

**COUNTY OF YORK, MAINE
JAIL SERVICES**

Financial Report

**For the Year Ended
June 30, 2011**

COUNTY OF YORK, MAINE
JAIL SERVICES
Financial Report
For the year ended June 30, 2011

Table of Contents

	<u>Statement</u>	<u>Page</u>
Independent Auditor's Report		
Financial Statements:		
Balance Sheets - Governmental Fund Types – Special Revenues – Jail Services Funds	1	1
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Fund Types – Special Revenues – Jail Services Funds	2	2
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special Revenue – Jail Services Operations	3	3
Statement of Fiduciary Net Assets – Fiduciary – Jail Services Agency Funds – Inmate Accounts	4	4
Notes to Financial Statements		5 - 7
	<u>Schedule</u>	<u>Page</u>
Combining and Individual Fund Statements and Schedules:		
Combining Balance Sheet – Other Nonmajor Funds	1	8
Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Other Nonmajor Funds	2	9
Schedule of Receipts, Disbursements, and Changes in Due to Inmate Groups – Agency Fund – Inmate Benefit Account	3	10

Independent Auditor's Report

County Commissioners and Treasurer
County of York, Maine - Jail Services

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of York County, Maine - Jail Services as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinions.

As discussed in the notes, the financial statements of York County, Maine – Jail Services, are intended to present the financial position, and the changes in financial position of only that portion of each major fund and the aggregate remaining fund information of the County that is attributed to the transactions of Jail Services. They do not purport to, and do not present fairly the financial position of York County, Maine as of June 30, 2011, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for only the Jail Services governmental activities are not reasonably determinable.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, each major fund and the aggregate remaining fund information of York County, Maine - Jail Services as of and for the year ended June 30, 2011, and the respective changes in financial position and the budgetary comparison for the Jail Services Operations fund 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 January 6, 2012, on our consideration of York County, Maine - Jail Services' internal control over financial reporting and 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 for assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise York County, Maine – Jail Services financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



January 6, 2012
South Portland, Maine

COUNTY OF YORK, MAINE - JAIL SERVICES FUNDS
Balance Sheets
Governmental Fund Types - Special Revenues - Jail Services funds
June 30, 2011

	Jail Services Operations	Other Nonmajor Funds	Total
ASSETS			
Due from York County general fund	\$ 375,283	57,090	432,373
Accounts receivable	269,188	-	269,188
Prepaid expenditures	114,193	-	114,193
Total assets	\$ 758,664	57,090	815,754
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	242,520	-	242,520
Accrued payroll and related expenditures	549,592	-	549,592
Total liabilities	792,112	-	792,112
Fund balance:			
Restricted - grants	-	57,090	57,090
Committed - encumbrances	8,000	-	8,000
Unassigned	(41,448)	-	(41,448)
Total fund balance	(33,448)	57,090	23,642
Total liabilities and fund balance	\$ 758,664	57,090	815,754

See accompanying notes to financial statements.

COUNTY OF YORK, MAINE - JAIL SERVICES FUNDS
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund Types - Special Revenues - Jail Services Funds
Year ended June 30, 2011

	Jail Services Operations	Other Nonmajor Funds	Total
Revenues:			
Transfer from York County General Fund	\$ 8,667,248	-	8,667,248
Intergovernmental:			
Board of corrections distributions	498,088	-	498,088
Board of prisoners	256,179	-	256,179
Community corrections	632,415	-	632,415
Alternative sentencing	26,450	-	26,450
Other state and federal grants	-	32,755	32,755
Miscellaneous	16,664	-	16,664
Total revenues	10,097,044	32,755	10,129,799
Expenditures:			
Current:			
Wages	4,380,246	-	4,380,246
Benefits	1,654,089	-	1,654,089
Professional fees / services	1,238,386	-	1,238,386
Travel expenses	6,665	-	6,665
Operation County vehicles	48,047	-	48,047
Utilities	386,669	-	386,669
Rentals	1,589	-	1,589
Repairs / maintenance	356,633	-	356,633
Fixed charges	209,956	-	209,956
General operating	273,113	-	273,113
Other	14,314	15,181	29,495
Food	443,478	-	443,478
Fuel	270,713	-	270,713
Supplies	106,339	-	106,339
Clothing and materials	44,158	-	44,158
Books & periodicals	180	-	180
Buildings	420,000	-	420,000
Equipment replacement	198,637	-	198,637
Tax anticipation note interest	27,761	-	27,761
Total expenditures	10,080,973	15,181	10,096,154
Net change in fund balance before special items	16,071	17,574	33,645
Special Items:			
Retroactive pay due to contract settlement:			
For period ended June 30, 2009	(96,904)	-	(96,904)
For period ended June 30, 2010	(247,882)	-	(247,882)
Total special items	(344,786)	-	(344,786)
Net change in fund balance after special items	(328,715)	17,574	(311,141)
Fund balance, beginning of year	295,267	39,516	334,783
Fund balance, end of year	\$ (33,448)	57,090	23,642

See accompanying notes to financial statements.

