

PAMUNKEY REGIONAL JAIL

HANOVER COUNTY, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE YEARS ENDING JUNE 30, 2010 AND 2011

COLONEL JAMES C. WILLETT, CJM, CCM
SUPERINTENDENT

MAJOR MARK A. BENNETT, CJM, CCM
DEPUTY SUPERINTENDENT

MR. F. KEITH SPICER, CPA
ACCOUNTING MANAGER

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INTRODUCTORY SECTION

PAMUNKEY REGIONAL JAIL COMPREHENSIVE ANNUAL FINANCIAL REPORT

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**PAMUNKEY REGIONAL JAIL
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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October 20, 2011

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, 2011. 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 report.

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. In the performance of this audit, consideration is given to the adequacy of the Jail Authority's internal accounting control structure. Internal controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of an internal control structure should not exceed the benefits likely to be derived, and therefore, management must continuously evaluate the benefits of various controls given the related costs of implementation. We believe that the Jail Authority's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

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 Authority are the Counties of Caroline and Hanover and the Town of Ashland. The 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 .4%, with a total population of 100,822 estimated for 2011. These figures include the Town of Ashland. Caroline County’s population growth rate is expected to be 2.0%, with a total population of 28,545 estimated for 2011.

The inmate population for the past year was 340. Projections for the upcoming fiscal year are 345 and by the 2013 fiscal year, we anticipate an inmate population of approximately 355.

MAJOR ACCOMPLISHMENTS AND INITIATIVES

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

Federal bed rentals continued to be a source of additional revenue over the past year. This further accomplishes the goal of maintaining a low per-diem rate. This was done while maintaining a high level of service to the member jurisdictions and providing a safe living environment for the inmates at the facility.

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. The Superintendent and 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, sold raffle tickets with all proceeds donated to the Special Olympics and volunteered at the Regional Basketball tournament.

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'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 \$132,561 representing a decrease of \$24,013 from fiscal year 2009-10. This decrease was attributable to the market return rates decreasing from the prior year.

RISK MANAGEMENT

The Jail Authority's risk management program involves maintaining comprehensive insurance policies, and identifying and monitoring loss exposure. The Jail Authority's comprehensive property, boiler and machinery, automobile, business interruption, inland marine and worker's compensation insurance is provided through the Virginia Association of Counties Insurance Programs (VACO). The purpose of the association is to create and administer group self-insurance pools for political subdivisions of the Commonwealth of Virginia pursuant to the authority provided in Chapter 11.1 of Title 15.1 of the Code of Virginia. The association is managed by a seven member supervisory Board, who is elected by members at their annual meeting. Annual rates are based on estimated claims and reserve requirements. Pool deficits, should they materialize, will be eliminated through the levying of an additional assessment upon association members.

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

INDEPENDENT AUDIT

The certified public accounting firm of Cherry, Bekaert, and Holland, L.L.P. has audited the June 30, 2011 financial statements. Their opinion on the 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, 2010. This was the ninth 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, CCM
Superintendent

F. Keith Spicer, CPA
Accounting Manager

**Pamunkey Regional Jail Authority Members
Year 2011**

Chairman Charles Hartgrove
Ashland Town Manager

Vice Chairman Alan Partin
Caroline County Acting Administrator

Other Members

Tony Lippa
Caroline County Sheriff

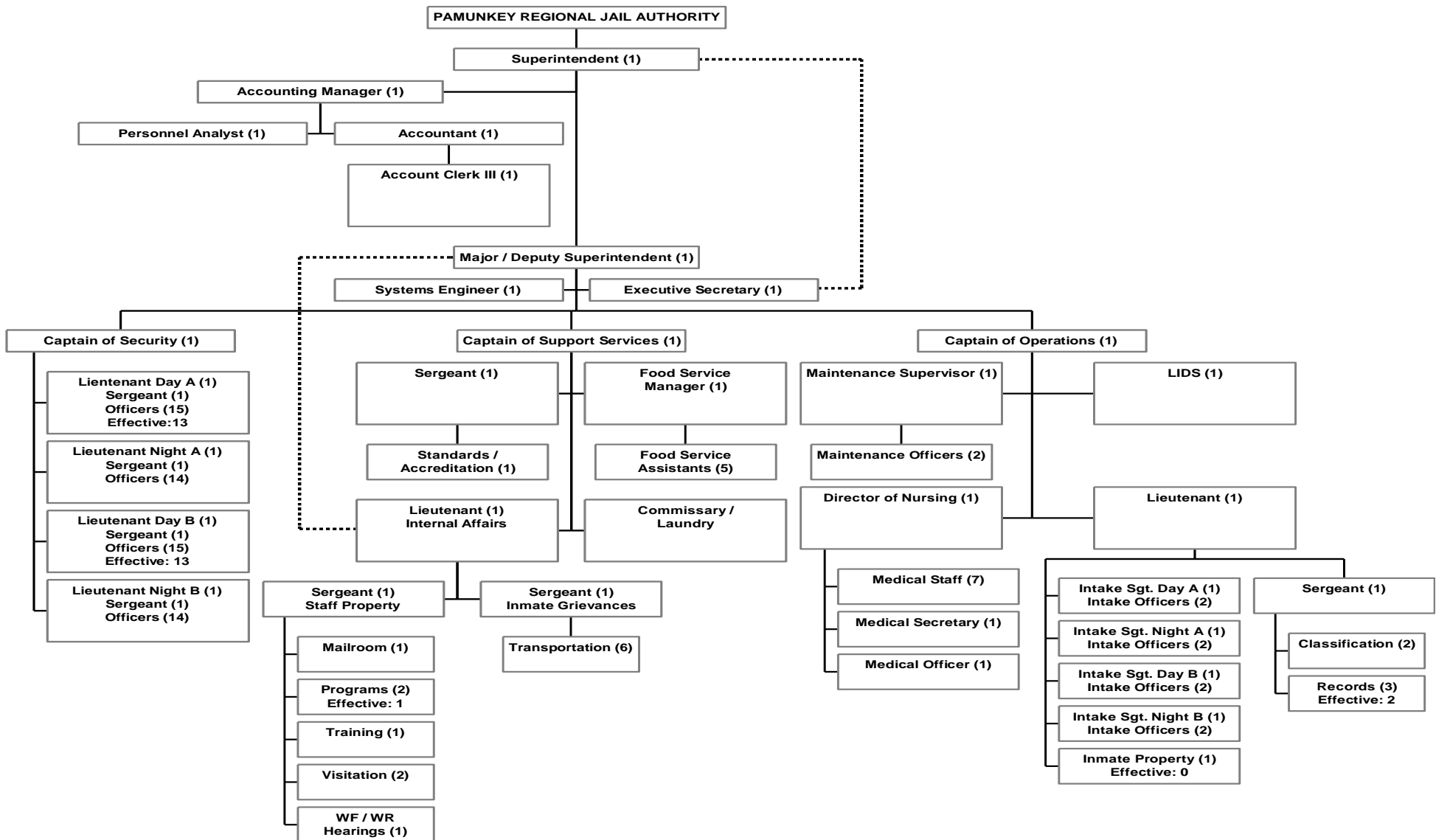
Jim Taylor
Hanover County Assistant Administrator

Dave Hines
Colonel, Hanover County Sheriff

Counsel

William H. Hefty, Esq.

