NEW RIVER VALLEY REGIONAL JAIL AUTHORITY

FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2008

NEW RIVER VALLEY REGIONAL JAIL AUTHORITY
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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Members of the
New River Valley Regional Jail Authority
Dublin, Virginia

We have audited the accompanying financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of the New River Valley Regional Jail Authority, as of and for the year ended June 30, 2008, which collectively comprise the entity's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the New River Valley Regional Jail Authority's management. Our responsibility is to express 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 Specifications for Audits of Authorities, Board 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 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 respective financial position of the governmental activities, the major funds, and the aggregate remaining fund information of the New River Valley Regional Jail Authority, as of June 30, 2008, and the respective changes in financial position thereof for the year 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 February 9, 2009, on our consideration of the New River Valley Regional Jail Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 should be considered in assessing the results of our audit.

The Authority has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The budgetary comparison information as listed in the table of contents (required supplementary information) is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Blacksburg, Virginia
February 9, 2009

NEW RIVER VALLEY REGIONAL JAIL AUTHORITY

Exhibit A

STATEMENT OF NET ASSETS
AS OF JUNE 30, 2008

	Primary Government Governmental Activities
Assets	
Current Assets:	
Cash and cash equivalents	$ 73,316,373
Account receivable (net of allowance for uncollectible amounts)	543,147
Accrued interest receivable	231,058
Due from governmental units	914,981
Total Current Assets	75,005,559
Non-Current Assets(net of accumulated depreciation):	
Land	1,177,017
Buildings and systems	21,546,413
Machinery and equipment	1,447,467
Construction in progress	6,084,750
Bond discount	1,186,050
Bond issue cost	1,410,466
Total Non-Current Assets, Net	32,852,163
Total Assets	107,857,722
Liabilities	
Accounts payable	1,042,183
Accounts payable - retainage	70,405
Other payables	2,037
Accrued interest payable	382,011
Long-Term Liabilities:	
Bond premium	135,348
Amounts due within one year	1,244,426
Due in more than one year	91,275,000
Total Liabilities	94,151,410
Net Assets	
Invested in capital assets, net of related debt	(61,019,353)
Restricted for :	
Jail expansion	69,431,958
Unrestricted	5,293,707
Total Net Assets	$ 13,706,312

See accompanying notes to financial statements.

NEW RIVER VALLEY REGIONAL JAIL AUTHORITY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

		Program Revenues			Net (Expense) Revenue and Change in Net Assets
					Primary Government
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government					
Governmental activities:					
Public safety	$ 11,426,273	$ 5,299,829	$ 6,749,280	$ -	$ 622,836
Interest on long-term debt	1,205,917	-	-	-	(1,205,917)
Total governmental activities	12,632,190	5,299,829	6,749,280	-	(583,081)
Total primary government	$ 12,632,190	$ 5,299,829	$ 6,749,280	$ -	(583,081)
General revenues:					
Revenues from use of money and property					326,000
Miscellaneous					298,339
Total general revenues					624,339
Change in net assets					41,258
Net assets, July 1, 2007					13,665,054
Net assets, June 30, 2008					$ 13,706,312

See accompanying notes to financial statements.

GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2008

	General Fund	Debt Service Fund	Jail Expansion Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 4,320,389	$ -	$ 69,038,510	$ 400	$ 73,359,299
Accounts receivables (net of allowance for uncollectibles)	541,693	-	-	1,454	543,147
Due from other governmental units	914,981	-	-	-	914,981
Total assets	$ 5,777,063	$ -	$ 69,038,510	$ 1,854	$ 74,817,427
Liabilities					
Accounts payable	$ 98,747	$ -	$ -	$ -	$ 98,747
Other payables	2,037	-	-	-	2,037
Total liabilities	100,784	-	-	-	100,784
Fund Balance					
Reserved for:					
Jail expansion	-	-	69,038,510	-	69,038,510
Unreserved:					
Designated for future expenditure	-	-	-	1,854	1,854
Undesignated	5,676,279	-	-	-	5,676,279
Total fund balance	5,676,279	-	69,038,510	1,854	74,716,643
Total liabilities and fund balance	$ 5,777,063	$ -	$ 69,038,510	$ 1,854	$ 74,817,427

See accompanying notes to financial statements.

