

# **Pamunkey Regional Jail Authority**

**Hanover County, Virginia**

## **Comprehensive Annual Financial Report**



**For the year ended June 30, 2012**

**Colonel James C. Willett, CJM  
Superintendent**

**Major Mary N. White, CJM  
Deputy Superintendent**

**Mr. F. Keith Spicer, CPA  
Accounting Manager**

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# PAMUNKEY REGIONAL JAIL AUTHORITY COMPREHENSIVE ANNUAL FINANCIAL REPORT

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**PAMUNKEY REGIONAL JAIL AUTHORITY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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**INTRODUCTORY SECTION**  
**(unaudited)**

November 19, 2012

The Honorable Members of the  
Pamunkey Regional Jail Authority Board  
Hanover, VA 23069

Dear Authority Board Members:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Pamunkey Regional Jail Authority (Jail Authority) for the fiscal year ended June 30, 2012. The report was prepared by the Superintendent and the Accounting Manager, who assume full responsibility for the accuracy of information, and the completeness and fairness of preparation. We believe the financial information, as presented, is accurate in all material respects and that it is presented in a manner designed to fairly set forth the financial position and results of operations as measured by the financial activity of the Jail Authority's Enterprise Funds. This letter should be read in conjunction with the *Management's Discussion and Analysis*, which can be found in the Financial Section of the CAFR.

#### FINANCIAL REPORTING ENTITY

The Jail Authority is required to undergo an annual audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

The Jail Authority, a political subdivision of the Commonwealth of Virginia, was authorized by Chapter 726 of the 1990 Acts of the General Assembly of Virginia and formed on December 30, 1992. The participating jurisdictions of the Jail Authority are the Counties of Caroline and Hanover and the Town of Ashland. The Jail Authority is governed by a five-member board comprised of two members each from the Counties of Caroline and Hanover and one from the Town of Ashland. In an agreement between the County of Hanover (the "County") and the Jail Authority, the County serves as fiscal agent for the Jail Authority for which the Jail Authority reimburses the County for services provided in the areas of purchasing, finance, personnel and data processing; however, the Jail Authority formulates and approves its own budget. Complete financial

statements for the County of Hanover can be obtained from the Director of Finance at P.O. Box 470, Hanover, Virginia 23069.

The general purpose of the Jail Authority is to maintain and operate a regional jail facility to meet the needs of the participating jurisdictions. The facility has 437-beds, consisting of 403 general-purpose beds, a 16-bed work release center, a 6-bed medical infirmary and 12 special management cells. The Jail's core services such as the infirmary, kitchen, and laundry services are designed for future expansion to accommodate a total inmate population of 665.

The legislation that created the Jail Authority requires there be a service agreement between the Jail Authority and its participating jurisdictions. The service agreement is a long-term contract regulating usage of the Jail Authority and establishing payment terms applicable to participating jurisdictions. It guarantees that the facility will be used and provides a basis for the issuance of revenue bonds to fund the final design and construction of the Jail. The board members of the Jail Authority signed the Service Agreement on April 7, 1995.

The payments by the participating jurisdictions are subject to the appropriation of funds for such purpose by the governing bodies of the participating jurisdictions.

### ECONOMIC CONDITIONS

Serving the member jurisdictions as Pamunkey Regional Jail does, the overall inmate population is indirectly related to the populations of these localities. Caroline County, Hanover County and the Town of Ashland are all areas that are continually experiencing growth and increased development. This, in turn, serves as an indicator for the number of persons likely to be incarcerated from those jurisdictions.

Hanover County's population growth rate is expected to be approximately 0.8%, with a total population of 101,586 estimated for 2012. These figures include the Town of Ashland. Caroline County's population growth rate is expected to be 2.0%, with a total population of 28,674 estimated for 2012.

The local inmate population for the past year was 357. Projections for the upcoming 2013 fiscal year are 355 and by the 2014 fiscal year, we anticipate an inmate population of approximately 372.

### MAJOR ACCOMPLISHMENTS AND INITIATIVES

Over the past year, many accomplishments were realized within Pamunkey Regional Jail. The Jail Authority received 100% compliance for the fourteenth consecutive year by the Board of Corrections.

The Jail Authority also attained re-accreditation from the American Correctional Association for the fourth time in the facility's existence. The Jail Authority received 100% compliance on all standards which entailed going through an extensive audit in October 2011 from the American Correctional Association.

Once again, the staff of the Pamunkey Regional Jail continues to give back to the community. Over the course of the past year the charitable and community-based outreach activities have continued to make the facility shine amongst the citizens of our user jurisdictions. Our participation with the Special Olympics continued again this year. Several members of our Emergency Response Team participated in the Law Enforcement Torch Run. These dedicated staff members toughed out the heat and extreme humidity to represent our facility in this worthy cause. We also continued our support of the Special Olympics of Virginia by having several staff members volunteer at their annual fundraising event at the North Richmond Harley Davidson dealership located just outside of Ashland, with all proceeds donated to the Special Olympics.

The facility also continues to give back to the community through a partnership with the Hanover County and Caroline County Departments of Social Services. During the holiday season, the staff of the Pamunkey Regional Jail participates in the "Adopt-a-Family" program that benefits local families in need of assistance. We have found this program to be a great success which allows us to give back to the citizens of our user jurisdictions and shed a positive light on our organization. We strive to maintain a high level of professionalism with the Law Enforcement Community. Senior Public Safety Staff Meetings and User Group meetings with our localities have broadened the presence of our facility in the Law Enforcement Community and increased cooperation with the Sheriff's Offices, Courts, and Magistrates of the jurisdictions in which we serve.

## FINANCIAL INFORMATION AND CONTROLS

The Jail Authority's management is responsible for establishing and maintaining internal controls sufficient to ensure safeguarding of jail assets. In developing and evaluating the Jail Authority's accounting system, consideration is given to the adequacy of internal controls. Internal controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and the benefits requires estimates and judgments by management.

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

In addition to the internal controls described above, budgetary controls are also established to ensure compliance with annual operating budgets approved by the Jail Board. Monthly reports containing comparisons between actual and budget and current and prior year amounts are prepared and presented to the jail management and the Board.

The Jail Authority usually initiates its annual operating budget preparations in August of each fiscal year (July 1 through June 30). The Accounting Manager, with input from other departments, prepares a draft budget for the Jail Authority to review. After the initial review, a final budget is submitted to the Jail Authority by January 1 of each year.



## INVESTMENT MANAGEMENT

The Hanover County Treasurer is responsible for investing the Jail Authority's funds. Investments and deposits during the year consisted of a variety of securities, durations and increments as allowable by the Code of Virginia and further restricted by the County's investment policy. The allowable investments include savings accounts, certificates of deposit, U.S. government agency securities, corporate notes, banker's acceptances, commercial paper, money market accounts, mutual funds, state bonds, local bonds, mortgage-backed securities and repurchase agreements. The Hanover County Treasurer and Board of Supervisors have a jointly adopted investment policy that seeks to safeguard principal, meet liquidity objectives and seek fair value rates of returns. The Jail Authority's funds are managed in accordance with this policy.

Investment income earned for the fiscal year for the Jail Authority's operating funds was \$125,822 representing a decrease of \$6,740 from fiscal year 2011. This decrease was attributable to the market return rates decreasing from the prior fiscal year.

## INDEPENDENT AUDIT

The certified public accounting firm of KPMG LLP has audited the Jail Authority's June 30, 2012 financial statements. Their independent auditors' report on the fiscal year 2012 financial statements is presented in the financial section of this report.

## AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Pamunkey Regional Jail for its comprehensive annual financial report for the fiscal year ended June 30, 2011. This was the tenth consecutive year that the Jail has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the Jail Authority published an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

## ACKNOWLEDGMENTS

The preparation of this report could not be accomplished without the efficient and dedicated efforts of the employees of the Pamunkey Regional Jail.