Pamunkey Regional Jail Organizational Structure



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, 2010

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



President

Executive Director

FINANCIAL SECTION



Independent Auditors' Report

Members of the Board
Pamunkey Regional Jail Authority
Hanover, Virginia

We have audited the financial statements of the Pamunkey Regional Jail Authority (the "Authority") as of and for the years ending June 30, 2011 and 2010 as listed in the forgoing table of contents. These financial statements are the responsibility of the Authority. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 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. 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 Pamunkey Regional Jail Authority, as of June 30, 2011 and 2010, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2011, on our consideration of the Authority's internal control over financial reporting and on 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 Management's Discussion and Analysis on pages 5-9 and the Schedule of Funding Progress at page 29 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Pamunkey Regional Jail's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Cheng Eckert + Holland, L.L.P.

Richmond, Virginia
October 20, 2011



**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***

Members of the Board
Pamunkey Regional Jail Authority
Hanover, Virginia

We have audited the financial statements of the Pamunkey Regional Jail Authority (the “Authority”) as of and for the years ended June 30, 2011 and 2010, and have issued our report thereon dated October 20, 2011. We conducted our audits 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 Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audits, we considered the 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 Authority’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.

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 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 audits 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 the Authority board, management, participating jurisdictions, and state agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Cheng, Beckert + Holland, L.L.P.

Richmond, Virginia
October 20, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

The financial statements of the Pamunkey Regional Jail 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 years ended June 30, 2011 and 2010. 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's net assets increased \$211,277 in FY11.
- The total revenues of the Jail increased \$513,159 or 4.5% from FY10. This is primarily due to the increase in revenue from the localities bed rental revenue, due to an increase in the locality's per diem rate.
- Total expenses in FY11 increased by \$301,882 or 2.6%, primarily from an increase in contractual services and materials and supplies.
- The Jail's net assets did not change in FY10 due to the Jail returning all FY10 surplus funds to the member jurisdictions.
- The total revenues of the Jail increased \$12,694 or .1% from FY09. This is primarily due to the increase in revenue from the localities and federal bureau of prisons bed rental revenue..
- Total expenses in FY10 decreased by \$59,949 or .5%, primarily from a decrease in food services and supplies.

The Jail Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America 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's basic financial statements. The Jail'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 jail's net assets and how they have changed. Net assets are the difference between the Jail's total assets and liabilities. Measuring net assets is one way to gauge the Jail's financial condition.

The following table summarizes the net assets of the Jail at June 30, 2011, 2010, and 2009:

NET ASSETS	2011	2010	2009
Assets			
Cash and cash equivalents – unrestricted	\$ 3,556,590	\$ 3,398,862	\$ 3,689,731
Cash and cash equivalents – restricted	4,416,426	4,404,544	4,451,520
Receivables	665,238	800,338	850,686
Capital assets, net	<u>17,078,526</u>	<u>17,921,658</u>	<u>18,790,427</u>
Total Assets	<u>25,716,780</u>	<u>26,525,402</u>	<u>27,782,364</u>
Liabilities			
Current Liabilities			
Accounts payable	118,299	124,972	320,919
Accrued liabilities	264,195	260,844	270,250
Arbitrage Liabilities	62,164	-	-
Current portion of compensated absences	33,460	35,304	69,440
Current portion of long-term debt	1,275,000	1,240,000	1,215,000
Accrued bond interest	221,762	236,411	250,773
Total current liabilities	<u>1,974,880</u>	<u>1,897,531</u>	<u>2,126,382</u>
Long-Term Liabilities			
Revenue bonds	10,028,183	11,160,735	12,258,287
Compensated absences	<u>514,669</u>	<u>479,365</u>	<u>409,924</u>
Total long-term liabilities	<u>10,542,852</u>	<u>11,640,100</u>	<u>12,668,211</u>
Total Liabilities	<u>12,517,732</u>	<u>13,537,631</u>	<u>14,794,593</u>
Net Assets			
Invested in capital assets, net of related debt	5,775,343	5,520,923	5,317,140
Restricted	4,416,426	4,404,544	4,451,520
Unrestricted	<u>3,007,279</u>	<u>3,062,304</u>	<u>3,219,111</u>
Total Net Assets	<u>\$ 13,199,048</u>	<u>\$ 12,987,771</u>	<u>\$ 12,987,771</u>

Overall net assets increased 1.6% in 2011 and remained the same in 2010, with unrestricted net assets decreasing 1.8% for 2011 and decreasing 4.9% for 2010.

REVENUES

Operating and non-operating revenues for the Jail Authority totaled \$11,938,973 for the year ended June 30, 2011, which equates to a \$513,159 increase over fiscal year 2010. Of this total, per-diem billings to member jurisdictions totaled \$6,237,145 or 52 percent of total revenues. Per-diem billings to non-member jurisdictions totaled \$1,781,729 and accounted for 16 percent of total revenues. Non-inmate revenues totaled \$3,920,098 or 32 percent of total revenues.

Operating and non-operating revenues for the Jail Authority totaled \$11,425,814 for the year ended June 30, 2010, which equates to a \$12,694 increase over fiscal year 2009. Of this total, per-diem billings to member jurisdictions totaled \$5,406,110 or 47 percent of total revenues. Per-diem billings to non-member jurisdictions totaled \$2,112,316 and accounted for 19 percent of total revenues. Non-inmate revenues totaled \$3,907,388 or 34 percent of total revenues.

A summary of revenues is provided in the following tabulation:

Revenue Source	2011	2010	2009
Operating Revenue:			
Member Jurisdictions			
Hanover County	\$ 4,325,187	\$ 3,758,980	\$ 3,516,100
Town of Ashland	290,355	224,142	189,123
Caroline County	1,621,603	1,422,988	1,115,161
Subtotal	<u>6,237,145</u>	<u>5,406,110</u>	<u>4,820,384</u>
United State's Marshal's Service	1,873,362	1,895,155	1,580,446
Immigration/Naturalization Service	49,950	262,411	1,192,271
Federal Bureau of Prisons	7,452	30,780	-
Other local and regional jails	1,674	756	15,314
Subtotal	<u>1,932,438</u>	<u>2,189,102</u>	<u>2,788,031</u>
Compensation Board	3,398,979	3,143,243	2,499,450
Commonwealth of Virginia	(150,709)	(76,786)	(304,892)
Federal ARRA stimulus funds	-	221,650	1,033,566
Work release	14,530	18,931	13,088
Miscellaneous	374,029	366,990	293,648
Subtotal	<u>3,636,828</u>	<u>3,674,028</u>	<u>3,534,860</u>
Total operating revenue	11,806,412	11,269,240	11,143,275
Nonoperating Revenue:			
Interest revenue	<u>132,561</u>	<u>156,574</u>	<u>269,845</u>
Total Revenue	<u>\$ 11,938,973</u>	<u>\$ 11,425,814</u>	<u>\$ 11,413,120</u>

EXPENSES

Operating and non-operating expenses totaled \$11,727,697 for the year ended June 30, 2011, which represents a \$301,882 increase over fiscal year 2010. Of this amount, salaries and employee benefits totaled \$7,474,167, medical services and supplies totaled \$530,150, food service and supplies totaled \$422,196 and interest payments on debt totaled \$447,395.

Operating and non-operating expenses totaled \$11,425,814 for the year ended June 30, 2010, which represents a \$59,949 decrease over fiscal year 2009. Of this amount, salaries and employee benefits totaled \$7,413,334, medical services and supplies totaled \$512,464, food service and supplies totaled \$417,857 and interest payments on debt totaled \$476,690.