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2008

Fund Balances-total governmental funds		$ 74,716,643
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Governmental funds report interest income when received and not the year it is earned. Accrued interest receivable is included on Statement of Net Assets to reflect the amount of interest earned in current fiscal year but not received at year end.		231,058
Governmental funds report the effect of bond discounts as an expenditure in the current period, whereas these amounts are amortized over the life of the bonds and increase interest expense in the Statement of Activities. Bond discount is also reported as a non-current asset on the Statement of Net Assets.		1,186,050
Governmental funds report bond issue cost as an expenditure, whereas these amounts are amortized over the life of the bonds in the Statement of Activities and reported as a non-current asset on the Statement of Net Assets.		1,410,466
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Governmental capital assets	$ 38,285,240	
Less: accumulated depreciation and amortization	(8,029,594)	30,255,645
Compensated absences are not due and payable in the current year and therefore are not reported in the governmental funds.		(384,426)
Interest payable used in the governmental activities are not payable from current resources and therefore are not reported in the governmental funds.		(382,011)
Accounts payable are not due and payable in the current year and therefore are not reported in the governmental funds.		(1,013,841)
Governmental funds report the effect of bond premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities and reported as a long-term liability on the Statement of Net Assets.		(135,348)
Governmental funds report cash and cash equivalents at cost, whereas cash and cash equivalents are reported at fair market value on the Statement of Net Assets.		(42,924)
Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds:		
2008 Series revenue bond	(60,940,000)	
2008 Series note	(31,195,000)	(92,135,000)
Net Assets of Governmental Activities		$ 13,706,312

See accompanying notes to financial statements.

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	Debt Service Fund	Jail Expansion Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Revenue from use of money and property	$ 121,663	$ -	$ 57,849	$ -	$ 179,512
Charges for services	5,242,668	-	-	57,161	5,299,829
Telephone commissions	211,369	-	-	-	211,369
Recovered costs	57,615	-	-	-	57,615
Miscellaneous	29,355	-	-	-	29,355
Intergovernmental	6,749,280	-	-	-	6,749,280
Total Revenues	12,411,950	-	57,849	57,161	12,526,960
Expenditures:					
Public safety:					
Employee costs	7,042,060	-	-	-	7,042,060
Medical costs	1,339,157	-	-	-	1,339,157
Building costs	583,271	-	-	-	583,271
Administrative costs	37,959	-	-	-	37,959
Service contract/treatment costs	117,144	-	-	-	117,144
Telecommunications costs	43,221	-	-	-	43,221
Vehicle/equipment costs	142,927	-	-	-	142,927
Inmate service costs	676,231	-	-	-	676,231
Custodial costs	39,674	-	-	-	39,674
Travel costs	38,996	-	-	-	38,996
Training and operational costs	53,538	-	-	22,871	76,409
Construction costs	-	-	7,155,522	-	7,155,522
Repayment of grant funds	-	-	-	38,237	38,237
Debt Service:					
Principal retirement	-	18,285,000	-	-	18,285,000
Interest and fiscal charges	-	1,205,917	6,164	-	1,212,081
Total expenditures	10,114,178	19,490,917	7,161,686	61,108	36,827,889
Excess (deficiency) of revenues over expenditures	2,297,772	(19,490,917)	(7,103,837)	(3,947)	(24,300,929)
Other Financing Sources and (Uses):					
Bond proceeds	-	-	92,135,000	-	92,135,000
Bond discount	-	-	(1,186,050)	-	(1,186,050)
Bond premium	-	-	135,348	-	135,348
Transfers from (to) other funds (net)	(1,570,289)	16,564,258	(14,960,348)	(33,621)	-
Total other financing sources/(uses)	(1,570,289)	16,564,258	76,123,950	(33,621)	91,084,298
Net change in fund balances	727,483	(2,926,659)	69,020,113	(37,568)	66,783,369
Fund balance, July 1, 2007	4,948,796	2,926,659	18,397	39,422	7,933,274
Fund balance, June 30, 2008	$ 5,676,279	$ -	$ 69,038,510	$ 1,854	$ 74,716,643