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

Respectfully submitted,

James C. Willett, CJM  
Superintendent

F. Keith Spicer, CPA  
Accounting Manager

**Pamunkey Regional Jail  
Authority Members of the Board and Legal Counsel  
Fiscal Year 2012**

Chairman Charles Hartgrove  
Ashland Town Manager

Vice Chairman Alan Partin  
Caroline County Assistant Administrator

Other Members

Tony Lippa  
Caroline County Sheriff

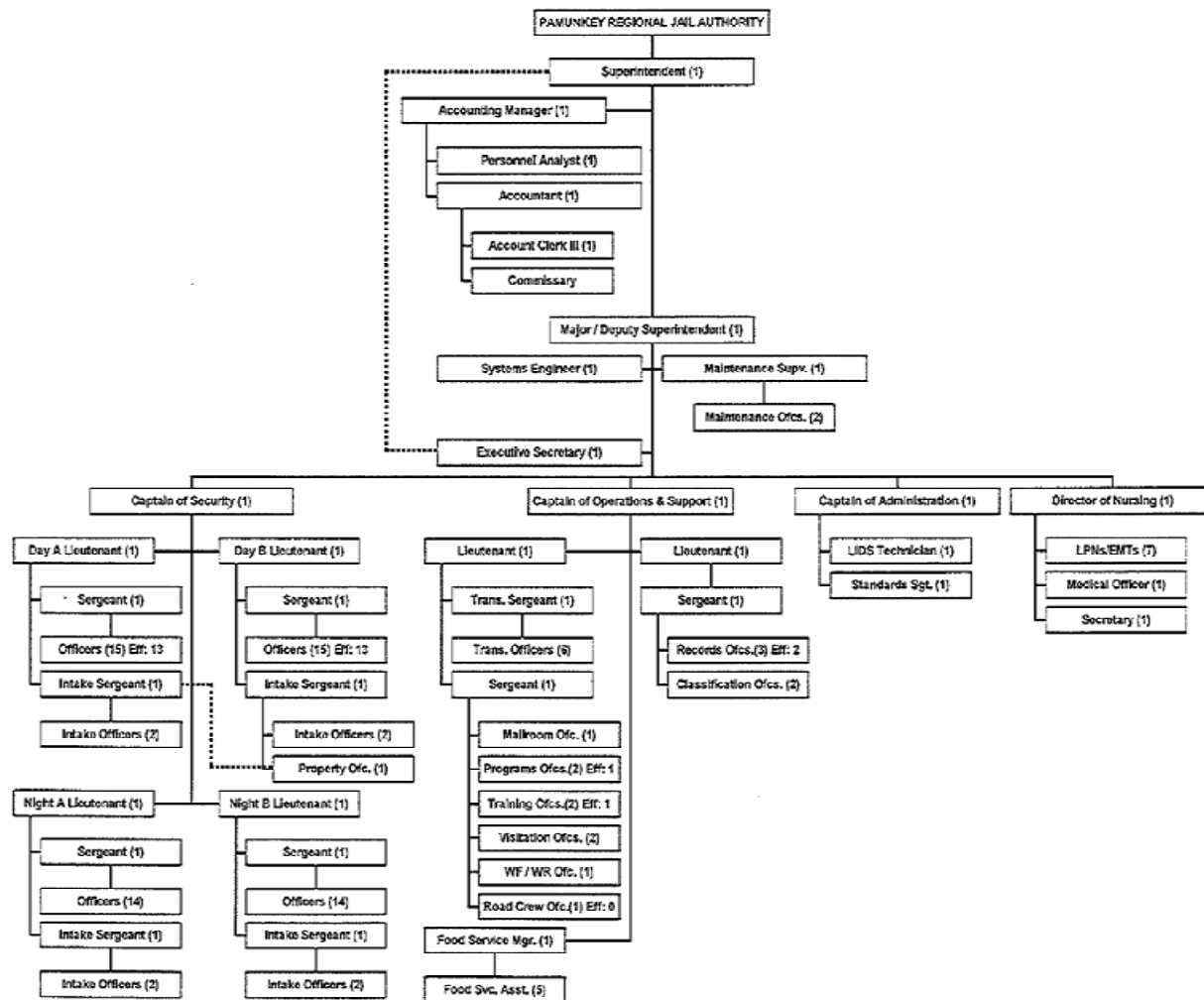
Jim Taylor  
Hanover County Assistant Administrator

Dave Hines  
Colonel, Hanover County Sheriff

Legal Counsel

William H. Hefty, Esq.

## Pamunkey Regional Jail Authority Organizational Structure 5/1/2012



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Pamunkey Regional Jail Virginia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

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



*Linda C. Davison*

President

*Jeffrey R. Emer*

Executive Director

## **FINANCIAL SECTION**



KPMG LLP  
Suite 2000  
1021 East Cary Street  
Richmond, VA 23219-4023

## Independent Auditors' Report

The Honorable Members of the  
Pamunkey Regional Jail Authority Board:

We have audited the accompanying basic financial statements of the Pamunkey Regional Jail Authority (the Jail Authority), a political subdivision of the Commonwealth of Virginia, as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the Jail Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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* (Specifications), issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and Specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Jail Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Pamunkey Regional Jail Authority as of June 30, 2012, and the changes in its financial position and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2012 on our consideration of the Jail Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 3 through 7 and the Schedule of Funding Progress – Virginia Retirement System on page 22 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.

Our audit was conducted for the purpose of forming an opinion on the Jail Authority's basic financial statements. The supplementary information included in the Introductory Section and Statistical Section as listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

KPMG LLP

November 19 , 2012



## **MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)**

The financial statements of the Pamunkey Regional Jail Authority (Jail Authority) include all business activities and include notes to the financial statements that explain and provide detail data on information in the financial statements.

The following is management's discussion and analysis of the Jail Authority's financial performance for the year ended June 30, 2012. It should be read in conjunction with the letter of transmittal in the Introductory Section, the Jail Authority's financial statements and supplemental information included in the Financial Section and financial performance in the Statistical Section.

### **FINANCIAL HIGHLIGHTS**

- The Jail Authority's net assets increased \$489,792 in fiscal year 2012.
- The total revenues of the Jail Authority increased \$228,442 or 1.9% from fiscal year 2011. This is primarily due to the increase in revenue from the localities bed rental revenue, due to an increase in the average number of inmates housed.
- Total expenses in fiscal year 2012 decreased by \$50,074 or 0.4%, primarily from a decrease in food and medical service costs.

The Jail Authority's financial statements are prepared in accordance with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The financial statements are prepared on the accrual basis, recognizing revenue when earned and expenses when incurred, and include all of the business activities of the Jail Authority. Assets are designated as restricted in accordance with debt and other agreements. See notes to financial statements for a summary of significant accounting policies.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Jail Authority's basic financial statements. The Jail Authority's basic financial statements consist of the statement of net assets, the statement of revenues, expenses and changes in net assets, and the statement of cash flows. The first two statements report the net assets and how they have changed. Net assets are the difference between the Jail Authority's total assets and total liabilities of the Jail Authority. Measuring net assets is one way to gauge the Jail Authority's financial condition.

The following table summarizes the net assets of the Jail Authority at June 30, 2012 and 2011:

### **NET ASSETS**

	<u>2012</u>	<u>2011</u>
<b>Current Assets</b>		
Cash and cash equivalents with fiscal agent	\$ 3,287,470	\$ 3,556,590
Receivables	827,238	665,238
<b>Total Current Assets</b>	<u>4,114,708</u>	<u>4,221,828</u>
<b>Noncurrent Assets</b>		
Cash and cash equivalents with fiscal agent	4,416,426	4,416,426
Capital assets, net	16,540,160	17,078,526
<b>Total Noncurrent Assets</b>	<u>20,956,586</u>	<u>21,494,952</u>
<b>Total Assets</b>	<u>25,071,294</u>	<u>25,716,780</u>
<b>Current Liabilities</b>		
Accounts payable	160,169	118,299
Accrued liabilities	255,557	264,195
Arbitrage liability	16,177	62,164
Current portion of compensated absences	25,122	33,460
Current portion of revenue bonds	1,300,000	1,275,000
Accrued bond interest	206,670	221,762
<b>Total Current Liabilities</b>	<u>1,963,695</u>	<u>1,974,880</u>
<b>Long-Term Liabilities</b>		
Revenue bonds	8,870,631	10,028,183
Compensated absences	548,128	514,669
<b>Total Long-Term Liabilities</b>	<u>9,418,759</u>	<u>10,542,852</u>
<b>Total Liabilities</b>	<u>11,382,454</u>	<u>12,517,732</u>
<b>Net Assets</b>		
Invested in capital assets, net of debt	6,369,529	5,775,343
Restricted	4,416,426	4,416,426
Unrestricted	2,902,885	3,007,279
<b>Total Net Assets</b>	<u>\$ 13,688,840</u>	<u>\$ 13,199,048</u>

Overall net assets increased 3.7% in 2012 with unrestricted net assets decreasing 3.5% for 2012.

## REVENUES

Operating and non-operating revenues for the Jail Authority totaled \$12,167,415 for the year ended June 30, 2012, which equates to a \$228,442 increase over fiscal year 2011. Of this total, per-diem billings to member jurisdictions totaled \$6,511,454, or 54 percent of total revenues. Per-diem billings to non-member jurisdictions totaled \$1,611,696 and accounted for 13 percent of total revenues. Non-inmate revenues totaled \$4,044,267, or 33 percent of total revenues.

A summary of revenues for the year ended June 30, 2012 and 2011 is provided in the following tabulation:

<b>Revenue Classification</b>	<b>2012</b>	<b>2011</b>
<b>Operating Revenues</b>		
Hanover County	\$ 4,552,497	\$ 4,325,187
Town of Ashland	255,231	290,355
Caroline County	1,703,726	1,621,603
<b>Subtotal</b>	<b>6,511,454</b>	<b>6,237,145</b>
United States Marshal's Service	1,387,103	1,873,362
Immigration/Naturalization Service	11,610	49,950
Federal Bureau of Prisoners	6,912	7,452
Other Local and Regional Jails	61,713	1,674
<b>Sub Total</b>	<b>1,467,338</b>	<b>1,932,438</b>
Federal ARRA Stimulus Funds	-	-
Work Release	3,089	14,530
Miscellaneous Income	524,970	374,029
<b>Subtotal</b>	<b>528,059</b>	<b>388,559</b>
<b>Total Operating Revenues</b>	<b>8,506,851</b>	<b>8,558,142</b>
<b>Nonoperating Revenues</b>		
Compensation Board	3,390,387	3,398,979
Commonwealth of Virginia	144,355	(150,709)
Interest income	125,822	132,561
<b>Total Nonoperating Revenues</b>	<b>3,660,564</b>	<b>3,380,831</b>
<b>Total Revenues</b>	<b>\$ 12,167,415</b>	<b>\$ 11,938,973</b>

## EXPENSES

Operating and non-operating expenses totaled \$11,677,623 for the year ended June 30, 2012, which represents a \$50,074 decrease over fiscal year 2011. Of this amount, salaries and employee benefits totaled \$7,543,670, medical services and supplies totaled \$425,074, food service and supplies totaled \$403,344 and interest expense on debt totaled \$417,209.