Summary data is presented in the following tabulation:

<u>Expense Classification</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating Expenses:			
Personal services	\$ 5,369,555	\$ 5,371,673	\$ 5,344,127
Fringe benefits	2,104,612	2,041,661	1,970,205
Contractual services	1,022,231	873,556	766,234
Materials and supplies	535,012	450,678	526,501
Medical services and supplies	530,150	512,464	434,575
Food services and supplies	422,196	417,857	637,835
Utilities	439,982	397,936	417,411
Depreciation	856,564	883,299	883,460
Total Operating Expenses	<u>11,280,302</u>	<u>10,949,124</u>	<u>10,980,348</u>
Total Non-operating Expenses:			
Interest expense	<u>447,395</u>	<u>476,690</u>	<u>505,415</u>
Total expenses	11,727,697	11,425,814	11,485,763
Total excess or (deficiency) of revenues and expenses	<u>211,277</u>	<u>-</u>	<u>(72,643)</u>
Net assets, beginning	<u>12,987,771</u>	<u>12,987,771</u>	<u>13,060,414</u>
Net assets, ending	<u>\$ 13,199,048</u>	<u>\$ 12,987,771</u>	<u>\$ 12,987,771</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 operations ended FY11 with a \$211,277 increase in total net assets. Net assets had no change in 2010. The increase in FY11 net assets is due to a rise in operational per diem billings from member jurisdictions.

The Jail's cash position remains strong with \$3,556,590 in unrestricted funds.

DEBT ADMINISTRATION

The Jail Authority had total bonded debt outstanding of \$11,760,000 and \$13,000,000 on June 30, 2011 and 2010, 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 \$1,11,644. 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 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, 2011, capital assets, accumulated depreciation and depreciation expense totaled \$28,193,031, \$11,114,505 and \$856,564 respectively. As of June 30, 2010, capital assets, accumulated depreciation and depreciation expense totaled \$28,203,096, \$10,281,438 and \$883,299 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 \$33.29 and \$33.58 for 2010 and 2009, respectively; and \$37.95 for 2011. 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 \$14.77 and \$14.13 for 2010 and 2009, respectively; and \$14.82 for 2011. 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

**Statements of Net Assets
June 30, 2011 and 2010**

ASSETS	2011	2010
Current Assets:		
Cash and cash equivalents - unrestricted	\$ 3,556,590	\$ 3,398,862
Cash and cash equivalents - restricted	4,416,426	4,404,544
Receivables:		
Due from Federal Government	131,007	336,956
Due from Commonwealth of Virginia - Operations	313,130	296,673
Accrued interest receivable - member jurisdictions	-	48,057
Accounts receivable - member jurisdictions	221,101	118,652
	<u>8,638,254</u>	<u>8,603,744</u>
Total current assets		
Capital Assets:		
Nondepreciable assests	70,825	70,825
Depreciable assets, net of accumulated depreciation of \$11,114,505 for FY2011 and \$10,281,438 for FY2010, respectively	17,007,701	17,850,833
	<u>17,078,526</u>	<u>17,921,658</u>
Total capital assets		
Total assets	<u>\$ 25,716,780</u>	<u>\$ 26,525,402</u>

PAMUNKEY REGIONAL JAIL AUTHORITY
Statements of Net Assets
June 30, 2011 and 2010

	2011	2010
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 118,299	\$ 124,972
Accrued liabilities	264,195	260,844
Accrued Arbitrage Liability	62,164	-
Current portion of compensated absences	33,460	35,304
Current portion of long-term debt	1,275,000	1,240,000
Accrued bond interest	221,762	236,411
	<u>1,974,880</u>	<u>1,897,531</u>
Total current liabilities		
Long-term Liabilities:		
Revenue bonds, net of unamortized deferred loss and bond discount	10,028,183	11,160,735
Compensated absences	514,669	479,365
	<u>10,542,852</u>	<u>11,640,100</u>
Total long-term liabilities		
	<u>12,517,732</u>	<u>13,537,631</u>
Total liabilities		
NET ASSETS		
Invested in capital assets, net of related debt	5,775,343	5,520,923
Restricted:		
Debt service and repair reserve - per debt covenant	1,730,501	1,730,501
Operating reserve - per jail service agreement	2,685,925	2,674,043
Unrestricted	3,007,279	3,062,304
	<u>3,007,279</u>	<u>3,062,304</u>
Total net assets		
	<u>\$ 13,199,048</u>	<u>\$ 12,987,771</u>

See notes to financial statements.

PAMUNKEY REGIONAL JAIL AUTHORITY
Statements of Revenues, Expenses, and Changes in Net Assets
Years Ended June 30, 2011 and 2010

	2011	2010
OPERATING REVENUES:		
Charges for services:		
County of Hanover	\$ 4,325,187	\$ 3,758,980
Town of Ashland	290,355	224,142
County of Caroline	1,621,603	1,422,988
Charges to other governments	1,932,438	2,189,102
Other	388,558	385,921
Intergovernmental:		
Federal ARRA Stimulus Funds	-	221,650
Revenue from the Commonwealth of Virginia:		
Categorical aid: Shared expenses and fees	3,248,271	3,066,457
Total operating revenues	11,806,412	11,269,240
OPERATING EXPENSES:		
Personal services	5,369,555	5,371,673
Fringe benefits	2,104,612	2,041,661
Contractual services	1,022,231	873,556
Other operating expenses and supplies	1,927,340	1,778,935
Depreciation	856,564	883,299
Total operating expenses	11,280,302	10,949,124
Operating income	526,110	320,116
NONOPERATING REVENUES (EXPENSES):		
Interest income	132,561	156,574
Interest on long-term debt	(447,395)	(476,690)
Net nonoperating expenses	(314,834)	(320,116)
Change in net assets	211,277	-
Net assets at beginning of year	12,987,771	12,987,771
Net assets at end of year	\$ 13,199,048	\$ 12,987,771

See notes to financial statements.

PAMUNKEY REGIONAL JAIL AUTHORITY
Statements of Cash Flows
Years Ended June 30, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Charges to governments for inmates	\$ 8,321,141	\$ 7,624,661
Intergovernmental revenue	3,231,813	3,309,006
Other revenues	388,558	385,921
Payments to suppliers	(2,808,151)	(2,705,991)
Payments to employees	(7,375,194)	(7,387,435)
	<u>\$ 1,758,167</u>	<u>\$ 1,226,162</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for capital asset additions	(19,075)	(14,530)
Principal payments on long-term debt	(1,240,000)	(1,215,000)
Interest paid on long-term debt	(462,043)	(491,053)
	<u>(1,721,118)</u>	<u>(1,720,583)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on cash and cash equivalents	132,561	156,574
	<u>132,561</u>	<u>156,574</u>
 Net increase (decrease) in cash and cash equivalents	 169,610	 (337,847)
Cash and cash equivalents at beginning of year	7,803,406	8,141,251
Cash and cash equivalents at end of year	<u>\$ 7,973,016</u>	<u>\$ 7,803,406</u>

See notes to financial statements.

PAMUNKEY REGIONAL JAIL AUTHORITY
Statements of Cash Flows
Years Ended June 30, 2011 and 2010

	2011	2010
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 526,110	\$ 320,116
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	856,564	883,299
Amortization	142,448	142,448
Loss on Disposal of Assets	5,643	-
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(54,392)	(25,442)
Due from Commonwealth of Virginia - Operations	(16,457)	20,898
Due from Federal Government	205,949	54,892
Increase (decrease) in:		
Accounts payable	(6,673)	(195,947)
Accrued liabilities	65,515	(9,406)
Compensated absences	33,460	35,304
Net cash provided by operating activities	\$ 1,758,167	\$ 1,226,162

See notes to financial statements.

