283,760	\$ 283,760	\$ 283,760	\$ -
County of Albemarle	266,114	266,114	266,114	-
County of Nelson	27,236	27,236	27,236	-
Total debt service assessments	<u>\$ 577,110</u>	<u>\$ 577,110</u>	<u>\$ 577,110</u>	<u>\$ -</u>
Interest income	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 1,665</u>	<u>\$ (2,335)</u>
Commonwealth of Virginia				
Operating grants	<u>\$ 4,150,000</u>	<u>\$ 4,150,000</u>	<u>\$ 4,239,936</u>	<u>\$ 89,936</u>
Federal Government				
State Criminal Alien Assistance Program	<u>\$ 11,000</u>	<u>\$ 11,000</u>	<u>\$ 41,661</u>	<u>\$ 30,661</u>
Gain on disposal of assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 648</u>	<u>\$ 648</u>
Tower lease	<u>\$ 23,444</u>	<u>\$ 23,444</u>	<u>\$ 24,879</u>	<u>\$ 1,435</u>
Debt service (expenses):				
Principal	\$ (359,780)	\$ (359,780)	\$ (347,599)	\$ 12,181
Interest	<u>(217,330)</u>	<u>(217,330)</u>	<u>(223,690)</u>	<u>(6,360)</u>
Total debt service (expenses)	<u>\$ (577,110)</u>	<u>\$ (577,110)</u>	<u>\$ (571,289)</u>	<u>\$ 5,821</u>
Net nonoperating revenues (expenses)	<u>\$ 4,188,444</u>	<u>\$ 4,188,444</u>	<u>\$ 4,314,610</u>	<u>\$ 126,166</u>
Excess (deficiency) of revenues over (under) expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (184,589)</u>	<u>\$ (184,589)</u>

This schedule is presented on the budgetary basis of the Authority which is on the modified accrual basis of accounting.

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Reconciliation of the Schedule of Revenues and Expenses - Budgetary Basis
to the Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2013

Reconciliation of (deficiency) of revenues (under) expenditures to
changes in net position per the Statement of Revenues,
Expenses and Changes in Net Position:

Excess (Deficiency) of revenues over (under) expenditures per budgetary basis schedule	\$	(184,589)
Capital assets capitalized		62,061
Depreciation and amortization expense		(927,079)
Net OPEB obligation		(171,000)
Principal payments on debt		<u>347,599</u>
Changes in net position, per statement of revenues, expenses, and changes in net position	\$	<u><u>(873,008)</u></u>

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Schedule of Restricted Cash and Amounts Held for Others

At June 30, 2013

(With Comparative Amounts for 2012)

	Work Release Account	Home Electronic Monitoring Account	Inmate Canteen Account	Inmate Admini- stration Account	Employee Canteen Account	Total	
						2013	2012
ASSETS							
Cash and cash equivalents	\$ <u>18,746</u>	\$ <u>14,946</u>	\$ <u>36,817</u>	\$ <u>63,920</u>	\$ <u>3,646</u>	\$ <u>138,075</u>	\$ <u>152,439</u>
LIABILITIES							
Amounts held for others	\$ <u>18,746</u>	\$ <u>14,946</u>	\$ <u>36,817</u>	\$ <u>63,920</u>	\$ <u>3,646</u>	\$ <u>138,075</u>	\$ <u>152,439</u>

ALBEMARLE-CHARLOTTESVILLE REGIONAL JAIL AUTHORITY

Agency Funds
 Schedule of Changes in Assets and Liabilities
 At June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Work Release Account				
Assets:				
Cash	\$ 18,809	\$ 257,041	\$ 257,104	\$ 18,746
Liabilities:				
Amounts held for others	\$ 18,809	\$ 257,041	\$ 257,104	\$ 18,746
Home Electronic Monitoring Account				
Assets:				
Cash	\$ 14,120	49,310	\$ 48,484	\$ 14,946
Liabilities:				
Amounts held for others	\$ 14,120	\$ 49,310	\$ 48,484	\$ 14,946
Inmate Canteen Account				
Assets:				
Cash	\$ 36,449	\$ 345,013	\$ 344,645	\$ 36,817
Liabilities:				
Amounts held for others	\$ 36,449	\$ 345,013	\$ 344,645	\$ 36,817
Inmate Administration Account				
Assets:				
Cash	\$ 74,713	\$ 582,058	\$ 592,851	\$ 63,920
Liabilities:				
Amounts held for others	\$ 74,713	\$ 582,058	\$ 592,851	\$ 63,920
Employee Canteen Account				
Assets:				
Cash	\$ 3,261	\$ 30,308	\$ 29,923	\$ 3,646
Liabilities:				
Amounts held for others	\$ 3,261	\$ 30,308	\$ 29,923	\$ 3,646
Workforce Account				
Assets:				
Cash	\$ -	\$ 80	\$ 80	\$ -
Liabilities:				
Amounts held for others	\$ -	\$ 80	\$ 80	\$ -
Art Rhythm and Resilience Account				
Assets:				
Cash	\$ 5,087	\$ -	\$ 5,087	\$ -
Liabilities:				
Amounts held for others	\$ 5,087	\$ -	\$ 5,087	\$ -
Total				
Assets:				
Cash	\$ 152,439	\$ 1,263,810	\$ 1,278,174	\$ 138,075
Liabilities:				
Amounts held for others	\$ 152,439	\$ 1,263,810	\$ 1,278,174	\$ 138,075

- Compliance -

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board Members of the
Albemarle-Charlottesville Regional Jail Authority
Charlottesville, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of Albemarle-Charlottesville Regional Jail Authority as of and for the year ended June 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated November 1, 2013.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 1, 2013