Summary expense data for the years ended June 30, 2012 and 2011 is presented in the following tabulation:

<u>Expense Classification</u>	<u>2012</u>	<u>2011</u>
Operating Expenses:		
Personal services	\$ 5,311,451	\$ 5,369,555
Fringe benefits	2,232,219	2,104,612
Contractual services	1,108,891	1,022,231
Materials and supplies	504,617	535,012
Medical services and supplies	425,074	530,150
Food services and supplies	403,344	422,196
Utilities	426,420	439,982
Depreciation	848,398	856,564
Total Operating Expenses	<u>11,260,414</u>	<u>11,280,302</u>
Total Non-operating Expenses		
Interest expense	<u>417,209</u>	<u>447,395</u>
Total Expenses	11,677,623	11,727,697
Total excess of revenues and expenses	<u>489,792</u>	<u>211,277</u>
Net assets, beginning of year	<u>13,199,048</u>	<u>12,987,771</u>
Net assets, end of year	<u>\$ 13,688,840</u>	<u>\$ 13,199,048</u>

## FINANCIAL ANALYSIS OF JAIL FUNDS

The financial statements are prepared on the accrual basis, recognizing revenue when earned and expenses when incurred, and include all of the business activities of the Jail Authority. Assets are designated as restricted in accordance with debt and other agreements.

Jail Authority operations ended fiscal year 2012 with a \$489,792 increase in total net assets. The increase in fiscal year 2012 net assets is due to a rise in operational per diem billings from member jurisdictions.

The Jail Authority's cash position remains strong with \$3,287,470 in unrestricted funds.

## DEBT ADMINISTRATION

The Jail Authority had total bonded debt outstanding of \$10,485,000 and \$11,760,000 at June 30, 2012 and 2011, respectively. That amount is comprised of Jail Facility Revenue Bonds Series 2001 and Series 2003. These bonds were issued to defease the Series 1996 Jail Facility Revenue Bonds that were issued to fund the acquisition, construction and equipping of the Jail. The two refunding issues resulted in an economic gain of \$1,511,644. The proceeds of the bonds were invested in US government securities and deposited in an escrow account. The advance refundings met the requirements for an in-substance defeasance and the term bonds were removed from the Jail Authority's financial statements. For more detailed information on long-term debt activity, refer to Note 5 of the notes to these financial statements.

## CAPITAL ASSETS

Operating Fund capital assets with a cost of \$5,000 or more are capitalized and depreciated over their useful lives using the straight-line method. As of June 30, 2012, capital assets, accumulated depreciation and depreciation expense totaled \$28,503,063, \$11,962,903 and \$848,398, respectively. As of June 30, 2011, capital assets, accumulated depreciation and depreciation expense totaled \$28,193,031, \$11,114,505 and \$856,564, respectively. For more detailed information on capital assets activity, refer to Note 3 of the notes to these financial statements.

## JAIL AUTHORITY'S PER DIEM RATES

Operational per diem and debt service per diem rates are set for the localities through the annual budget process. The operational per diem rate is calculated by the total operational per diem due from the localities divided by the total number of inmates projected for the year divided by 365 days. The operational per diem rates were \$37.95 for 2011 and \$37.26 for 2012, respectively. The debt service per diem rate is calculated by the total debt service divided by the total number of projected inmates for the year divided by 365 days. The debt service per diem rates were \$13.47 and \$14.82 for 2012 and 2011, respectively. The per diem rate that has been set for all other bed space, such as federal and other local county inmates, is \$54.00.

## REQUEST FOR INFORMATION

This financial report is designed to provide interested parties with a general overview of the Jail Authority's finances. Should you have any questions about this report or need additional information, please contact the Accounting Manager, 7240 Courtland Farm Road, Hanover, VA 23069.

**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**Statement of Net Assets**  
**June 30, 2012**

**ASSETS**

Current assets:	
Cash and cash equivalents with fiscal agent	\$ 3,287,470
Receivables:	
Due from Federal Government	156,827
Due from Commonwealth of Virginia - Operations	400,610
Accrued interest receivable - member jurisdictions	47,790
Accounts receivable - member jurisdictions	222,011
Total current assets	4,114,708
Noncurrent assets:	
Restricted cash and cash equivalents with fiscal agent	4,416,426
Capital assets:	
Nondepreciable assets	70,825
Depreciable assets, net of accumulated depreciation of \$11,962,903	16,469,335
Total noncurrent assets	20,956,586
Total assets	\$ 25,071,294

See accompanying notes to the financial statements.

(continued)

**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**Statement of Net Assets**  
**June 30, 2012**

**LIABILITIES**

Current liabilities:	
Accounts payable	\$ 160,169
Accrued liabilities	255,557
Accrued arbitrage liability	16,177
Current portion of compensated absences	25,122
Current portion of revenue bonds	1,300,000
Accrued bond interest	<u>206,670</u>
Total current liabilities	<u>1,963,695</u>
Long-term liabilities:	
Revenue bonds, net of unamortized deferred loss and bond discount	8,870,631
Compensated absences	<u>548,128</u>
Total long-term liabilities	<u>9,418,759</u>
Total liabilities	<u>11,382,454</u>

**NET ASSETS**

Invested in capital assets, net of related debt	6,369,529
Restricted:	
Debt service and repair reserve - per debt covenant	1,730,501
Operating reserve - per jail service agreement	2,685,925
Unrestricted	<u>2,902,885</u>
Total net assets	<u>\$ 13,688,840</u>

See accompanying notes to financial statements.

**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**Years Ended June 30, 2012**

	<b>2012</b>
Operating revenues:	
Charges for services	
County of Hanover	\$ 4,552,497
Town of Ashland	255,231
County of Caroline	1,703,726
Charges to other governments	1,467,338
Other	528,059
Total operating revenues	8,506,851
Operating expenses:	
Personal services	5,311,451
Fringe benefits	2,232,219
Contractual services	1,108,891
Other operating expenses and supplies	1,759,455
Depreciation	848,398
Total operating expenses	11,260,414
Operating loss	(2,753,563)
Nonoperating revenues (expenses):	
Intergovernmental:	
Revenue from the Commonwealth of Virginia:	
Categorical aid: Shared expenses and fees	3,534,742
Interest income	125,822
Interest expense	(417,209)
Net nonoperating revenue	3,243,355
Change in net assets	489,792
Net assets at beginning of year	13,199,048
Net assets at end of year	\$ 13,688,840

See accompanying notes to financial statements.



**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**Statement of Cash Flows**  
**Years Ended June 30, 2012**

	<b>2012</b>
Cash flows from operating activities:	
Charges to governments for inmates	\$ 7,904,272
Other revenues	528,059
Payments to suppliers	(2,684,028)
Payments to employees	(7,573,174)
Net cash used for operating activities	(1,824,871)
Cash flows from capital and related financing activities:	
Payments for capital asset additions	(310,032)
Principal payments on long-term debt	(1,275,000)
Interest paid on long-term debt	(432,301)
Net cash used for capital and related financing activities	(2,017,333)
Cash flows from investing activities:	
Intergovernmental revenue received	3,447,262
Interest received on cash and cash equivalents	125,822
Net cash provided by investing activities	3,573,084
Net (decrease) increase in cash and cash equivalents with fiscal agent	(269,120)
Total cash and cash equivalents with fiscal agent at beginning of year	7,973,016
Total cash and cash equivalents with fiscal agent at end of year	\$ 7,703,896

See accompanying notes to financial statements.

(continued)

**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**Statement of Cash Flows**  
**Years Ended June 30, 2012**

Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (2,753,563)
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	848,398
Amortization	142,448
Loss on disposal of assets	-
Change in operating assets and liabilities:	
(increase) decrease in:	
Accounts and accrued interest receivable - member jurisdictions	(48,700)
Due from Federal Government	(25,820)
Increase (decrease) in:	
Accounts payable	41,870
Accrued liabilities	(54,625)
Compensated absences	25,121
Net cash used for operating activities	<u><u>\$ (1,824,871)</u></u>

Reconciliation of total cash and cash equivalents with fiscal agent:	
Cash and cash equivalents with fiscal agent - current	\$ 3,287,470
Restricted cash and cash equivalents with fiscal agent - noncurrent	4,416,426
Total cash and cash equivalents with fiscal agent	<u><u>\$ 7,703,896</u></u>

See accompanying notes to financial statements.