See accompanying notes to financial statements.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Net Change in Fund Balances-total governmental fund		$ 66,783,369
Amounts reported for governmental activities in the Statement of Activities are different because:		
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Accrued interest	$ (231,058)	
Unrealized loss on accounts	42,926	(188,132)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives:		
Expenditures for capital assets	$ 6,711,352	
Less: current year depreciation	(1,278,251)	5,433,101
Governmental funds report an decrease in compensated absences as a decrease in expenditures. However, in the Statement of Net Assets the change decreases long-term liabilities.		8,482
Expenditures in the Statement of Activities that do not provide current financial resources are not reported as expenditures in the governmental funds.		(1,013,841)
Governmental funds report repayment of bond principal as an expenditure. However, in the Statement of Net Assets the repayment reduces long-term liabilities.		18,285,000
Governmental funds report revenue bonds issued as other financing sources and uses. However, in the Statement of Net Assets these bonds are reported as a long-term liability.		(92,135,000)
Governmental funds report premiums on bonds as other financing sources and uses. However, in the Statement of Net Assets these premiums are reported as a long-term liability. The premiums are amortized over the life of the bonds and reduce interest expense for the current year.		(135,348)
Governmental funds report discounts on bonds as other financing sources and uses. However, in the Statement of Net Assets these discounts are reported as a non-current asset. The discounts are amortized over the life of the bonds which increases interest expense for the year.		1,186,050
Governmental funds report bond issuance cost as a current period expenditure. However, in the Statement of Net Assets these cost are reported as a non-current asset and amortized over the life of the bond.		1,416,369
Governmental funds do not include amortization as an expenditure. However, bond issue costs are capitalized and amortized over the life of the bond on the Statement of Revenues, Expenditures and Changes in Fund Balances:		
Current year amortization		(5,902)
Interest expense reported in the Statement of Activities includes amounts that should be capitalized as construction in progress.		4,671
Accrued interest expense reported in the Statement of Activities does not require the use of current financial resources and is therefore not reported as expenditures in governmental funds. The accrued interest expense is reflected in the construction in progress account.		382,011
Other expenses reported in the Statement of Activities which are not reported on the governmental funds. Includes purchase of accrued interest.		20,427
Change in Net Assets of Governmental Activities		$ 41,258

See accompanying notes to financial statements.

NEW RIVER VALLEY REGIONAL JAIL AUTHORITY

Exhibit G

STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
AS OF JUNE 30, 2008

		Agency Funds
Assets		
Cash	$	95,896
Due from others		12,840
Total assets		108,736
Liabilities		
Amounts held for inmate benefits		108,736
Total liabilities	$	108,736

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

1. Summary of Significant Accounting Policies:

The financial statements of the New River Valley Regional Jail Authority (the Authority) conform to generally accepted accounting principles (GAAP) applicable to government units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Reporting Entity

The Authority was created by concurrent resolutions of the Counties of Bland, Carroll, Floyd, Giles, Grayson, Pulaski, Wythe and the City of Radford. The Authority was created under the provisions of Title 53.1, Chapter 3, Articles 3.1 and 5 of the *Code of Virginia 1950, as amended.* The Authority was created to construct and operate a jail facility for the participating jurisdictions.

The Authority does not have any component units. In addition, the Jail is not considered a component unit of any of the participating jurisdictions.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the Authority (primary government).

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues.*

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Intergovernmental revenues, consisting primarily of federal, state, and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when the government receives cash.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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

The Authority reports the following major government funds:

The General Fund is the Authority's primary operating fund. It accounts for all financial resources of the Authority, except those required to be accounted for in other funds.

The Debt Service Fund accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The Jail Expansion Fund accounts for resources accumulated and cost associated with the construction of major capital project at the jail.

The Authority reports the following non-major governmental funds:

The Home Electronic Monitoring Fund accounts for financial resources of the Home Electronic Monitoring Program.

The Community Corrections/Pretrial Services Fund accounts for financial resources of the Community Correction and Pretrial Services grant programs. As of June 30, 2008 the government will no longer account for this fund.

Additionally, the Authority reports the following fund types:

Fiduciary funds account for assets held by the Authority in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Agency funds include the Commissary Fund and the Inmate Trust Fund.