PAMUNKEY REGIONAL JAIL AUTHORITY

Notes to Financial Statements

June 30, 2011 and 2010

Note 1 – Summary of significant account policies

- A. **Reporting Entity** – 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 Authority are the Counties of Caroline and Hanover and the Town of Ashland. The 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 is not a component unit of Hanover County and is 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** – Cash and cash equivalents include cash on hand, deposits in bank and short-term investments with maturities of three months or less when purchased. Cash and cash equivalents also include amounts held in restricted accounts in accordance with the Series 1996 Jail Facility Revenue Bonds, 2001 Jail Facility Revenue Bonds, and 2003 Jail Facility Revenue Bonds.
- E. **Restricted Assets** – The Jail Authority’s restricted assets consists of debt service and operating reserves. Reserves were as follows:

	<u>2011</u>	<u>2010</u>
Debt service and repair reserve	\$ 1,730,501	\$ 1,730,501
Operating reserve	\$ 2,685,925	\$ 2,674,043

PAMUNKEY REGIONAL JAIL AUTHORITY

Notes to Financial Statements

June 30, 2011 and 2010

Note 1 – Summary of significant account policies (continued)

- F. **Allowances for Uncollectibles** – In accordance with prior history and given the Jail Authority’s relationship with member jurisdictions, no allowance has been established for uncollectible accounts.
- G. **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 years of 2011 and 2010, respectively.
- | | | |
|-----------------------------------|----|-------|
| Buildings | 35 | years |
| Improvements other than buildings | 15 | years |
| Equipment | 5 | years |
- H. **Bond Issuance Costs and Discounts** – Bond issuance costs and discounts are amortized over the life of the bonds using the bonds outstanding method.
- I. **Vacation, Sick, and Holiday Leave** – Jail Authority employees will 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 Pamunkey Regional Jail Authority to be taken. All non-essential personnel, as designated by the 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 also reports categorical aid from the Commonwealth of Virginia as operating revenues. The Jail 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 and expense amounts arising from interest on cash held and interest paid on the outstanding debt.
- K. **Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PAMUNKEY REGIONAL JAIL AUTHORITY
Notes to Financial Statements
June 30, 2011 and 2010

Note 1 – Summary of significant account policies (continued)

- L. **Budget** – The 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 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 amount was \$2,685,925 and \$2,674,043 for the years ended June 30, 2011 and 2010, respectively.

- 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, 2011.

Note 2 – Deposits and Investments

Hanover County acts as a fiscal agent for the Pamunkey Regional Jail Authority. Accordingly, the Authority’s assets held by Hanover County at June 30, 2011 were:

Investment Type	Fair Value	Credit Quality Rating			
		AAA/AAAm	AA	N/R	N/A
Pooled Investments:					
Cash deposits	927,674	-	-	-	927,674
Demand and time deposits	64,256	-	-	-	64,256
Money market mutual funds (AAA ratings)	1,173,198	1,173,198	-	-	-
U.S. government and agency bonds	3,709,187	1,102,679	-	2,606,508	-
Corporate notes and bonds	436,262	236,180	200,082	-	-
Municipal bonds	31,939	-	31,939	-	-
Guaranteed Investment Contract	1,630,500	-	-	1,630,500	-
Total pooled deposits and investments	\$ 7,973,016	2,512,057	232,021	4,237,008	991,930

Deposits: Hanover County acts as a fiscal agent for the Jail Authority; accordingly, the Jail Authority’s cash balance is invested by the County. 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, 2011 and 2010

Note 2 – Deposits and Investments (continued)

Investments: The Jail Authority has adopted the investment policy of its fiscal agent. 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).

The County’s Policy establishes limitations on the holding of non-U.S Government obligations by type of instrument. The maximum percentage of the portfolio (book value at the date of acquisition) permitted in each security is as follows:

	<u>Maximum</u>
Negotiable certificates of deposits/bank notes	100%
Repurchase agreements	50%
Corporate notes	50%
Bankers' acceptances	40%
Commercial paper	35%
State bonds, notes and other evidences of indebtedness	25%
County, town, city, district, authority or other public body bonds, notes and other evidences of indebtedness	25%

The County’s Policy expressly prohibits the following securities, unless specifically approved in writing by the Treasurer: derivative products; reverse repurchase agreements; and any other security not specifically authorized in the Policy.

Interest Rate Risk: As a means of limiting exposure to fair value losses arising from rising interest rates, both the reporting entity’s pooled investment portfolio and the Trust manage maturity of fixed-income accounts to precede or coincide with the expected need of funds, which has resulted in the creation of three pooled investment portfolios of differing maturities and the classification of Trust investments into liquidity and investment assets, as described above. The County Policy also limits the investment of operating funds to investments with a state maturity of no more than five years from the date of purchase, except proceeds from the sale of bonds, which must be invested in compliance with the specific requirements of bond covenants, and may be invested in securities with longer maturities. The Trust Policy has established a fixed-income investment objective based on a five-year rolling market cycle investment horizon, to minimize principle fluctuations and limit the potential for and duration of fixed-income investment losses over that investment horizon due to interest rate fluctuations. The Trust Policy also encourages active fixed-income investment management and requires quarterly reporting of fixed-income investment performance to the Trust’s Finance Board. The deposit and fixed income investment types in the pooled investment portfolio and the Trust portfolio are presented below using the segmented time distribution reporting method, by maturity in years.

PAMUNKEY REGIONAL JAIL AUTHORITY
Notes to Financial Statements
June 30, 2011 and 2010

Note 2 – Deposits and Investments (continued)

As of June 30, 2011, assets held by Hanover County were as follows:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1 to 3	More than 3
Pooled Investments:				
Cash deposits	927,674	927,674	-	-
Demand and time deposits	64,256	64,256	-	-
Money market mutual funds	1,173,198	1,173,198	-	-
U.S. Government and agency bonds	3,709,187	2,471,895	1,069,445	167,847
Corporate notes and bonds	436,262	216,497	215,890	3,875
Municipal bonds	31,939	-	31,939	-
Guaranteed Investment Contract	1,630,500	-	-	1,630,500
Total pooled deposits and investments	\$ 7,973,016	4,853,520	1,317,274	1,802,222

Credit Risk: As required by state statute, the Policy requires that commercial paper have a short-term debt rating of no less than “A-1” (or its equivalent) from at least two of the following: Moody’s Investors Service, Standard & Poor’s and Fitch Investor’s Service. Furthermore, the County’s Policy requires maturity may not exceed 270 days and the issuing corporation, or its guarantor has a net worth of at least \$50 million and the net income has averaged \$3 million for the five previous years.

Corporate notes, negotiable Certificates of Deposit and bank deposit notes maturing in less than one year must have a short-term debt rating of at least “A-1” by Standard & Poor’s and “P-1” by Moody’s Investor Service. Notes having a maturity of greater than one year must be rated “AA” by Standard & Poor’s and “Aa” by Moody’s Investor Service.

The County’s rated pooled debt investments as of June 30, 2011 were rated by Standard & Poor’s and/or an equivalent nationally recognized statistical rating organization. The credit quality and fund credit quality ratings presented previously in this note are determined using the S&P rating scales. Deposits and investments not exposed to credit quality risk, as defined by Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*, are designated as not applicable (N/A) in the credit rating column, and those that are not rated are designated as N/R.

While the AIG Matched FDG Corporation guaranteed investment contract is not rated, the S&P ratings of AIG at June 30, 2011, was rated A-. As of October 10, 2011, the Regional Jail Trust continues to hold the asset which is collateralized and has an unconditional guarantee.

At the time of purchase, the asset was collateralized at 104% of the sum of the outstanding principal amount of the Investment plus any unpaid accrued interest. As rating events occurred (i.e. rating downgrades), collateralization requirements by the Guarantor increased. If additional rating events occur (i.e. S&P Ratings below “A-”), the collateralization requirement will increase to 112% or the Trustee may request repayment of the principal and accrued but unpaid interest on the Investment. Also in accordance with the contract, the Regional Jail Trust also has a first perfected security interest in all the Collateral delivered or transferred to the Collateral Agent.