COUNTY OF YORK, MAINE - JAIL SERVICES FUNDS
Statement of Revenues, Expenditures and Changes in Fund Balance - Budgetary basis
Budget and Actual - Special Revenue - Jail Services Operations
Year ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance positive (negative)
Revenues:				
Transfer from York County General Fund	\$ 8,667,248	8,667,248	8,667,248	-
Intergovernmental:				
Board of corrections distributions	790,826	790,826	498,088	(292,738)
Board of prisoners	297,019	297,019	256,179	(40,840)
Community corrections	632,415	632,415	632,415	-
Alternative sentencing	-	-	26,450	26,450
Jail operation surcharge	243,334	243,334	-	(243,334)
Miscellaneous	-	-	16,664	16,664
Total revenues	10,630,842	10,630,842	10,097,044	(533,798)
Expenditures:				
Current:				
Wages	5,039,569	5,039,569	4,380,246	659,323
Benefits	1,989,165	1,989,165	1,654,089	335,076
Professional fees / services	1,220,100	1,220,100	1,238,386	(18,286)
Travel expenses	11,065	11,065	6,665	4,400
Operation County vehicles	33,000	33,000	48,047	(15,047)
Utilities	400,700	400,700	386,669	14,031
Rentals	475	475	1,589	(1,114)
Repairs / maintenance	176,950	176,950	356,633	(179,683)
Fixed charges	239,843	239,843	209,956	29,887
General operating	145,775	145,775	273,113	(127,338)
Other	9,500	9,500	14,314	(4,814)
Food	415,000	415,000	443,478	(28,478)
Fuel	247,500	247,500	270,713	(23,213)
Supplies	75,250	75,250	106,339	(31,089)
Clothing and materials	42,000	42,000	44,158	(2,158)
Books & periodicals	250	250	180	70
Buildings	460,000	460,000	420,000	40,000
Equipment replacement	29,700	29,700	198,637	(168,937)
Tax anticipation note interest	95,000	95,000	27,761	67,239
Total expenditures	10,630,842	10,630,842	10,080,973	549,869
Net change in fund balance - budgetary basis	\$ -	-	16,071	16,071

See accompanying notes to financial statements.

COUNTY OF YORK, MAINE
Statement of Fiduciary Net Assets
Fiduciary - Jail Services Agency Funds - Inmate accounts
June 30, 2011

	Agency Funds - Inmate accounts			Total
	Inmate Benefit Fund	Inmate Cash	Work Release	
ASSETS				
Cash and cash equivalents	\$ 401,828	20,857	1,160	423,845
Investments	246,626	-	-	246,626
Total assets	648,454	20,857	1,160	670,471
LIABILITIES				
Due to individuals/groups	648,454	20,857	1,160	670,471
Total liabilities	\$ 648,454	20,857	1,160	670,471

See accompanying notes to financial statements.

COUNTY OF YORK, MAINE
JAIL SERVICES FUND
Notes to Financial Statements

THE REPORTING ENTITY

York County, Maine - Jail Services operates as part of York County, Maine. However, the State of Maine Board of Corrections is the oversight body for this entity and, as such, sets certain laws and regulations with respect to it. The County Commissioners and Treasurer also act in an oversight capacity in the day to day operations and the administering of the budget. The financial statements of York County have been issued under separate cover which includes full disclosure for the reporting entity, including the Jail Services. These audited financial statements are reported on a calendar year, the last being as of December 31, 2010.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of York County, Maine - Jail Services conform to accounting principles generally accepted in the United States of America as applicable to governmental funds. These financial statements are intended to represent only the funds and do not include government-wide financial statements. The following is a summary of the more significant of such policies applicable to the fund financial statements:

A. Basis of Presentation

The accounts of York County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The following fund is utilized for Jail Services:

GOVERNMENTAL FUND

Governmental funds are those through which most governmental functions of the Jail Services are financed. The acquisition, use and balances of Jail Services expendable financial resources and the related liabilities are accounted for through the governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following is the Jail Services major Governmental Fund type:

Jail Services Operations – is a special revenue fund that accounts for the resources restricted to the Jail and related operating costs of Jail services.

Additionally, the County reports the following fund type:

Agency funds are used to report assets held in an agency capacity for others. These funds include accounts held for the benefit of inmates and certain restitution funds.

B. Basis of Accounting

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available.

COUNTY OF YORK, MAINE
JAIL SERVICES FUND
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. Additionally, certain compensated absences and claims and judgments, are recorded only when payment is due. An estimate for long-term compensated absences has been excluded from the financial statements, but was estimated at \$294,198 for Jail Services employees at June 30, 2011. The long-term liabilities are reflected in the County's entity-wide financial statements issued at December 31 each year.