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

Investments for the Authority are reported at fair value on the statement of net assets and at cost on fund financials. The State Treasurer's Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Allowance for Uncollectible Accounts

Accounts receivable are stated at book value utilizing the direct write-off method for uncollectible accounts. For the year ended June 30, 2008 accounts totaling $29,670 have been deemed uncollectible and written off for financial reporting purposes.

4. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more that $5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Expenses related to assets being constructed are capitalized in the construction in progress account. Once construction of the asset is completed and put into service, the asset will start being depreciated over its estimated useful life.

Assets	Estimated Life
Buildings	40 years
Building improvements	20 years
Machinery and equipments	5-10 years

Assets are depreciated using the straight-line method over their estimated useful life.

6. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. The Authority accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide financial statements.

7. Restricted Assets

Certain proceeds of the Authority's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The revenue bond payment accounts are used to segregate resources accumulated for debt service payments over the next twelve months. The "debt service reserve" is used to report resources set aside to make up potential future deficiencies in the revenue bond payment account.

8. Long-term obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bond issuance costs are reported as a non-current asset and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

9. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

10. Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets.

2. Deposits and Investments

Deposits

All cash of the Authority is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (a multiple financial institution collateral pool), Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance. 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 FDIC limits. Deposits covered by the ACT are considered insured since the Treasury Board is authorized to make additional assessments.

Investments

Statutes authorize the Authority to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivision 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 and the State Treasurer's Local Government Investment Pool (LGIP).

External Investment Pools

The fair value of the positions in the external investment pool (Local Government Investment Pool) are the same as the value of the pool shares. The Local Government Investment Pool (LGIP) is not SEC registered, regulatory oversight of the pools rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

3. Due from Other Governmental Units

The following amount represents payments due from other governmental units at year end:

	Amount Due
Commonwealth of Virginia:	
Categorical aid	$ 914,981

4. Primary Government-Governmental Activity indebtedness

Annual requirements to amortize long-term debt and related interest are as follows:

Year Ending June 30,	2008 Revenue Bonds Principal	2008 Revenue Bonds Interest	2008 Bond notes Principal	2008 Bond notes Interest	Totals Principal	Totals Interest
2008	$ 860,000	$ 1,018,697	$ -	$ -	$ 860,000	$ 1,018,697
2009	950,000	2,670,750	-	1,095,291	950,000	3,766,041
2010	985,000	2,637,500	-	1,247,800	985,000	3,885,300
2011	1,120,000	2,603,025	31,195,000	1,247,800	32,315,000	3,850,825
2012	1,160,000	2,563,825	-	-	1,160,000	2,563,825
2013	1,200,000	2,520,325	-	-	1,200,000	2,520,325
2014	1,250,000	2,475,325	-	-	1,250,000	2,475,325
2015	1,300,000	2,425,325	-	-	1,300,000	2,425,325
2016	1,350,000	2,373,325	-	-	1,350,000	2,373,325
2017	1,405,000	2,319,325	-	-	1,405,000	2,319,325
2018	1,465,000	2,256,100	-	-	1,465,000	2,256,100
2019-2023	8,365,000	10,251,775	-	-	8,365,000	10,251,775
2024-2028	10,370,000	8,240,250	-	-	10,370,000	8,240,250
2029-2033	12,930,000	5,686,500	-	-	12,930,000	5,686,500
2034-2038	16,230,000	2,384,738	-	-	16,230,000	2,384,738
	$ 60,940,000	$ 52,426,785	$ 31,195,000	$ 3,590,891	$ 92,135,000	$ 56,017,676

The following is a summary of long-term debt transactions of the Authority for the year ended June 30, 2008.