PAMUNKEY REGIONAL JAIL AUTHORITY

Notes to Financial Statements

June 30, 2011 and 2010

Note 2 – Deposits and Investments (continued)

On August 5, 2011, Standard & Poor's lowered the long-term sovereign credit rating of U.S. Government debt obligations from AAA to AA+. On August 8, 2011, S&P also downgraded the long-term credit ratings of U.S. government-sponsored enterprises (GSEs). S&P affirmed the U.S. Treasury's short-term credit rating of A-1+ indicating that the short-term capacity of the United States to meet its financial commitment on its outstanding obligations remained strong. As of the date of this report the two other major rating agencies, Moody's and Fitch, continued to have U.S. sovereign debt on their watch lists but had not downgraded U.S. sovereign debt from their highest credit rating classifications. Because of the unprecedented nature of S&P's negative credit rating actions with respect to U.S. government obligations, the global and domestic financial markets may continue to react for some time, and the ultimate impacts on the County's operations, financial condition, and liquidity are therefore uncertain. Generally, however, fixed-income debt securities that receive one of the two highest ratings given by a recognized ratings agency continue to be considered by the financial markets to be high quality, and the obligor's capacity to meet its obligations on such securities continues to be considered strong. In addition, as of the date of this report, the County does not expect that the value of its U.S. Treasury or GSE securities have been other than temporarily impaired.

Concentration of Credit Risk: The Policy establishes limitations on portfolio composition by issuer in order to control concentration of credit risk. No more than 5% of the portfolio will be invested in the securities of any single issuer with the following exceptions:

U.S. Treasury	100% maximum
Each Federal Agency	35% maximum
Each Repurchase Agreement Counterparty	25% maximum

The Jail Authority had investments at June 30, 2011, with more than 5% of the total securities of the issuing entity. Investments from the following issuers exceeded five percent of the portfolio: AIG Matched FDG Corporation guaranteed investment contract (20%), Federal Home Loan Mortgage Corporation (17%), Federal National Mortgage Association (13%), Federal Home Loan Bank (7%).

Custodial Credit Risk – Deposits and Investments: The County's Policy requires that all investment securities purchased for the County be held by the County or by the County's designated custodian. If held by a custodian, the securities must be in the County's or in the custodian's nominee name and identifiable on the custodian's books as belonging to the County and the custodian must be a third part, not a counter-party to the investment transaction. As of June 30, 2011, all of the County's investments were held by the County's custodial bank's trust department in the County's name. The Jail Authority's investments at June 30, 2011, were held in the name of the Jail Authority by the County's custodial bank; except \$5,987,511 of the Hanover County pooled deposits and investments at June 30, 2011, which were held by the County's custodial bank in the name of Hanover County.

PAMUNKEY REGIONAL JAIL AUTHORITY
Notes to Financial Statements
June 30, 2011 and 2010

Note 3 – Capital Assets

The following schedules denote the changes in capital assets for the years ended June 30, 2011 and 2010 respectively.

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not being depreciated:				
Land	\$ 70,825	\$ -	\$ -	\$ 70,825
Total non depreciable assets	<u>70,825</u>	<u>-</u>	<u>-</u>	<u>70,825</u>
Capital assets being depreciated:				
Buildings	27,020,273	-	-	27,020,273
Improvements other than buildings	409,372			409,372
Equipment	<u>702,626</u>	<u>19,075</u>	<u>29,140</u>	<u>692,561</u>
Total capital assets being depreciated	<u>28,132,271</u>	<u>19,075</u>	<u>29,140</u>	<u>28,122,206</u>
Accumulated depreciation:				
Buildings	9,650,090	772,007	-	10,422,097
Improvements other than buildings	97,303	25,618	-	122,921
Equipment	<u>534,045</u>	<u>58,939</u>	<u>23,497</u>	<u>569,487</u>
Total accumulated depreciation	<u>10,281,438</u>	<u>856,564</u>	<u>23,497</u>	<u>11,114,505</u>
Total capital assets being depreciated (net)	<u>17,850,833</u>	<u>(837,489)</u>	<u>5,643</u>	<u>17,007,701</u>
Total capital assets	<u>\$ 17,921,658</u>	<u>\$(837,489)</u>	<u>\$ 5,643</u>	<u>\$ 17,078,526</u>

PAMUNKEY REGIONAL JAIL AUTHORITY
Notes to Financial Statements
June 30, 2011 and 2010

Note 3 – Capital Assets (continued)

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Capital assets not being depreciated:				
Land	\$ 70,825	\$ -	\$ -	\$ 70,825
	<u>70,825</u>	<u>-</u>	<u>-</u>	<u>70,825</u>
Capital assets being depreciated:				
Buildings	27,020,273	-	-	27,020,273
Improvements other than buildings	409,372			409,372
Equipment	688,096	14,530	-	702,626
Total capital assets being depreciated	<u>28,117,741</u>	<u>14,530</u>	<u>-</u>	<u>28,132,271</u>
Accumulated depreciation:				
Buildings	8,878,083	772,007	-	9,650,090
Improvements other than buildings	48,384	48,919	-	97,303
Equipment	471,672	62,373	-	534,045
Total accumulated depreciation	<u>9,398,139</u>	<u>883,299</u>	<u>-</u>	<u>10,281,438</u>
Total capital assets being depreciated (net)	<u>18,719,602</u>	<u>(868,769)</u>	<u>-</u>	<u>17,850,833</u>
Total capital assets	<u>\$ 18,790,427</u>	<u>\$(868,769)</u>	<u>\$ -</u>	<u>\$ 17,921,658</u>

Note 4 – Interest Payable

Accrued interest payable totaled \$221,763 and \$236,411 at June 30, 2011 and 2010 respectively. This amount is related to the Jail Authority's share of the Series 1996, 2001 and 2003 Jail Facility Revenue Bonds. Accrued interest payable will be paid from restricted cash.

Note 5 – 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.

PAMUNKEY REGIONAL JAIL AUTHORITY
Notes to Financial Statements
June 30, 2011 and 2010

Note 5 – Bonds Payable (continued)

As a result of the advance refunding, the Jail Authority reduced its total debt service requirements by \$411,540, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$368,711.

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.

As a result of the advance refunding, the Jail Authority reduced its total debt service requirements by \$1,401,452, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,142,933.

The following schedules reflect changes in long-term liabilities for the fiscal years ended June 30, 2011 and 2010:

<u>Description</u>	<u>July 1, 2010</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30, 2011</u>
Series 2001 Advance refunding revenue bonds	\$ 9,485,000	\$ -	\$ 55,000	\$ 9,430,000
Series 2003 Advance refunding revenue bonds	3,515,000	-	1,185,000	2,330,000
Subtotal	13,000,000	\$ -	1,240,000	11,760,000
Less:				
Unamortized bond discount	11,608	-	3,869	7,739
Deferred loss on retirement of the Series 1996 debt	587,657	-	138,579	449,078
Total	12,400,735	-	1,097,552	11,303,184
Compensated absences	514,669	53,437	19,977	548,129
Less amount due within one year	(1,275,305)	-	-	(1,308,460)
Total Long-Term Liabilities	\$ 11,640,099	\$ 53,437	\$ 1,117,529	\$ 10,542,853

PAMUNKEY REGIONAL JAIL AUTHORITY

Notes to Financial Statements

June 30, 2011 and 2010

Note 5 – Bonds Payable (continued)