# PAMUNKEY REGIONAL JAIL AUTHORITY

## Notes to Financial Statements

June 30, 2012

### Note 1 – Summary of Significant Accounting Policies

- A. **Reporting Entity** – The Pamunkey Regional Jail Authority (“Jail Authority”), a political subdivision of the Commonwealth of Virginia, was authorized by Chapter 726 of the 1990 Acts of the General Assembly of Virginia and formed on December 30, 1992. The participating jurisdictions of the Jail Authority are the Counties of Caroline and Hanover and the Town of Ashland. The Jail Authority is governed by a five-member board comprised of two members each from the Counties of Caroline and Hanover and one from the Town of Ashland. In an agreement between the County of Hanover the (“County”) and the Jail Authority, the County serves as fiscal agent for the Jail Authority for which the Jail Authority reimburses the County for services provided in the areas of purchasing, finance, personnel and data processing. The Jail Authority is not a component unit of Hanover County and is therefore not reported in Hanover County’s Comprehensive Annual Financial Report as a component unit.
- B. **Financial Statement Presentation** – The financial statements of the Jail Authority are prepared in accordance with generally accepted accounting principles for an enterprise fund. Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Jail Authority is that the cost of providing services to the participating jurisdictions be financed or recovered through user charges to participating jurisdictions.
- C. **Basis of Accounting** – The financial statements are presented on the accrual basis of accounting, wherein revenues are recognized when earned and expenses are recognized when incurred. Government Accounting Standards Board (“GASB”) Statement No. 20 requires proprietary activities to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (“FASB”) pronouncements, Accounting Principles Board (“APB”) Opinions, and Accounting Research Bulletins (“ARBs”) issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements. In accordance with GASB Statement No. 20, management has elected not to apply FASB pronouncements issued after November 30, 1989.
- D. **Cash and Cash Equivalents with Fiscal Agent** – The County, its component units, the Jail Authority and other entities for which the County acts as fiscal agent follow the practice of pooling cash, cash equivalents and investments of all funds with the County Treasurer, except for certain restricted cash and investments held by outside custodians in order to comply with the provisions of bond indentures, and the investments of the Retiree Medical Benefits Trust (Trust) held by the Trust’s Finance Board. As of June 30, 2012, the pooled cash and investments have been allocated between the County and the respective component units, the Jail Authority and other entities for which the County acts as fiscal agent based upon their respective ownership percentages. Prior to allocation, all investments in the pool are reported at fair value. Securities traded on a national exchange are valued at the last reported sale price on June 30, 2012. Securities without an established market are reported at estimated fair value. Investment earnings are allocated to the participating funds, entities and component units based upon their respective average monthly equity balances in the pooled account. For purposes of the statement of cash flows, the amounts reported as cash and cash equivalents for the Jail Authority represent amounts maintained in the County’s investment pool, as they are considered to be demand deposits for the purpose of complying with U.S. generally accepted accounting principles (GAAP). Restricted cash and cash equivalents with fiscal agent include amounts held in restricted accounts in accordance with the 2001 Jail Facility Revenue Bonds and 2003 Jail Facility Revenue Bonds.

**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**Notes to Financial Statements**  
**June 30, 2012**

**Note 1 – Summary of Significant Account Policies (continued)**

- E. **Restricted Assets** – The Jail Authority’s restricted assets consists of debt service and operating reserves. Reserves at June 30, 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
Debt service and repair reserve	\$ 1,730,501	\$ 1,730,501
Operating reserve	\$ 2,685,925	\$ 2,685,925

- F. **Allowances for Uncollectibles** – In accordance with prior collection history and given the Jail Authority’s relationship with member jurisdictions, no allowance has been established for uncollectible accounts.

- G. **Capital Assets** – All property, plant and equipment is recorded at cost. The capitalization threshold is \$5,000. Depreciation for operating facilities and equipment is computed over useful lives of 5 to 35 years using the straight-line method and half-year convention. Interest expense that relates to the cost of acquiring or constructing capital assets is capitalized. Interest expense incurred in connection with construction of capital assets has been reduced by interest earned on the investment of funds borrowed for construction. No interest costs were capitalized during the fiscal year of 2012.

The estimated useful lives of the Jail Authority’s depreciable capital assets are as follows:

Buildings	35	years
Improvements other than buildings	15	years
Vehicles and equipment	5	years

- H. **Bond Discounts** – Bond discounts are amortized over the life of the bonds using the straight-line method.
- I. **Vacation, Sick, and Holiday Leave** – Jail Authority employees earn vacation and sick leave in varying amounts on a semi-monthly basis, based upon length of service. Annual carry over limitations apply to vacation hours but not to sick leave. Employees are compensated for unused vacation and sick leave upon separation, retirement or death based upon years of service and limited to a maximum dollar amount. Holidays earned by an employee, classified as essential personnel, will be those days specified by the Jail Authority to be taken. All non-essential personnel, as designated by the Jail Superintendent, will take the twelve scheduled holidays granted per year unless ordered otherwise.
- J. **Operating and non-operating revenues and expenses** – The Jail Authority reports as operating revenues charges for bed rentals for inmates from the jurisdictions of Hanover, Caroline and the Town of Ashland as well as bed rentals of federal prisoners from the U.S. Department of Homeland Securities and the United States Marshals. The Jail Authority reports as operating expenses those costs such as salaries for personnel to operate the Jail, contractual services for outside contractors and depreciation expense. The Jail Authority reports as non-operating revenue categorized aid from the Commonwealth of Virginia. The Jail Authority reports as non-operating revenue and expense amounts arising from interest earned on cash held and interest incurred on the outstanding debt.

# PAMUNKEY REGIONAL JAIL AUTHORITY

## Notes to Financial Statements

June 30, 2012

### Note 1 – Summary of Significant Account Policies (continued)

- K. **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, liabilities, and net assets and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- L. **Budget** – The Jail Superintendent must annually submit a balanced budget to the Jail Authority in October. The budget denotes per diem rates charged to member jurisdictions, and line item revenues and expenses. The Jail Authority must adopt a final annual budget on or before January 1.

The Jail Authority designates, in accordance with its bond covenants, an operating reserve fund in each of its annual budgets in an amount equal to not less than 90 days of its projected annual budget for each year less debt service. This operating reserve amounted to \$2,685,925 at June 30, 2012.

- M. **Risk Management** – The Jail Authority’s risk management program involves maintaining comprehensive insurance coverage and identifying and monitoring loss exposure. The Jail Authority’s comprehensive property, boiler and machinery, automobile, business interruption, inland marine and worker’s compensation insurance is provided through the Virginia Association of Counties (VACO).

General liability and faithful performance of duty bond coverage’s are provided by the Commonwealth of Virginia, Department of General Services, and Division of Risk Management. There was no reduction in insurance coverage for the year ended June 30, 2012.

### Note 2 – Cash and Cash Equivalents with Fiscal Agent

Hanover County acts as a fiscal agent for the Pamunkey Regional Jail Authority. Accordingly, the Jail Authority follows the deposit and investment guidelines of the County. As of June 30, 2012, the Jail Authority’s carrying value of deposits and investments as part of the Hanover County pooled cash and investments was \$7,703,896.

All cash of the Jail Authority is maintained by the fiscal agent in accounts 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 the choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

**PAMUNKEY REGIONAL JAIL AUTHORITY**

**Notes to Financial Statements**

**June 30, 2012**

**Note 2 – Deposits and Cash Equivalents (continued)**

In accordance with Section 2.2-4500 of the Code of Virginia and other applicable law and regulations, the County’s investment policy (the Policy) permits investments in obligations of the United States or agencies thereof; held directly, by collateralized repurchase agreement, or in mutual funds registered under the Investment Company Act of 1940, whose portfolios are restricted to U.S. and U.S. agency obligations, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper, certain corporate notes, banker’s acceptances, and repurchase agreements, savings accounts or time deposits in approved banks or savings institutions within the Commonwealth, and the State Treasurer’s Local Government Investment Pool (the Virginia LGIP, a 2a-7 like pool).

**Note 3 – Capital Assets**

Capital assets at June 30, 2012 were composed of the following amounts:

	<b>Balance</b>			<b>Balance</b>
	<b>June 30, 2011</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2012</b>
Capital assets not being depreciated:				
Land	\$ 70,825	\$ -	\$ -	\$ 70,825
	<hr/>	<hr/>	<hr/>	<hr/>
Total non depreciable assets	70,825	-	-	70,825
Capital assets being depreciated:				
Buildings	27,020,273	-	-	27,020,273
Improvements other than buildings	409,372	310,032	-	719,404
Vehicles and equipment	692,561	-	-	692,561
Total capital assets being depreciated	<hr/> 28,122,206 <hr/>	<hr/> 310,032 <hr/>	<hr/> - <hr/>	<hr/> 28,432,238 <hr/>
Accumulated depreciation:				
Buildings	10,422,097	772,007	-	11,194,104
Improvements other than buildings	99,621	35,952	-	135,573
Vehicles and equipment	592,787	40,439	-	633,226
Total Accumulated depreciation	<hr/> 11,114,505 <hr/>	<hr/> 848,398 <hr/>	<hr/> - <hr/>	<hr/> 11,962,903 <hr/>
Total capital assets being depreciated (net)	<hr/> 17,007,701 <hr/>	<hr/> (538,366) <hr/>	<hr/> - <hr/>	<hr/> 16,469,335 <hr/>
Total capital assets, net	<hr/> <hr/> \$ 17,078,526 <hr/> <hr/>	<hr/> <hr/> \$ (538,366) <hr/> <hr/>	<hr/> <hr/> \$ - <hr/> <hr/>	<hr/> <hr/> \$ 16,540,160 <hr/> <hr/>

**PAMUNKEY REGIONAL JAIL AUTHORITY**

**Notes to Financial Statements**

**June 30, 2012**

**Note 4 – Interest Payable**

Accrued bond interest payable totaled \$206,670 at June 30, 2012. This amount is related to the Jail Authority’s share of the Series 2001 and 2003 Jail Facility Revenue Bonds. Accrued interest payable will be paid from restricted cash and cash equivalents with fiscal agent.

**Note 5 – Revenue Bonds Payable**

**Series 2003 Jail Facility Revenue Bonds.** On July 1, 2003, the Jail Authority issued \$6,305,000 Jail Facility Refunding Bonds, Series 2003, to advance refund a portion of the Jail Authority’s \$21,745,000 Jail Facility Revenue Bonds, Series 1996. The total proceeds of the bond issue were expended as follows: \$36,401 was deposited in a special account created for the payment of the costs of issuing the Bonds, \$6,268,599 was deposited in an escrow fund with the Jail Authority’s trustee, SunTrust Bank, to defease and refund \$5,470,000 of the 1996 bonds on July 1, 2006, the redemption date, and to pay the interest coming due on all of the 1996 bonds until this redemption date.