	Balance July 1, 2007	Issuances	Retirements	Balance June 30, 2008
1997 Revenue bonds	$ 18,285,000	$ -	$ (18,285,000)	$ -
2008 Revenue bonds	-	60,940,000	-	60,940,000
2008 Bond notes	-	31,195,000	-	31,195,000
Compensated absences	392,908	384,426	(392,908)	384,426
	$ 18,677,908	$ 92,519,426	$ (18,677,908)	$ 92,519,426

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
Series 2008 revenue bonds issued May 15, 2008, with interest due semiannually on October 1 and April 1 until maturity on October 1, 2038. Interest accrues at rates varying from 3% to 5%. Principal payments varying from $860,000 to $3,555,000 are due annually through October 1, 2038.	$ 60,940,000	$ 860,000
Series 2008 notes issued May 15, 2008, with interest due annually on October 1 for 2009, 2010, and 2011. Interest accrues at a rate of 4%. Principal payment of $31,195,000 is due October 1, 2011.	31,195,000	-
	$ 92,135,000	$ 860,000
Other Obligation:		
Compensated absences	384,426	384,426
Bond premium	135,348	-
Total Long-term obligations	$ 92,654,774	$ 1,244,426

Bond premium is amortized over the life of the Series 2008 bonds (30 years). The annual amortization amount is included in interest expense for the year. Accrued interest on the Series 2008 bond payment for October 1, 2008 is $382,011. The accrued interest has been included in construction in progress on the Statement of Net Assets.

5. Employee Retirement System and Pension Plans

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)
Identification of Plan: Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Administering Entity: 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 with 5 years of service for participating law enforcement officers and firefighters) or at age 50 with 30 years of service for participating employers (age 50 with 25 years of service for participating law enforcement officers and firefighters) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) 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 adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5% per year. AFC is defined as the highest consecutive 36 months of reported compensation.

Participating local law enforcement officers and firefighters 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 downloaded from their web site at http://www.varetire.org/Pdf/2007AnnuRept.pdf or obtained by writing to the 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 reported compensation to the VRS. The employer may assume this 5% member contribution. 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 2008 was 14.27% of annual covered payroll.

C. Annual Pension Cost

For fiscal year 2008, the Authority's annual pension cost of $1,186,009 was equal to the Authority's required and actual contributions. The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return, (b) projected salary increases ranging from 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 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 payroll on an open basis within a period of 30 years or less.

D. Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2006	$ 490,409	100.00%	$ -
June 30, 2007	$ 700,298	100.00%	$ -
June 30, 2008	$ 710,956	100.00%	$ -

E. Schedule of Funding Progress

Valuation as of (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets as % of AAL (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4)/(6) (7)
6/30/07	4,952,562	5,201,993	249,431	95.21%	5,110,222	4.88%
6/30/06	2,894,110	4,135,828	241,718	94.16%	4,546,027	5.32%
6/30/05	3,082,808	4,242,443	1,159,635	72.67%	4,195,695	27.64%
6/30/04	2,395,779	3,471,700	1,075,921	69.01%	4,024,203	26.74%
6/30/03	1,738,061	2,852,285	1,114,224	60.94%	3,901,327	28.56%

6. Changes in Capital Assets

Primary Government:

Governmental Activities:	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008
Capital Assets Not Being Depreciated:				
Land	$ 162,240	$ 1,014,777	$ -	1,177,017
Construction in progress	-	6,084,750	-	6,084,750
Total capital assets not being depreciated	162,240	7,099,526	-	7,261,766
Capital Assets Being Depreciated:				
Buildings	27,806,734	-	-	27,806,734
Accumulated depreciation	(5,565,153)	(695,168)	-	(6,260,321)
Net buildings	22,241,581	(695,168)	-	21,546,413
Machinery and equipment	3,216,740	-	-	3,216,740
Accumulated depreciation	(1,538,486)	(230,787)	-	(1,769,273)
Net machinery and equipment	1,678,254	(230,787)	-	1,447,467
Bond issue cost	352,296	1,416,369	352,296	1,416,369
Accumulated amortization	-	(5,903)	-	(5,903)
Net bond issue cost	352,296	1,410,466	352,296	1,410,466
Total capital assets being depreciated	31,375,770	1,416,369	352,296	32,439,843
Less: accumulated depreciation and amortization	(7,103,639)	(931,858)	-	(8,035,497)
Net total capital assets being depreciated	24,272,131	484,511	352,296	24,404,346
Governmental activities capital assets, net	$ 24,434,371	$ 7,584,038	$ 352,296	$ 31,666,113

All depreciation expense was charged to the public safety function in the Statement of Activities.