<u>Description</u>	<u>Balance July 1, 2009</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 1, 2010</u>
Series 2001 Advance refunding revenue bonds	\$ 9,540,000	\$ -	\$ 55,000	\$ 9,485,000
Series 2003 Advance refunding revenue bonds	4,675,000	-	1,160,000	3,515,000
Subtotal	14,215,000	\$ -	1,215,000	13,000,000
Less:				
Unamortized bond discount	15,477	-	3,869	11,608
Deferred loss on retirement of the Series 1996 debt	726,236	-	138,579	587,657
Total	13,473,287	-	1,072,552	12,400,735
Compensated absences	479,364	56,200	20,895	514,669
Less amount due within one year	(1,284,440)	-	-	(1,275,305)
Total Long-Term Liabilities	\$ 12,668,211	\$ 56,200	\$ 1,093,447	\$ 11,640,100

Debt Service Requirements on outstanding long-term liabilities were composed of the following:

<u>Year ending June 30,</u>	<u>Revenue Bond Principal</u>	<u>Revenue Bond Interest</u>	<u>Total Payment</u>	<u>Bond Discount</u>
2012	\$ 1,275,000	\$ 428,433	\$ 1,703,433	\$ 3,869
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	-
2017-2019	4,870,000	204,309	5,074,309	-
Total	\$ 11,760,000	\$ 1,907,533	\$ 13,667,533	\$ 7,739

PAMUNKEY REGIONAL JAIL AUTHORITY
Notes to Financial Statements
June 30, 2011 and 2010

Note 5 – Bonds Payable (continued)

Details of the revenue debt of the Jail Authority at June 30, 2011 are as follows:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Amount Due Within One Year
Series 2001 Advance refunding revenue bonds	4.14%	11/1/2001	2018	10,000,000	60,000
Series 2003 Advance refunding revenue bonds	2.28%	7/1/2003	2013	6,305,000	1,215,000
Total					<u>\$ 1,275,000</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. The Authority has accrued \$548,129 and \$514,669 at June 30, 2011 and 2010, respectively, as the liability arising from compensated absences.

The compensated absences liability for the Jail is accounted for using the 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, 2011 and 2010, was approximately \$33,460 and \$35,305, respectively.

Note 7 – Commitments and Contingent Liabilities

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.

PAMUNKEY REGIONAL JAIL AUTHORITY
Notes to Financial Statements
June 30, 2011 and 2010

Note 8 – Defined Benefit Pension Plan (continued)

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.

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 fiscal year ended 2011 and 2010 were 15.82% and 15.06% respectively, of annual covered payroll.

Annual Pension Cost – For 2011, the Jail Authority's annual pension cost of \$556,659 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

PAMUNKEY REGIONAL JAIL AUTHORITY

Notes to Financial Statements

June 30, 2011 and 2010

Note 8 – Defined Benefit Pension Plan (continued)

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. Liabilities were determined under the Entry Age Normal actuarial cost method.

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

Fiscal Year Ending	Annual Pension Cost (APC)	Amount of APC Contributed	Percentage of APC Contributed	Net Pension Obligation
June 30, 2011	\$556,659	\$556,659	100%	\$ -
June 30, 2010	\$526,007	\$526,007	100%	-
June 30, 2009	\$505,234	\$505,234	100%	-
June 30, 2008	\$541,312	\$541,312	100%	-

Funding Progress –The following schedule presents information about the funded status of the Jail Authority employees as of June 30, 2010, the date of the most recent actuarial valuation for the group:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2010	\$7,208,711	\$8,938,219	\$1,729,508	80.65%	\$5,234,035	33.04%

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.

Note 9 – Postemployment healthcare plan and Other Postemployment Benefits (OPEB) Trust

In addition to the pension benefits described in Note 8, the County of Hanover 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). The Plan covers eligible retirees of the Jail. The Trust provides the funding mechanism for the postemployment healthcare benefits established by the Plan. The Authority’s contribution to the Trust for fiscal years 2011 and 2010 amounted to \$0 and \$28,859. The County of Hanover discloses information relating to this plan in its Comprehensive Annual Financial Report.

PAMUNKEY REGIONAL JAIL AUTHORITY

Notes to Financial Statements

June 30, 2011 and 2010

Note 10 – Related Party

The County of Hanover provides certain general government administrative and accounting services such as payroll, finance, information technology and purchasing for the Jail. The Jail paid the County of Hanover \$396,000 for the year ended June 30, 2011.

PAMUNKEY REGIONAL JAIL AUTHORITY
Required Supplementary Information
June 30, 2011

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

	(a)	(b)	(b-a)	(a/b)	(c)	({b-a}/c)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
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%
June 30, 2006	\$ 3,407,500	\$ 4,363,613	\$ 956,113	78.09%	\$ 4,297,627	22.25%

STATISTICAL INFORMATION

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
Last Ten Fiscal Years

	2011	2010	2009	2008	Fiscal Year 2007	2006	2005	2004	2003	2002
Invested in capital assets,										
net of related debt	\$ 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	\$ 4,906,160
Restricted	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	3,591,853
Unrestricted	3,007,279	3,062,304	3,219,111	3,649,509	3,489,039	3,232,548	3,235,516	3,417,315	3,847,637	3,902,480
Total Net Assets	<u>\$13,199,048</u>	<u>\$ 12,987,771</u>	<u>\$ 12,987,771</u>	<u>\$ 13,060,414</u>	<u>\$ 12,398,594</u>	<u>\$ 11,742,391</u>	<u>\$ 11,395,795</u>	<u>\$ 11,198,655</u>	<u>\$ 12,461,143</u>	<u>\$ 12,400,493</u>

TABLE 2
PAMUNKEY REGIONAL JAIL AUTHORITY
CHANGES IN NET ASSETS
Last Ten Fiscal Years

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income	Total Nonoperating Revenues/ (Expenses)	Change In Net Assets
2011	\$ 11,806,412	\$ 11,280,302	\$ 526,110	\$ (314,834)	\$ 211,277
2010	11,269,240	10,949,124	320,116	(320,116)	-
2009	11,143,275	10,980,348	162,927	(235,570)	(72,643)
2008	11,226,304	10,409,322	816,983	(155,163)	661,820
2007	10,821,938	9,933,229	888,709	(232,506)	656,203
2006	9,953,571	9,235,934	717,637	(371,041)	346,596
2005	8,996,919	8,589,269	407,650	(210,510)	197,140
2004	8,673,657	8,136,139	537,518	(958,231)	(420,713)
2003	8,142,977	7,602,798	540,179	(479,529)	60,650
2002	7,845,626	6,983,208	862,418	(1,164,814)	(302,396)

TABLE 3
PAMUNKEY REGIONAL JAIL AUTHORITY
OPERATING REVENUES BY SOURCE
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>County of Hanover</u>	<u>Town of Ashland</u>	<u>County of Caroline</u>	<u>Other Governments</u>	<u>Other</u>	<u>Intergovernmental Shared Expenses</u>	<u>Total</u>
2011	\$ 4,325,187	\$ 290,355	\$ 1,621,603	\$ 1,932,438	\$ 388,558	\$ 3,248,271	\$ 11,806,412
2010	3,758,980	224,142	1,422,988	2,189,102	385,921	3,288,107	11,269,240
2009	3,516,100	189,123	1,115,161	2,788,031	306,736	3,228,124	11,143,275
2008	3,437,092	172,225	886,694	2,964,415	330,950	3,434,929	11,226,304
2007	3,194,685	158,260	814,865	2,494,160	351,399	3,808,569	10,821,938
2006	3,285,051	149,717	693,359	1,611,234	410,186	3,804,024	9,953,571
2005	2,717,240	94,042	548,731	1,986,629	365,212	3,285,065	8,996,919
2004	2,367,759	98,117	565,184	2,409,968	294,341	2,938,288	8,673,657
2003	2,359,830	91,700	526,822	1,862,987	247,219	3,054,419	8,142,977
2002	2,188,982	77,777	538,421	1,683,592	237,090	3,119,764	7,845,626