**Series 2001 Jail Facility Revenue Bonds.** On November 11, 2001, the Jail Authority issued \$10,000,000 of Series 2001 jail facility revenue bonds with an interest rate of 4.14% to advance refund a portion of the series 1996 revenue bonds with an interest rate of 5.75%. The series 2001 jail facility revenue bonds were issued at par and after paying issuance costs of \$43,416, the net proceeds were \$9,956,584. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities, and those securities were deposited in an escrow account with the Jail Authority Trustee, SunTrust Bank, to provide debt service payments until the term bonds were called on July 1, 2006. The advance refunding met the requirements of an in-substance debt defeasance, and the term bonds were removed from the Jail Authority’s financial statements.

The following schedules is a summary of long-term liabilities for the year ended June 30, 2012:

	<b>Balance</b>			<b>Balance</b>
	<b>June 30, 2011</b>	<b>Increase</b>	<b>Decrease</b>	<b>June 30, 2012</b>
Series 2001				
Advance refunding revenue bonds	\$ 9,430,000	\$ -	\$ 60,000	\$ 9,370,000
Series 2003				
Advance refunding revenue bonds	2,330,000	-	1,215,000	1,115,000
Total revenues bonds	<u>11,760,000</u>	<u>-</u>	<u>1,275,000</u>	<u>10,485,000</u>
Less:				
Unamortized bond discount	7,739	-	3,869	3,870
Deferred loss-retirement of Series 1996 debt	449,078	-	138,579	310,499
<b>Total</b>	<u>11,303,183</u>	<u>-</u>	<u>1,132,552</u>	<u>10,170,631</u>
Compensated Absences	548,129	77,464	52,343	573,250
Less amounts due within one year	(1,308,460)	-	16,662	(1,325,122)
<b>Total Long-term Liabilities</b>	<u>\$ 10,542,852</u>	<u>\$ 77,464</u>	<u>\$ 1,201,557</u>	<u>\$ 9,418,759</u>

**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**Notes to Financial Statements**  
**June 30, 2012**

**Note 5 – Revenue Bonds Payable (continued)**

Debt Service Requirements on outstanding long-term liabilities were composed of the following at June 30, 2012:

<u>Year ending June 30,</u>	<u>Revenue Bond Principal</u>	<u>Revenue Bond Interest</u>	<u>Total Payment</u>	<u>Bond Discount</u>
2013	1,300,000	396,800	1,696,800	3,870
2014	1,375,000	351,797	1,726,797	-
2015	1,440,000	293,526	1,733,526	-
2016	1,500,000	232,668	1,732,668	-
2017	1,560,000	169,326	1,729,326	-
2018-2019	3,310,000	138,483	3,448,483	-
<b>Total</b>	<u>\$ 10,485,000</u>	<u>\$ 1,582,600</u>	<u>\$ 12,067,600</u>	<u>\$ 3,870</u>

Details of the revenue bonds of the Jail Authority at June 30, 2012 are as follows:

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Amount Due Within One Year</u>
Series 2001 Advance refunding revenue bonds	4.14%	11/1/2001	2018	10,000,000	185,000
Series 2003 Advance refunding revenue bonds	2.28%	7/1/2003	2013	<u>6,305,000</u>	<u>1,115,000</u>
Total					<u>\$ 1,300,000</u>

**Note 6 – Compensated Absences**

Jail Authority employees are granted vacation and sick leave in varying amounts. In addition, certain employees accrue compensation time for overtime hours worked. In the event of termination, employees are reimbursed for their unused accumulated vacation, compensation time, and a percentage of accumulated sick leave, depending on their length of service. Sick leave is accrued under the vesting method which estimates the expected eligibility of all employees to receive termination payments. The Jail Authority has accrued \$573,250 at June 30, 2012 as the liability arising from compensated absences.

The compensated absences liability for the Jail is accounted for using the last in-first out (LIFO) basis which is under the assumption that the employees are taking time as it is earned; therefore, the current portion to report as of June 30, 2012 was approximately \$25,122.



# PAMUNKEY REGIONAL JAIL AUTHORITY

## Notes to Financial Statements

June 30, 2012

### Note 7 – Commitments and Contingencies

**Contingent Liabilities** – Various claims and lawsuits are pending against the Jail Authority. In the opinion of Jail Management, resolution of these cases would not involve a substantial liability for the Jail Authority.

### Note 8 – Defined Benefit Pension Plan

**Plan Description** – The Jail Authority contributes to the Virginia Retirement System (“VRS”), an agent and cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System (“System”). All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Members earn one month of service for each month they are employed and their employer is paying in VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

VRS administers two defined benefits plans for local government employees – Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 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 as early as age 55 with at least 10 years of service credit or age 50 with at least five years of service credit.
- Members hired or rehired after July 1, 2010 and who have no service credits before July 1, 2010 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 hazardous duty 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 5 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 total service credit. The benefit is 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 an annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5% per year under Plan 1, and 6% per Plan 2. Under Plan 1, AFC is defined as the highest consecutive 36 months of reported compensation. Under Plan 2, AFC is defined as the highest consecutive 60 months of reported compensation. Participating 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 obtained by writing the System at P.O. Box 2500, Richmond, VA 23218-2500.

**PAMUNKEY REGIONAL JAIL AUTHORITY**

**Notes to Financial Statements**

**June 30, 2012**

**Note 8 – Defined Benefit Pension Plan (continued)**

**Funding Policy** – Plan members are required by Title 51.1 of the Code of Virginia, as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution has been assumed by the employer. In addition, the Jail Authority is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Jail Authority’s contribution rates for the years ended June 30, 2012, 2011, and 2010 were 15.82%, 15.82%, and 15.06%, respectively, of annual covered payroll.

**Annual Pension Cost** – For the year ended June 30, 2012, the Jail Authority’s annual pension cost of \$504,367 was equal to the Jail Authority’s required and actual contributions. The Jail Authority’s unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis within a period of 20 years or less. This actuarial valuation uses the assumptions and methods that were adopted as a result of the 2004 Experience Study. In particular, it uses an assumed investment return rate of 7.5%; an assumed annual cost-of-living adjustment of 2.5%; salary increases that range between 3.75% and 5.60% depending on a member’s service and classification (general employee or uniformed officer); and retirement, mortality, disability and termination rates that were also based on the 2004 Experience Study prepared for VRS. Both the investment rate of return and projected salary increases include an inflation component of 2.50%. Liabilities were determined under the Entry Age Normal actuarial cost method. The actuarial values of the Jail employee group’s pension assets are equal to the modified market values of those assets. This method uses a technique that smooths the effects of short-term volatility in the market value of assets over a five-year period.

The information for the employer and employee contributions to the VRS is summarized as follows:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Amount of APC Contributed</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2012	\$504,367	\$504,367	100%	\$ -
June 30, 2011	\$556,659	\$556,659	100%	-
June 30, 2010	\$526,007	\$526,007	100%	-

**Funding Progress** –The following schedule presents information about the funded status of the Jail Authority employees as of June 30, 2011, the date of the most recent actuarial valuation for the group:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
June 30, 2011	\$8,215,707	\$9,966,703	\$1,750,996	82.43%	\$5,244,683	33.39%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, present multiyear trend information about whether the actuarial value of the Jail Authority employee group’s respective plan assets are increasing or decreasing over time relative to their respective actuarial accrued liabilities for benefits.

## **PAMUNKEY REGIONAL JAIL AUTHORITY**

### **Notes to Financial Statements**

**June 30, 2012**

#### **Note 9 – Postemployment Healthcare Plan and Other Postemployment Benefits (OPEB)**

**Plan Description** – The Jail Authority provides for optional participation by eligible retirees and their eligible spouses and dependents in the medical and prescription drug healthcare benefit program available to employees. The County of Hanover has established the Hanover County, Virginia, Retiree Medical Benefits Plan (Plan), an agent multiple-employer defined benefit healthcare plan, and the Hanover County, Virginia, Retiree Medical Benefits Trust Agreement (Trust), which are administered as one plan for the County of Hanover and its Affiliates (collectively, Employers). The Plan covers eligible retirees of the Jail Authority. The Trust provides the funding mechanism for the postemployment healthcare benefits established by the Plan. The Code of Virginia assigns the authority to administer the Plan, and to establish and amend the benefit provisions of the Plan, to the Hanover County Board of Supervisors (Board). The Plan provides for biennial reviews of benefit provisions based on actuarial analysis, but does not require any automatic or ad hoc benefit increases, although the Board may amend or terminate the Plan at any time. The Trust’s accumulated assets may legally be used to pay all plan benefits provided to any of the plan’s members or beneficiaries. The Jail Authority is required to make annual contributions to fund its share of the plan.