During the fiscal year ending June 30, 2008 the Authority started construction on an expansion for the jail. All of the construction cost for 2008 has been capitalized in construction in progress. Once the construction has been completed and the asset put into service, the expansion cost will be expensed over its estimated useful life.

Amortization expense for Bond Issue Cost, in the amount of $5,903, is included in the public safety function on the Statement of Activities.

7 Risk Management

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and ommission; and natural disasters. The Authority participates with other government entities in a public entity risk pool for their coverage of liability, building, property, and auto insurance through the Virginia Municipal Liability Pool. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The Authority pays the Virgina Municipal Group contibutions and assessments based upon classifications and rates, into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss, deficit, of depletion of all available excess insurance, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. Settled claims have not exceeded pool coverage in any of the past three fiscal years.

8 Compensated Absences

Authority employees earn vacation and sick leave each month at a scheduled rate in accordance with years of service, accumulated unpaid vacation and other compensatory leave amounts are accrued when incurred. At June 30, 2008 the liability for accrued leave totaled $3,384,426.

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2008

	Budgeted Amounts Original	Budgeted Amounts Final	Actual (Budgetary Basis)	Variance from Final Budget Positive (Negative)
Revenues (Inflows):				
Revenue from local sources:				
Charges to participating jurisdictions:				
Bland County	$ 127,033	$ 127,033	$ 131,506	$ 4,473
Carroll County	726,173	726,173	736,420	10,247
Giles County	489,434	489,434	491,738	2,304
Grayson County	413,866	413,866	519,797	105,931
Floyd County	218,042	218,042	233,191	15,149
Pulaski County	1,810,883	1,810,883	1,504,729	(306,154)
City of Radford	612,950	612,950	492,913	(120,037)
Wythe County	1,048,428	1,048,428	1,115,169	66,741
U.S. Marshall Fixed Contract	-	-	17,208	17,208
Work release program	17,000	17,000	36,085	19,085
Interest income	175,000	175,000	121,663	(53,337)
Inmate telephone income	130,000	130,000	211,369	81,369
Live scan program	1,600	1,600	-	(1,600)
Inmate cost recovery	20,000	20,000	21,530	1,530
Miscellaneous income	41,500	41,500	29,352	(12,148)
Total revenue from local sources	5,831,909	5,831,909	5,662,670	(169,239)
Revenue from the Commonwealth:				
Categorical aid:				
Reimbursement of salaries and wages	4,588,400	4,588,400	4,628,022	39,622
State per diem payments	1,816,240	1,816,240	2,121,258	305,018
Total revenue from the Commonwealth	6,404,640	6,404,640	6,749,280	344,640
Total operating revenues	$ 12,236,549	$ 12,236,549	$ 12,411,950	$ 175,401
Expenditures (Outflows):				
Employee costs	$ 7,473,716	$ 7,473,716	$ 7,042,060	$ 431,656
Medical costs	895,849	895,849	1,339,157	(443,308)
Building costs	585,321	585,321	583,271	2,050
Administrative costs	40,650	40,650	37,959	2,691
Service contract/treatment costs	145,300	145,300	117,144	28,156
Telecommunications costs	24,500	24,500	43,221	(18,721)
Vehicle/equipment costs	105,766	105,766	142,927	(37,161)
Inmate services costs	616,250	616,250	676,231	(59,981)
Custodial costs	39,350	39,350	39,674	(324)
Travel costs	17,150	17,150	38,996	(21,846)
Training and operational costs	63,000	63,000	53,538	9,462
Capital outlay	128,680	128,680	-	128,680
Total expenditures	10,135,532	10,135,532	10,114,178	21,354
Excess (deficiency) of revenues over expenditures	2,101,017	2,101,017	2,297,772	154,047
Other financing sources (uses)				
Transfers to other funds	(1,928,289)	(1,928,289)	(1,570,289)	(358,000)
Net change in fund balance	172,728	172,728	727,483	(203,953)
Fund balance, July 1, 2007	-	-	4,948,796	4,948,796
Fund balance, June 30, 2008	$ 172,728	$ 172,728	$ 5,676,279	$ 4,744,843