TABLE 4
PAMUNKEY REGIONAL JAIL
OPERATING EXPENSES
Last Ten Fiscal Years

Fiscal Year	Personal Services	Fringe Benefits	Contractual Services	Other Operating Expenses and Supplies	Depreciation	Total Operating Expenses
2011	\$ 5,369,555	\$ 2,104,612	\$ 1,022,231	\$ 1,927,340	\$ 856,564	\$ 11,280,302
2010	5,371,673	2,041,661	873,556	1,778,935	883,299	10,949,124
2009	5,344,127	1,970,205	766,234	2,016,322	883,460	10,980,348
2008	4,963,757	1,852,977	794,196	1,943,353	855,038	10,409,322
2007	4,693,277	1,743,206	798,869	1,853,433	844,444	9,933,229
2006	4,319,240	1,552,720	794,539	1,741,249	828,186	9,235,934
2005	4,019,841	1,427,428	773,248	1,557,255	811,497	8,589,269
2004	3,818,587	1,094,383	794,189	1,627,224	801,756	8,136,139
2003	3,802,141	1,034,451	586,263	1,372,196	807,747	7,602,798
2002	3,389,710	957,612	592,660	1,192,906	850,320	6,983,208

TABLE 5
PAMUNKEY REGIONAL JAIL AUTHORITY
NONOPERATING REVENUES AND EXPENSES
Last Ten Fiscal Years

<u>Fiscal</u>	<u>Interest</u>	<u>Interest on long-term debt</u>	<u>Total Nonoperating expenses</u>
2011	\$ 132,561	\$ (447,395)	\$ (314,834)
2010	156,574	(476,690)	(320,116)
2009	269,845	(505,415)	(235,570)
2008	378,086	(533,249)	(155,163)
2007	357,552	(590,058)	(232,506)
2006	272,088	(643,129)	(371,041)
2005	209,002	(419,512)	(210,510)
2004	105,939	(1,064,170)	(958,231)
2003	218,197	(697,726)	(479,529)
2002	327,754	(1,492,568)	(1,164,814)

TABLE 6
PAMUNKEY REGIONAL JAIL AUTHORITY
REVENUES AND EXPENSES
Last Ten Fiscal Years

	<u>FY11</u>	<u>FY10</u>	<u>FY09</u>	<u>FY08</u>	<u>FY07</u>	<u>FY06</u>	<u>FY05</u>	<u>FY04</u>	<u>FY03</u>	<u>FY02</u>
Revenues:										
Charges for services -										
Inmate Housing	\$ 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	\$ 4,488,772
State Compensation Board	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	3,119,764
Interest revenue	132,561	156,574	269,845	378,086	357,552	272,088	209,002	105,939	218,197	327,754
Work release	14,530	18,931	13,088	20,426	26,658	55,042	46,142	38,284	31,710	32,150
Telephone Commission	178,007	205,153	172,687	176,341	195,147	186,811	195,548	170,615	189,849	171,263
Miscellaneous	196,021	161,837	120,961	134,183	129,595	168,333	123,523	85,442	25,659	33,677
Total revenues	<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>8,779,596</u>	<u>8,779,596</u>	<u>8,361,174</u>	<u>8,173,380</u>
Expenses:										
Salaries and benefits	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	4,347,322
Contractual services	994,494	830,665	712,548	738,118	730,821	738,647	773,251	749,016	515,163	538,231
Materials and supplies	535,012	450,678	526,501	578,519	579,504	501,174	374,520	468,476	353,705	254,089
Medical services and supplies	530,150	512,464	434,575	400,012	383,158	354,636	246,197	270,482	190,021	186,698
Food service and supplies	422,196	417,857	637,835	599,672	560,148	543,528	532,191	578,241	542,454	517,393
Repairs and maintenance	27,737	42,891	53,686	56,078	68,048	55,892	90,828	45,173	71,100	54,429
Utilities	439,982	397,936	417,411	365,150	330,623	341,911	313,515	310,025	286,016	234,726
Depreciation	856,564	883,299	883,460	855,039	844,444	828,186	811,497	801,756	807,747	850,320
Interest expense/Bond discount										
Debt refunding	447,395	476,690	505,415	533,249	590,058	643,129	419,512	1,064,170	697,726	1,492,568
Total expenses	<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>	<u>8,475,776</u>
Net income (loss)	<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>	<u>\$ (302,396)</u>

TABLE 7
PAMUNKEY REGIONAL JAIL AUTHORITY
REVENUES & BILLED INMATE DAYS - BY CUSTOMER
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
2011	\$3,246,509	\$ 38	85,547	\$290,355	\$ 38	7,651	\$1,247,758	\$ 38	32,879	\$1,932,438	\$ 54	35,786
2010	\$2,868,702	\$ 33	86,173	\$224,142	\$ 33	6,733	\$1,083,353	\$ 33	32,543	\$2,189,102	\$ 54	40,539
2009	\$2,154,353	\$ 34	64,156	\$189,123	\$ 34	5,632	\$ 774,724	\$ 34	23,071	\$2,788,031	\$ 54	51,630
2008	\$2,044,608	\$ 29	69,782	\$172,225	\$ 29	5,878	\$ 583,715	\$ 29	19,922	\$2,964,415	\$ 50	59,288
2007	\$1,786,397	\$ 26	69,375	\$158,260	\$ 26	6,146	\$ 535,368	\$ 26	20,791	\$2,494,160	\$ 50	49,883
2006	\$1,876,814	\$ 22	87,010	\$149,717	\$ 22	6,941	\$ 413,872	\$ 22	19,187	\$1,611,234	\$ 50	32,225
2005	\$1,287,434	\$ 15	84,848	\$107,119	\$ 15	7,053	\$ 273,648	\$ 15	18,378	\$1,986,629	\$ 50	39,732
2004	\$1,363,762	\$ 15	92,584	\$ 98,117	\$ 15	6,661	\$ 290,166	\$ 15	19,699	\$2,409,968	\$ 50	48,199
2003	\$1,415,631	\$ 18	79,396	\$ 91,700	\$ 18	5,143	\$ 332,850	\$ 18	18,668	\$1,862,987	\$ 50	37,260
2002	\$1,253,432	\$ 18	70,378	\$ 77,776	\$ 18	4,367	\$ 288,184	\$ 18	16,181	\$1,683,592	\$ 50	32,672

TABLE 8
PAMUNKEY REGIONAL JAIL AUTHORITY
LARGEST REVENUE SOURCE
Current Year and Nine Years Ago

	Fiscal Year 2011	
	Amount	%
County of Hanover	\$ 4,325,187	36.23%
Intergovernmental Shared Expenses	3,248,271	27.20%
Subtotal	7,573,458	63.43%
Balance from other revenue sources	4,365,516	36.57%
Grand Totals	<u>\$ 11,938,974</u>	<u>100.00%</u>

	Fiscal Year 2002	
	Amount	%
County of Hanover	\$ 2,188,982	26.78%
Intergovernmental Shared Expenses	\$ 3,119,764	38.17%
Subtotal	5,308,746	64.95%
Balance from other revenue sources	2,864,634	35.05%
Grand Totals	<u>\$ 8,173,380</u>	<u>99.99%</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
Last Ten Fiscal Years