The Plan provides that the Employers will provide certain subsidies toward the cost of the health benefit coverage of eligible retirees, spouses and dependents. In order to participate in the Plan, retirees must be enrolled in the health insurance program available to Hanover County employees at date of separation. In addition, participants must meet the Virginia Retirement System (VRS) retirement age and service retirement requirements, and, if hired after September 30, 2007, must have five years of service with an Employer, or retire pursuant to the disability requirements of Social Security or the VRS. The amount of monthly subsidy provided by the Plan is based on years of service and, as of June 30, 2012, ranged from \$100 per month for employees with 10 but less than 15 years of service to \$200 per month for 20 or more years of service. The subsidy for a retiree’s spouse and dependents are equal to that of the retiree, with a limit of three subsidies per retiree. Retirees hired prior to October 1, 2007 have no years of service requirement, but must meet all other requirements for participation. In addition, retirees hired prior to October 1, 2007, who have at least ten years of service with an Employer and whose age and years of service equal at least 60 (grandfathered employees) will receive an initial subsidy of \$251 per month. For employees retiring after September 30, 2008, subsidies will end with Medicare eligibility. Retirees under the Plan may select from the health care plans offered to active employees and pay the health insurance premium rate established annually based on biennial actuarial analysis of the claims cost of the retiree group, net of the applicable subsidy established by the Plan. Depending upon the health care plan selected, the net retiree premium amounts range from \$404 to \$875 per month, and for those electing retiree and family coverage, from \$1,039 to \$2,625 per month. Costs of administering the Plan will be borne by the Trust or by the Employers.

The Jail Authority’s annual contributions, net other post-employment benefits (OPEB) obligation/asset, and annual OPEB cost amounts attributable to the Plan are not considered material for disclosure purposes.

#### **Note 10 – Related Party Transactions**

The County of Hanover provides certain general government administrative and accounting services such as payroll, finance, information technology and purchasing for the Jail Authority. The Jail Authority paid the County of Hanover \$404,000 related to such services for the year ended June 30, 2012.

**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**Required Supplementary Information**  
**June 30, 2012**

Schedule of Funding Progress-Virginia Retirement System (unaudited):

	(a)	(b)	(b-a)	(a/b)	(c)	(b-a)/c
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
June 30, 2011	\$8,215,707	\$9,966,703	\$1,750,996	82.43%	\$5,244,683	33.39%
June 30, 2010	\$7,208,711	\$8,938,219	\$1,729,508	80.65%	\$5,234,035	33.04%
June 30, 2009	\$6,405,378	\$7,253,147	\$847,768	88.31%	\$5,368,534	15.79%
June 30, 2008	\$5,488,724	\$6,344,013	\$855,290	86.52%	\$4,885,333	17.51%
June 30, 2007	\$4,388,973	\$5,325,347	\$936,374	82.42%	\$4,784,073	19.57%

See accompanying independent auditors' report.

**STATISTICAL INFORMATION**  
**(unaudited)**

The statistical section is a required part of the Comprehensive Annual Financial Report (CAFR). The Governmental Accounting Standards Board issued Statement 44 which revises this section of the CAFR. The statistical section presents detailed information in ten-year trends, which assists users in utilizing the basic financial statements, notes to the basic financial statements, and requires supplementary information to assess the economic condition of an organization.

The statistical section is broken down into five categories; financial trend data, revenue capacity data, debt capacity data, demographic and economic information, and operating information.

The financial trend data is comprised of tables that show net assets by components, changes in net assets, operating expenses, operating/non-operating revenues and expenses. The revenue capacity data looks at such things as operating revenues by source, revenue and billed inmate days by customer and largest revenue source. The debt capacity data shows outstanding debt by type and revenues bond coverage ratios. The demographic and economic information is comprised of number of inmates by jurisdiction. The operating information contains tables for number of employees by activities and a listing of insurance coverage.

**TABLE 1**  
**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**NET ASSETS BY COMPONENT (unaudited)**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Invested in capital assets, net of related debt	\$ 6,369,529	\$ 5,775,343	\$ 5,520,923	\$ 5,317,140	\$ 4,959,385	\$ 4,470,837	\$ 4,286,515	\$ 4,123,364	\$ 4,050,090	\$ 5,010,583
Restricted	4,416,426	4,416,426	4,404,544	4,451,520	4,451,520	4,438,718	4,223,328	4,036,915	3,731,250	3,602,923
Unrestricted	2,902,885	3,007,279	3,062,304	3,129,111	3,649,509	3,489,039	3,232,548	3,235,516	3,417,315	3,847,637
<b>Total Net Assets</b>	<b>\$ 13,688,840</b>	<b>\$ 13,199,048</b>	<b>\$ 12,987,771</b>	<b>\$ 12,897,771</b>	<b>\$ 13,060,414</b>	<b>\$ 12,398,594</b>	<b>\$ 11,742,391</b>	<b>\$ 11,395,795</b>	<b>\$ 11,198,655</b>	<b>\$ 12,461,143</b>

**TABLE 2**  
**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**CHANGES IN NET ASSETS (unaudited)**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Operating Revenues <sup>(1)</sup></b>	<b>Operating Expenses</b>	<b>Operating Income</b>	<b>Total Nonoperating Revenues/ (Expenses)</b>	<b>Change In Net Assets</b>
<b>2012</b>	\$ 12,041,593	\$ 11,260,414	\$ 781,179	\$ (291,387)	\$ 489,792
<b>2011</b>	11,806,412	11,280,302	526,110	(314,833)	211,277
<b>2010</b>	11,269,240	10,949,124	320,116	(320,116)	-
<b>2009</b>	11,143,275	10,980,348	162,927	(235,570)	(72,643)
<b>2008</b>	11,226,304	10,409,322	816,982	(155,162)	661,820
<b>2007</b>	10,821,938	9,933,229	888,709	(232,506)	656,203
<b>2006</b>	9,953,571	9,235,934	717,637	(371,041)	346,596
<b>2005</b>	8,996,919	8,589,269	407,650	(210,510)	197,140
<b>2004</b>	8,673,657	8,136,139	537,518	(958,231)	(420,713)
<b>2003</b>	8,142,977	7,602,798	540,179	(479,529)	60,650

<sup>(1)</sup> Nonoperating revenue from the Commonwealth of Virginia has been reclassified to Operating revenue for presentation of the statistical table.



**TABLE 3**  
**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**OPERATING REVENUES BY SOURCE (unaudited)**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>County of Hanover</b>	<b>Town of Ashland</b>	<b>County of Caroline</b>	<b>Other Governments</b>	<b>Other</b>	<b>Intergovernmental Shared Expenses <sup>(1)</sup></b>	<b>Total</b>
<b>2012</b>	\$ 4,552,497	\$ 255,231	\$ 1,703,726	\$ 1,467,338	\$ 528,059	\$ 3,534,742	\$ 12,041,593
<b>2011</b>	\$ 4,325,187	\$ 290,355	\$ 1,621,603	\$ 1,932,438	\$ 388,558	\$ 3,248,271	\$ 11,806,412
<b>2010</b>	\$ 3,758,980	\$ 224,142	\$ 1,422,988	\$ 2,189,102	\$ 385,921	\$ 3,288,107	\$ 11,269,240
<b>2009</b>	\$ 3,516,100	\$ 189,123	\$ 1,115,161	\$ 2,788,031	\$ 306,736	\$ 3,228,124	\$ 11,143,275
<b>2008</b>	\$ 3,437,092	\$ 172,225	\$ 886,694	\$ 2,964,415	\$ 330,950	\$ 3,434,929	\$ 11,226,305
<b>2007</b>	\$ 3,194,685	\$ 158,260	\$ 814,865	\$ 2,494,160	\$ 351,399	\$ 3,808,569	\$ 10,821,938
<b>2006</b>	\$ 3,285,051	\$ 149,717	\$ 693,359	\$ 1,611,234	\$ 410,186	\$ 3,804,024	\$ 9,953,571
<b>2005</b>	\$ 2,717,240	\$ 94,042	\$ 548,731	\$ 1,986,629	\$ 365,212	\$ 3,285,065	\$ 8,996,919
<b>2004</b>	\$ 2,367,759	\$ 98,117	\$ 565,184	\$ 2,409,968	\$ 294,341	\$ 2,938,288	\$ 8,673,657
<b>2003</b>	\$ 2,359,830	\$ 91,700	\$ 526,822	\$ 1,862,987	\$ 247,219	\$ 3,054,419	\$ 8,142,977

<sup>(1)</sup> Nonoperating revenue from the Commonwealth of Virginia has been reclassified to Operating revenue for presentation of the statistical table.