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

NEW RIVER VALLEY REGIONAL JAIL AUTHORITY

Exhibit I

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2008

	Home Electronic Monitoring	Community Corrections/ Pretrial Services	Total
ASSETS			
Cash and cash equivalents	$ 400	$ -	$ 400
Receivables (net of allowance for uncollectibles):			
Accounts receivable	1,454	-	1,454
Total assets	$ 1,854	$ -	$ 1,854
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	$ -	$ -	$ -
Fund balances:			
Unreserved:			
Designated for subsequent expenditure	1,854	-	1,854
Total liabilities and fund balances	$ 1,854	$ -	$ 1,854

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Home Electronic Monitoring	Community Corrections/ Pretrial Services	Total
Revenues:			
Revenue from local sources:			
Charges for services	$ 57,161	$ -	$ 57,161
Total revenue from local sources	57,161	-	57,161
Revenue from the Commonwealth:			
Categorical aid:			
Community Corrections / Pretrial Grants	-	-	-
Total revenue	$ 57,161	$ -	$ 57,161
Expenditures:			
Training and operational costs	$ 22,871	$ -	$ 22,871
Repayment of grant funds	-	38,237	38,237
Total expenditures	$ 22,871	$ 38,237	$ 61,108
Excess (deficiency) of revenues over expenditures	$ 34,290	$ (38,237)	$ (3,947)
Transfers to other funds	(33,621)	-	(33,621)
Net change in fund balances	669	(38,237)	(37,568)
Fund balance, July 1, 2007	1,185	38,237	39,422
Fund balance, June 30, 2008	$ 1,854	$ -	$ 1,854

COMPLIANCE SECTION

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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 (SIGNIFICANT DEFICIENCIES, REPORTABLE INSTANCES OF NONCOMPLIANCE, AND OTHER MATTERS IDENTIFIED)

To the Members of the
New River Valley Regional Jail Authority
Dublin, Virginia

We have audited the basic financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of the New River Valley Regional Jail Authority, as of and for the year ended June 30, 2008, which collectively comprise the New River Valley Regional Jail Authority's basic financial statements and have issued our report thereon dated February 9, 2009. 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 the New River Valley 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 New River Valley Regional Jail Authority's internal control over financial reporting. Accordingly, we do no express an opinion on the effectiveness of the New River Valley Regional Jail Authority's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 the New River Valley 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 the New River Valley Regional Jail Authority's financial statements that is more than inconsequential will not be prevented or detected by the New River Valley Regional Jail Authority's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses (reference 2008-1, 2008-2, and 2008-3) to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2008-1, 2008-2, and 2008-3 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the New River Valley 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 the New River Valley Regional Jail Authority in a separate letter dated February 9, 2009.

The New River Valley Regional Jail Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit New River Valley Regional Jail Authority's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

Blacksburg, Virginia
February 9, 2009

SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2008

Financial Statement Findings

2008-1

Condition:	The inmate trust fund (agency fund) is not reconciled to the bank account monthly.
Criteria:	Bank accounts should be reconciled monthly to the underlying accounting records.
Effect:	The financial statements may erroneously report amounts held for prisoners' in the inmate trust account.
Management's Response:	Management agrees with the finding and will take steps to improve accountability over the prisoners' accounts.

2008-2

Condition:	Sustantially all accounting transactions are posted by the Jail's Finance Director. In addition, the Finance Director is responsible for preparing checks for payment and reconciling the Jail's bank accounts.
Criteria:	A key concept of internal controls is the segregation of duties. No one employee should have access to both accounting records and related assets. In addition, no one employee should be responsible for all phases of an organization's financial record keeping.
Effect:	The current system of internal controls is insufficient to detect misstatements in the financial statements in a timely manner.
Management's Response:	Limited staff has precluded the Jail from segregating key duties related to finance. The Jail will perform a cost/benefit analysis to determine if the cost of additional staff is justified to improve these controls.

2008-3

Condition:	The inmate account bank reconciliation shows uncleard transactions dating back to February 2005
Criteria:	Reconciling items on bank accounts should be reviewed frequently to determine if errors have occurred in the reconciliation process.
Effect:	The amount reported by the Jail in the inmate account could contain errors.
Management's Response:	Management agrees with the finding and will take steps to review all reconciling items in the inmate trust account.