Fiscal Year	Revenue Bonds	Total	Caroline		Hanover	
			Annual Total Personal Income	Annual Per Capita Personal Income	Annual Total Personal Income	Annual Per Capita Personal Income
2011	11,303,184	11,303,184	N/A	N/A	4,333,228	42,979
2010	12,400,735	12,400,735	N/A	N/A	4,315,435	42,979
2009	13,473,287	13,473,287	944,392	34,095	4,300,069	42,979
2008	14,510,839	14,510,839	895,756	32,825	4,399,549	44,122
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
2002	19,629,548	19,629,548	564,628	25,403	3,190,693	34,863

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

Fiscal Year	Operating Revenues	Operating and Capital Expenses (1)	Available Unrestricted Assets (3)	Net Revenue Available for Debt Service	Principal	Interest (2)	Payments to Reserves	Total	Bond Coverage
2011	\$ 11,938,973	\$ 10,423,737	\$ 3,007,279	\$ 4,522,515	\$ 1,275,000	\$ 308,816	\$ -	\$ 1,583,816	286%
2010	\$ 11,425,814	\$ 10,065,825	\$ 3,062,304	\$ 4,422,293	\$ 1,240,000	\$ 338,111	-	\$ 1,578,111	280%
2009	11,413,120	10,096,888	3,219,111	4,535,343	1,215,000	366,836	-	1,581,836	287%
2008	11,604,390	9,554,284	3,649,509	5,699,616	1,180,000	394,670	-	1,574,670	362%
2007	11,179,490	9,088,785	3,489,039	5,579,744	1,130,000	451,479	-	1,581,479	353%
2006	10,225,659	8,407,748	3,232,548	5,050,459	1,075,000	504,550	-	1,579,550	320%
2005	9,205,921	8,083,512	3,429,376	4,551,785	1,025,000	713,277	-	1,738,277	262%
2004	8,779,596	7,454,213	3,557,317	4,882,700	815,000	897,395	-	1,712,395	285%
2003	8,361,174	6,795,051	4,102,579	5,668,702	910,000	967,696	-	1,877,696	302%
2002	8,173,380	5,961,637	4,338,291	6,550,034	700,000	1,618,884	-	2,318,884	282%

- (1) Greater of budgeted or actual operating expenses exclusive of depreciation
- (2) Less amortization expense
- (3) During fiscal year 2004, the 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

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Civilian	23	23	23	17	17	14	11	11	14	13
Sworn	114	114	114	113	113	100	103	105	105	101
Total Employees	137	137	137	130	130	114	114	116	119	114

TABLE 12
PAMUNKEY REGIONAL JAIL AUTHORITY
INMATE BOOKING STATISTICS
Last Ten Fiscal Years

Jurisdiction	Fiscal Year	Average Daily Population	Average Length of Stay (Days)	Average Monthly Bookings	Average # Housed
Hanover	2002	200	27	190	401
	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

Jurisdiction	Fiscal Year	Average Daily Population	Average Length of Stay (Days)	Average Monthly Bookings	Average # Housed
Ashland	2002	12	30	12	24
	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

Jurisdiction	Fiscal Year	Average Daily Population	Average Length of Stay (Days)	Average Monthly Bookings	Average # Housed
Caroline	2002	50	18	75	127
	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

Jurisdiction	Fiscal Year	Average Daily Population	Average Length of Stay (Days)	Average Monthly Bookings	Average # Housed
Other	2002	1	288	47	153
	2003	1	345	61	192
	2004	2	371	115	261
	2005	1	335	85	170
	2006	18	362	82	189
	2007	17	153	79	214
	2008	7	276	92	268
	2009	15	462	96	267
	2010	31	514	64	198
	2011	27	563	58	160

TABLE 13
PAMUNKEY REGIONAL JAIL AUTHORITY
PRINCIPAL EMPLOYERS
CURRENT YEAR AND PERIOD NINE YEARS AGO

<u>Employer</u>	<u>Type of Business</u>	<u>2010</u>		<u>Total Employment</u>	<u>2001</u>		<u>Total Employment</u>
		<u>Employees</u>	<u>Rank</u>		<u>Employees</u>	<u>Rank</u>	
Hanover County Schools	Education	2,898	1	5.6%	2,131	1	4.5%
Bon Secours Memorial Regional Medical County of Hanover	Hospital/Medical Center Government	1,000-2,999 1,182	2 3	3.9% 2.3%	1,000-2,999 829	2 5	4.2% 1.8%
Randolph Macon College	Education	500-999	4	1.5%	500-999	6	1.6%
Tyson Foods	Poultry Processing	500-999	5	1.5%	1,000-2,999	3	4.2%
Supervalu	Food Distributor	500-999	6	1.5%	1,000-2,999	4	4.2%
Paramount Kings Dominion	Entertainment	500-999	7	1.5%	500-999	8	1.6%
Wal-Mart Stores	Retail	250-499	8	0.7%	500-999	7	1.6%
Sales Mark	Wholesale Electronic Market	250-499	9	0.7%	-	N/A	-
Kroger	Food and Beverage stores	315	10	0.7%	-	N/A	-
Culpeper Star Exponent	Newspaper Publisher	-	N/A	-	250-499	9	0.8%
Ukrops	Food and Beverage stores	-	N/A	-	250-499	10	0.8%
		51,529		19.9%	47,272	-	25.3%

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 2010.

TABLE 14
PAMUNKEY REGIONAL JAIL AUTHORITY
DEMOGRAPHIC STATISTICS FOR MEMBER JURISDICTIONS
CURRENT YEAR AND TEN YEARS

Fiscal Year	Hanover County		Caroline County	
	Population	Unemployment Rate	Population	Unemployment Rate
2002	91,521	3.3%	22,200	3.0%
2003	93,647	3.2%	22,300	4.3%
2004	95,459	3.0%	23,000	4.2%
2005	96,520	2.9%	23,800	3.9%
2006	98,126	2.5%	25,109	3.7%
2007	99,047	2.5%	27,399	3.3%
2008	99,713	3.5%	27,838	4.8%
2009	100,051	6.6%	27,900	8.5%
2010	100,408	6.5%	28,245	8.6%
2011	100,822	6.0%	28,545	7.6%

TABLE 15
PAMUNKEY REGIONAL JAIL AUTHORITY
SCHEDULE OF INSURANCE IN FORCE
As of June 30, 2011

Insurance Coverage	Insurance Company	Expiration Date	Coverage Limit	Deductible
Building & Personal Property	VACO	7/1/2011	As scheduled	\$ 1,000
Electronic Data Processing Equipment	VACO	7/1/2011	As scheduled	\$ 1,000
Earthquake/Flood	VACO	7/1/2011	\$ 5,000,000	\$ 25,000
Business Auto	VACO	7/1/2011	\$ 5,000,000	N/A
Schedule Equipment	VACO	7/1/2011	As scheduled	\$ 1,000
Boiler and Machinery	VACO	7/1/2011	As scheduled	\$ 1,000
Business Interruption and Extra Expense	VACO		Included in blanket	
Workers Compensation	VACGSIA	7/1/2011	\$ 1,000,000	N/A
Faithful Performance of Duty	Commonwealth of Virginia -	7/1/2011	\$ 1,000,000	N/A
Bond *1	Division of Risk Management			
Constitutional Officer *1	Commonwealth of Virginia - Division of Risk Management	7/1/2011	\$ 1,000,000	\$ 1,000
General Liability		7/1/2011	\$ 2,000,000	N/A
Excess General Liability (Auto Also)		7/1/2011	\$ 3,000,000	N/A

NA – Not Applicable

*1 – Provided by the Commonwealth of Virginia

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