**TABLE 4**  
**PAMUNKEY REGIONAL JAIL**  
**OPERATING EXPENSES (unaudited)**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Personal Services</b>	<b>Fringe Benefits</b>	<b>Contractual Services</b>	<b>Other Operating Expenses and Supplies</b>	<b>Depreciation</b>	<b>Total Operating Expenses</b>
<b>2012</b>	\$ 5,311,451	\$ 2,232,219	\$ 1,108,891	\$ 1,759,455	\$ 848,398	\$11,260,414
<b>2011</b>	\$ 5,369,555	\$ 2,104,612	\$ 1,022,231	\$ 1,927,340	\$ 856,564	\$11,280,302
<b>2010</b>	\$ 5,371,673	\$ 2,041,661	\$ 873,556	\$ 1,778,935	\$ 883,299	\$10,949,124
<b>2009</b>	\$ 5,344,127	\$ 1,970,205	\$ 766,234	\$ 2,016,322	\$ 883,460	\$10,980,348
<b>2008</b>	\$ 4,963,757	\$ 1,852,977	\$ 794,196	\$ 1,943,353	\$ 855,038	\$10,409,321
<b>2007</b>	\$ 4,693,277	\$ 1,743,206	\$ 798,869	\$ 1,853,433	\$ 844,444	\$ 9,933,229
<b>2006</b>	\$ 4,319,240	\$ 1,552,720	\$ 794,539	\$ 1,741,249	\$ 828,186	\$ 9,235,934
<b>2005</b>	\$ 4,019,841	\$ 1,427,428	\$ 773,248	\$ 1,557,255	\$ 811,497	\$ 8,589,269
<b>2004</b>	\$ 3,818,587	\$ 1,094,383	\$ 794,189	\$ 1,627,224	\$ 801,756	\$ 8,136,139
<b>2003</b>	\$ 3,802,141	\$ 1,034,451	\$ 586,263	\$ 1,372,196	\$ 807,747	\$ 7,602,798

**TABLE 5**  
**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**NONOPERATING REVENUES AND EXPENSES (unaudited)**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Interest Income</b>	<b>Interest Expense</b>	<b>Net Nonoperating Expenses</b>
<b>2012</b>	\$ 125,822	\$ (417,209)	\$ (291,387)
<b>2011</b>	\$ 132,561	\$ (447,395)	\$ (314,834)
<b>2010</b>	\$ 156,574	\$ (476,690)	\$ (320,116)
<b>2009</b>	\$ 269,845	\$ (505,415)	\$ (235,570)
<b>2008</b>	\$ 378,086	\$ (533,249)	\$ (155,163)
<b>2007</b>	\$ 357,552	\$ (590,058)	\$ (232,506)
<b>2006</b>	\$ 272,088	\$ (643,129)	\$ (371,041)
<b>2005</b>	\$ 209,002	\$ (419,512)	\$ (210,510)
<b>2004</b>	\$ 105,939	\$ (1,064,170)	\$ (958,231)
<b>2003</b>	\$ 218,197	\$ (697,726)	\$ (479,529)

**TABLE 6**  
**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**REVENUES AND EXPENSES (unaudited)**  
**Last Ten Fiscal Years**

	<b>FY12</b>	<b>FY11</b>	<b>FY10</b>	<b>FY09</b>	<b>FY08</b>	<b>FY07</b>	<b>FY06</b>	<b>FY05</b>	<b>FY04</b>	<b>FY03</b>
<b>Revenues:</b>										
Charges for services -										
Inmate Housing	7,978,792	8,169,584	7,595,212	7,608,415	7,460,426	6,661,969	5,739,361	5,346,642	5,441,028	4,841,339
State Compensation Board	3,534,742	3,248,271	3,288,107	3,228,124	3,434,929	3,808,569	3,804,024	3,285,064	2,938,288	3,054,420
Interest income	125,822	132,561	156,574	269,845	378,086	357,552	272,088	209,002	105,939	218,197
Work release	3,089	14,530	18,931	13,088	20,426	26,658	55,042	46,142	38,284	31,710
Telephone Commission	282,025	178,007	205,153	172,687	176,341	195,147	186,811	195,548	170,615	189,849
Miscellaneous	242,945	196,021	161,837	120,961	134,183	129,595	168,333	123,523	85,442	25,659
Total revenues	<u>12,167,415</u>	<u>11,938,974</u>	<u>11,425,814</u>	<u>11,413,120</u>	<u>11,604,391</u>	<u>11,179,490</u>	<u>10,225,659</u>	<u>9,205,921</u>	<u>8,779,596</u>	<u>8,361,174</u>
<b>Expenses:</b>										
Salaries and benefits	7,543,670	7,474,167	7,413,334	7,314,332	6,816,734	6,436,483	5,871,960	5,447,270	4,912,970	4,836,592
Contractual services	1,042,969	994,494	830,665	712,548	738,118	730,821	738,647	773,251	749,016	515,163
Materials and supplies	504,617	535,012	450,678	526,501	578,519	579,504	501,174	374,520	468,476	353,705
Medical services and supplies	425,074	530,150	512,464	434,575	400,012	383,158	354,636	246,197	270,482	190,021
Food service and supplies	403,344	422,196	417,857	637,835	599,672	560,148	543,528	532,191	578,241	542,454
Repairs and maintenance	65,922	27,737	42,891	53,686	56,078	68,048	55,892	90,828	45,173	71,100
Utilities	426,420	439,982	397,936	417,411	365,150	330,623	341,911	313,515	310,025	286,016
Depreciation	848,398	856,564	883,299	883,460	855,039	844,444	828,186	811,497	801,756	807,747
Interest expense/Bond discount										
Debt refunding	417,209	447,395	476,690	505,415	533,249	590,058	643,129	419,512	1,064,170	697,726
Total expenses	<u>11,677,623</u>	<u>11,727,697</u>	<u>11,425,814</u>	<u>11,485,763</u>	<u>10,942,571</u>	<u>10,523,287</u>	<u>9,879,063</u>	<u>9,008,781</u>	<u>9,200,309</u>	<u>8,300,524</u>
Increase (decrease) in net assets	<u>\$ 489,792</u>	<u>\$ 211,277</u>	<u>\$ -</u>	<u>\$ (72,643)</u>	<u>\$ 661,820</u>	<u>\$ 656,203</u>	<u>\$ 346,596</u>	<u>\$ 197,140</u>	<u>\$ (420,713)</u>	<u>\$ 60,650</u>

**TABLE 7**  
**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**REVENUES & BILLED INMATE DAYS - BY CUSTOMER (unaudited)**  
**Last Ten Fiscal Years**

Fiscal Year	Hanover County			Town of Ashland			Caroline County			Federal Inmates		
	Revenue	Per Diem	Inmate Days Billed	Revenue	Per Diem	Inmate Days Billed	Revenue	Per Diem	Inmate Days Billed	Revenue	Per Diem	Inmate Days Billed
2012	\$3,535,128	\$37.26	\$94,877	\$255,231	\$37.26	\$6,850	\$1,279,526	\$37.26	\$34,340	\$1,405,625	\$54.00	\$26,030
2011	3,246,509	37.95	85,547	290,355	37.95	7,651	1,247,758	37.95	32,879	1,932,444	54.00	35,786
2010	2,868,702	33.29	86,173	224,142	33.29	6,733	1,083,353	33.29	32,543	2,189,102	54.00	40,539
2009	2,154,353	33.58	64,156	189,123	33.58	5,632	774,724	33.58	23,071	2,788,031	54.00	51,630
2008	2,044,608	29.30	69,782	172,225	29.30	5,878	583,715	29.30	19,922	2,964,415	50.00	59,288
2007	1,786,397	25.75	69,375	158,260	25.75	6,146	535,368	25.75	20,791	2,494,160	50.00	49,883
2006	1,876,814	21.57	87,010	149,717	21.57	6,941	413,872	21.57	19,187	1,611,234	50.00	32,225
2005	1,287,434	14.89	86,463	107,119	14.89	7,194	273,648	14.89	18,378	1,986,629	50.00	39,733
2004	1,363,762	14.73	92,584	98,117	14.73	6,661	290,166	14.73	19,699	2,409,968	50.00	48,199
2003	1,415,631	17.83	79,396	91,700	17.83	5,143	332,850	17.83	18,668	1,862,987	50.00	37,260

**TABLE 8**  
**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**LARGEST REVENUE SOURCE**  
**Current Year and Ten Years Ago (unaudited)**

	<b>Fiscal Year 2012</b>	
	<b>Amount</b>	<b>%</b>
<b>County of Hanover</b>	\$ 4,552,497	37.42%
<b>Intergovernmental Shared Expenses</b>	3,534,742	29.05%
<b>Subtotal</b>	8,087,239	66.47%
<b>Balance from other revenue sources</b>	4,080,176	33.53%
<b>Grand Totals</b>	<u>\$ 12,167,415</u>	<u>100.00%</u>

	<b>Fiscal Year 2003</b>	
	<b>Amount</b>	<b>%</b>
<b>County of Hanover</b>	\$ 2,451,529	29.32%
<b>Intergovernmental Shared Expenses</b>	\$ 2,953,724	35.33%
<b>Subtotal</b>	5,405,253	64.65%
<b>Balance from other revenue sources</b>	2,955,921	35.35%
<b>Grand Totals</b>	<u>\$ 8,361,174</u>	<u>100.00%</u>

**Note: The table includes the largest revenue sources required to reach 50 percent of the revenue base.**

**TABLE 9**  
**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**OUTSTANDING DEBT BY TYPE (unaudited)**  
**Last Ten Fiscal Years**

Fiscal Year	Revenue		Caroline		Hanover	
	Bonds	Total	Annual Total Personal Income	Annual Per Capita Personal Income	Annual Total Personal Income	Annual Per Capita Personal Income
2012	\$ 10,170,631	\$ 10,170,631	NA	NA	\$ 4,461,198	\$ 43,915
2011	11,303,184	11,303,184	1,021,000	34,095	4,427,647	43,915
2010	12,400,735	12,400,735	940,026	33,729	4,409,466	43,915
2009	13,473,287	13,473,287	939,641	33,923	4,350,581	43,848
2008	14,510,839	14,510,839	895,576	32,825	4,533,546	45,466
2007	15,498,391	15,498,391	821,575	31,047	4,306,337	43,478
2006	16,430,943	16,430,943	765,262	28,289	4,008,876	40,854
2005	17,313,495	17,313,495	657,599	27,482	3,758,827	38,944
2004	18,133,973	18,133,973	599,701	25,924	3,534,059	37,022
2003	18,782,198	18,782,198	565,331	25,028	3,354,845	35,824