Those revenues susceptible to accrual are tax assessments, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the fund and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

C. Fund Balance

Governmental Fund fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which those funds can be spent. The five classifications of fund balance for the Governmental Funds are as follows:

- *Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact. The Jail Services Fund currently has no nonspendable fund balance.
- *Restricted* – resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or; b) imposed by law through constitutional provisions or enabling legislation. The Jail Services Fund currently has no restricted fund balance.
- *Committed* – resources which are subject to limitations the government imposes on itself at its highest level of decision making authority, and that remain binding unless removed in the same manner.
- *Assigned* – resources that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* – resources which have not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriations, is used during the year by the County.

Although no formal policy exists, when both restricted and unrestricted resources are available for use, it is the government's practice to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned and unassigned resources are available for use, it is the government's practice to use committed or assigned resources first, and then unassigned resources as they are needed.

COUNTY OF YORK, MAINE
JAIL SERVICES FUND
Notes to Financial Statements, Continued

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

The County uses a formal budgeting accounting system to control revenues and expenditures accounted for in the Jail Service Operations fund. An annual (calendar year) budget is established by the County Commissioners and must be approved by an appointed budget committee. The budget is presented on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America. In addition, a fiscal year Jail services budget (July 1 – June 30) is submitted to and approved by the State Board of Corrections. The Jail services budget has a tax (assessment) cap, which was set by the legislature, based on 2009 assessments. The York County Jail services operations fund cap amounted to \$8,667,248 for the fiscal year ended June 30, 2011. During this period, there were a number of line items overspent in the budget (see statement 3); however, in total, the budget was underspent by \$549,869.

Tax Assessments

The Jail Services Operation fund's tax assessment is levied annually as part of the annual assessment for York County. The 2011 Jail assessment included in York County's 2011 budgeted tax commitment amounted to \$8,667,248 for the Jail Services Operation fund. This is consistent with the cap set by law, and approved by the State of Maine Board of Corrections.

CAPITAL ASSETS

All buildings, vehicles and other equipment used by Jail Services are purchased and/or provided by York County and has been accounted for as assets of the County. A complete listing of County assets and related depreciation information can be found in York County's annual financial report as of December 31, 2010.

DUE FROM YORK COUNTY

The amount due from York County represents the cash position of the fund at the balance sheet date. All cash is pooled and reported in York County's general fund.

SUBSEQUENT EVENT – CONTRACT SETTLEMENT

In the fall of 2011, the Corrections union contract was settled. This contract dated back several years and the settlement resulted in the payment of retroactive pay back to 2009. All retroactive pay attributed to pre-June 30, 2011 services has been accrued. Amounts of retroactive pay attributed to the 2011 fiscal year have been charged against the wage and benefit accounts on Statements 2 and 3 in the financial statements. Amounts that are attributed to prior fiscal years (2009 and 2010) have been shown as special items on Statement 2.

COUNTY OF YORK, MAINE
Other Nonmajor Funds
Combining Balance Sheet
June 30, 2011

	Special Revenue Funds			Total
	RSAT Fund	SCAAP Fund	NAMI Fund	
ASSETS				
Due from York County general fund	\$ 22,118	28,115	6,857	57,090
Total assets	22,118	28,115	6,857	57,090
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	-	-	-	-
Total liabilities	-	-	-	-
Fund balance:				
Restricted - grants	22,118	28,115	6,857	57,090
Total fund balance	22,118	28,115	6,857	57,090
Total liabilities and fund balance	\$ 22,118	28,115	6,857	57,090

COUNTY OF YORK, MAINE
Other Nonmajor Funds
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
June 30, 2011

	Special Revenue Funds			Total
	RSAT Fund	SCAAP Fund	NAMI Fund	
Revenues:				
Intergovernmental	\$ 18,000	14,755	-	32,755
Total revenue	18,000	14,755	-	32,755
Expenditures:				
Current:				
Contracted services	11,936	3,245	-	15,181
Total expenditures	11,936	3,245	-	15,181
Net change in fund balances	6,064	11,510	-	17,574
Fund balance, beginning of year	16,054	16,605	6,857	39,516
Fund balance, end of year	\$ 22,118	28,115	6,857	57,090

COUNTY OF YORK, MAINE
Agency Fund - Inmate Benefit Account
Schedule of Receipts, Disbursements, and Changes in Due to Inmate Groups
Year ended June 30, 2011

	Inmate Benefit Account
Receipts:	
Checking account:	
Inmate sales	\$ 111,118
Telephone commissions	111,532
Haircuts	2,305
Miscellaneous	63
Other savings and investments:	
Change in market value	23,710
Interest	10,848
Total receipts	259,576
Disbursements:	
Checking account:	
Commissary	108,436
Education	3,181
Haircuts	5,530
Cable TV	4,818
Chaplain	16,318
Entertainment	1,884
Investment fees	2,309
Administrative fees	7,600
Garden	392
Library and law library	12,729
Reading glasses	1,050
Recreation	1,072
Bank charges and checks	644
Video visitation	10,100
Miscellaneous	3,107
Total disbursements	179,170
Net change in due to inmate groups	80,406
Due to inmate groups, balance, June 30, 2010	568,048
Due to inmate groups, balance, June 30, 2011	\$ 648,454

*The Inmate benefit account was reported as part of the County's audited financial statements through December 31, 2009.