**TABLE 10**  
**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**REVENUES BOND COVERAGE - OPERATING FUND (unaudited)**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Operating Revenues <sup>(1)</sup></b>	<b>Operating and Capital Expenses <sup>(2)</sup></b>	<b>Available Unrestricted Assets <sup>(3)</sup></b>	<b>Net Revenue Available for Debt Service</b>	<b>Principal</b>	<b>Interest <sup>(4)</sup></b>	<b>Payments to Reserves</b>	<b>Total</b>	<b>Bond Coverage</b>
<b>2012</b>	\$ 12,041,593	\$ 10,412,016	\$ 2,902,885	\$ 4,532,462	\$ 1,300,000	\$ 278,630	\$ -	\$ 1,578,630	287%
<b>2011</b>	\$ 11,806,412	\$ 10,423,737	\$ 3,007,279	\$ 4,389,954	\$ 1,275,000	\$ 308,816	\$ -	\$ 1,583,816	277%
<b>2010</b>	\$ 11,269,240	\$ 10,065,825	\$ 3,062,304	\$ 4,265,719	\$ 1,240,000	\$ 338,111	-	\$ 1,578,111	270%
<b>2009</b>	11,143,275	10,096,888	3,219,111	4,265,498	1,215,000	366,836	-	1,581,836	270%
<b>2008</b>	11,226,304	9,554,284	3,649,509	5,321,529	1,180,000	394,670	-	1,574,670	338%
<b>2007</b>	10,821,938	9,088,785	3,489,039	5,222,192	1,130,000	451,479	-	1,581,479	330%
<b>2006</b>	9,953,571	8,407,748	3,232,548	4,778,371	1,075,000	504,550	-	1,579,550	303%
<b>2005</b>	8,996,919	7,777,772	3,429,376	4,648,523	1,025,000	713,277	-	1,738,277	267%
<b>2004</b>	8,673,657	7,334,383	3,557,317	4,896,591	815,000	897,395	-	1,712,395	286%
<b>2003</b>	8,142,977	6,795,051	4,102,579	5,450,505	910,000	967,696	-	1,877,696	290%

<sup>(1)</sup> Nonoperating revenue from the Commonwealth of Virginia has been reclassified to Operating revenue for presentation of the statistical table

<sup>(2)</sup> Greater of budgeted or actual operating expenses exclusive of depreciation

<sup>(3)</sup> During fiscal year 2004, the Jail Authority received an interpretation from its bond counsel that allows unrestricted net assets from the prior year to be included as operating revenues for the purposes of the bond coverage calculation. The calculations for previous years have been revised accordingly

<sup>(4)</sup> Less amortization expense



**TABLE 11**  
**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**NUMBER OF EMPLOYEES BY IDENTIFIABLE ACTIVITY (unaudited)**  
**Last Ten Fiscal Years**

	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Civilian	23	23	23	23	17	17	14	11	11	14
Sworn	114	114	114	114	113	113	100	103	105	105
Total Employees	137	137	137	137	130	130	114	114	116	119

**TABLE 12**  
**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**INMATE BOOKING STATISTICS (unaudited)**  
**Last Ten Fiscal Years**

Jurisdiction	Fiscal Year	Average Daily Population	Average Length of Stay (Days)	Average Monthly Bookings	Average # Housed
Hanover	2003	240	27	232	536
	2004	243	22	291	623
	2005	243	21	293	635
	2006	225	19	308	637
	2007	219	19	302	606
	2008	209	16	326	655
	2009	198	14	377	675
	2010	237	16	361	668
	2011	230	20	355	639
	2012	247	21	349	676

Jurisdiction	Fiscal Year	Average Daily Population	Average Length of Stay (Days)	Average Monthly Bookings	Average # Housed
Ashland	2003	16	32	16	32
	2004	20	36	17	39
	2005	18	34	18	38
	2006	16	29	18	36
	2007	17	21	26	31
	2008	16	26	22	37
	2009	15	19	30	46
	2010	18	16	32	50
	2011	21	21	37	57
	2012	18	19	38	55

Jurisdiction	Fiscal Year	Average Daily Population	Average Length of Stay (Days)	Average Monthly Bookings	Average # Housed
Caroline	2003	54	21	65	125
	2004	54	21	69	127
	2005	49	18	77	129
	2006	57	19	93	157
	2007	57	19	87	152
	2008	55	16	99	167
	2009	64	16	114	191
	2010	89	22	96	204
	2011	90	26	75	196
	2012	94	27	96	207

Jurisdiction	Fiscal Year	Average Daily Population	Average Length of Stay (Days)	Average Monthly Bookings	Average # Housed
Other	2003	106	39	61	192
	2004	138	31	115	261
	2005	117	32	85	170
	2006	103	35	82	189
	2007	153	50	79	214
	2008	177	50	92	268
	2009	168	46	96	267
	2010	115	46	64	198
	2011	102	47	58	160
	2012	82	43	50	124

**TABLE 13**  
**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**PRINCIPAL EMPLOYERS (unaudited)**  
**MOST RECENT AVAILABLE YEAR AND PERIOD TEN YEARS AGO**

<u>Employer</u>	<u>Type of Business</u>	<u>2011</u>		<u>2002</u>		<u>Total Employment</u>	<u>Total Employment</u>
		<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>		
Hanover County Schools	Education	2,544	1	2,102	1	4.8%	4.3%
Bon Secours Memorial Regional Medical County of Hanover	Hospital/Medical Center Government	1,000+	2	1,000+	2	3.8%	4.1%
New Caps LLC	Entertainment Payroll Services	1,106	3	893	4	2.1%	1.8%
Randolph Macon College	Education	500-999	4		N/A	1.4%	
Tyson Foods	Poultry Processing	500-999	5	500-999	6	1.4%	1.5%
Supervalu	Food Distributor	500-999	6	1,000+	3	1.4%	4.1%
Paramount Kings Dominion	Entertainment	500-999	7	500-999	5	1.4%	1.5%
Wal-Mart Stores	Retail	250-499	8	500-999	7	0.7%	1.5%
Sales Mark	Wholesale Electronic Market	250-499	9	-	8	0.7%	1.5%
Culpeper Star Exponent	Newspaper Publisher	-	10		N/A	-	-
Ukrops	Food and Beverage stores	-	N/A	250-499	9	-	0.8%
		52,612		48,700	10	19.1%	21.9%

Notes: County and Schools employment levels provided by the County of Hanover Department of Human Resources, Finance Budget Division and the School Board Administration. Other data provided by the Virginia Employment Commission and the Hanover County Economic Development Department. Employment levels represent full-time equivalents. The most recent year for which data is available is 2011.

**TABLE 14**  
**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**DEMOGRAPHIC STATISTICS FOR MEMBER JURISDICTIONS (unaudited)**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Hanover County</u>		<u>Caroline County</u>	
	<u>Population</u>	<u>Unemployment Rate</u>	<u>Population</u>	<u>Unemployment Rate</u>
<b>2003</b>	93,647	3.2%	22,300	4.3%
<b>2004</b>	95,459	3.0%	23,000	4.2%
<b>2005</b>	96,520	2.9%	23,800	3.9%
<b>2006</b>	98,126	2.5%	25,109	3.7%
<b>2007</b>	99,047	2.5%	27,399	3.3%
<b>2008</b>	99,713	3.5%	27,838	4.8%
<b>2009</b>	100,051	6.6%	27,900	8.5%
<b>2010</b>	100,408	6.5%	28,245	8.6%
<b>2011</b>	100,822	6.0%	28,545	7.6%
<b>2012</b>	101,586	5.7%	28,674	6.7%

**TABLE 15**  
**PAMUNKEY REGIONAL JAIL AUTHORITY**  
**SCHEDULE OF INSURANCE IN FORCE (unaudited)**  
**As of June 30, 2012**

Insurance Coverage	Insurance Company	Expiration Date	Coverage Limit	Deductible
Building & Personal Property	VACO	7/1/2012	As scheduled	\$ 1,000
Electronic Data Processing Equipment	VACO	7/1/2012	As scheduled	\$ 1,000
Earthquake/Flood	VACO	7/1/2012	\$ 5,000,000	\$ 25,000
Business Auto	VACO	7/1/2012	\$ 5,000,000	N/A
Schedule Equipment	VACO	7/1/2012	As scheduled	\$ 1,000
Boiler and Machinery	VACO	7/1/2012	As scheduled	\$ 1,000
Business Interruption and Extra Expense	VACO		Included in blanket	
Workers Compensation	VACGSIA	7/1/2012	\$ 1,000,000	N/A
Faithful Performance of Duty	Commonwealth of Virginia -	7/1/2012	\$ 1,000,000	N/A
Bond *1	Division of Risk Management			
Constitutional Officer *1	Commonwealth of Virginia - Division of Risk Management	7/1/2012	\$ 1,000,000	\$ 1,000
General Liability		7/1/2012	\$ 2,000,000	N/A
Excess General Liability (Auto Also)		7/1/2012	\$ 3,000,000	N/A

NA – Not Applicable

\*1 – Provided by the Commonwealth of Virginia

## **COMPLIANCE SECTION**



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**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**

The Honorable Members of the  
Pamunkey Regional Jail Authority Board :

We have audited the basic financial statements of the Pamunkey Regional Jail Authority (the Jail Authority), a political subdivision of the Commonwealth of Virginia, as of and for the year ended June 30, 2012, and have issued our report thereon dated November 19, 2012. 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.

**Internal Control over Financial Reporting**

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

A deficiency in internal control over financial reporting 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 combination of deficiencies, in internal control over financial reporting, 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.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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*.

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

KPMG LLP

November 19, 2012