

**COUNTY OF YORK, MAINE
JAIL SERVICES**

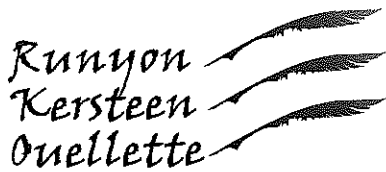
Financial Report

**For the Year Ended
June 30, 2010**

COUNTY OF YORK, MAINE
JAIL SERVICES
Financial Report
For the year ended June 30, 2010

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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, 2010, 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, 2010, 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, 2010, 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 21, 2011, 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 21, 2011
South Portland, Maine

COUNTY OF YORK, MAINE - JAIL SERVICES FUNDS
Balance Sheets
Governmental Fund Types - Special Revenues - Jail Services funds
June 30, 2010

	Jail Services Operations	Other Nonmajor Funds	Total
ASSETS			
Due from York County general fund	\$ 415,961	39,516	455,477
Accounts receivable	172,286	-	172,286
Prepaid expenditures	41,854	-	41,854
Total assets	\$ 630,101	39,516	669,617
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	160,405	-	160,405
Accrued payroll and related expenditures	174,429	-	174,429
Total liabilities	334,834	-	334,834
Fund balance:			
Reserved:			
Encumbrances	59,951	-	59,951
Unreserved:			
Designated	175,000	-	175,000
Undesignated	60,316	39,516	99,832
Total fund balance	295,267	39,516	334,783
Total liabilities and fund balance	\$ 630,101	39,516	669,617

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, 2010

	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	365,972	-	365,972
Board of prisoners	245,598	-	245,598
State of Maine Pod lease	286,736	-	286,736
Community corrections	632,415	-	632,415
Alternative sentencing	63,250	-	63,250
Other state and federal grants	-	31,240	31,240
Miscellaneous	24,422	-	24,422
Total revenues	10,285,641	31,240	10,316,881
Expenditures:			
Current:			
Wages	4,416,572	-	4,416,572
Benefits	1,684,644	-	1,684,644
Professional fees / services	1,420,034	-	1,420,034
Travel expenses	6,505	-	6,505
Operation County vehicles	48,376	-	48,376
Utilities	434,359	-	434,359
Rentals	263	-	263
Repairs / maintenance	196,110	-	196,110
Fixed charges	228,820	-	228,820
General operating	66,803	-	66,803
Other	10,853	19,260	30,113
Food	257,667	-	257,667
Fuel	222,833	-	222,833
Supplies	118,263	-	118,263
Clothing and materials	37,813	-	37,813
Buildings	350,000	-	350,000
Equipment replacement	199,391	-	199,391
Tax anticipation note interest	126,308	-	126,308
Total expenditures	9,825,614	19,260	9,844,874
Net change in fund balance	460,027	11,980	472,007
Other financing sources (uses) of funds:			
Transfer to York County's General Fund	(136,041)	-	(136,041)
Fund balance, beginning of year, as restated	(28,719)	27,536	(1,183)
Fund balance, end of year	\$ 295,267	39,516	334,783

See accompanying notes to financial statements.

COUNTY OF YORK, MAINE - JAIL SERVICES FUNDS
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Special Revenue - Jail Services Operations
Year ended June 30, 2010

	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	627,379	627,379	365,972	(261,407)
Board of prisoners	240,900	240,900	245,598	4,698
State of Maine Pod lease	281,050	281,050	286,736	5,686
Community corrections	632,415	632,415	632,415	-
Alternative sentencing	-	-	63,250	63,250
Jail operation surcharge	243,334	243,334	10,093	(233,241)
Miscellaneous	-	-	14,329	14,329
Total revenues	10,692,326	10,692,326	10,285,641	(406,685)
Expenditures:				
Current:				
Wages	5,060,541	5,060,541	4,416,572	643,969
Benefits	1,815,828	1,815,828	1,684,644	131,184
Professional fees / services	1,163,000	1,163,000	1,420,034	(257,034)
Travel expenses	10,565	10,565	6,505	4,060
Operation County vehicles	58,616	58,616	48,376	10,240
Utilities	452,070	452,070	434,359	17,711
Rentals	440	440	263	177
Repairs / maintenance	200,250	200,250	196,110	4,140
Fixed charges	243,042	243,042	228,820	14,222
General operating	70,475	70,475	66,803	3,672
Other	6,490	6,490	10,853	(4,363)
Food	484,000	484,000	257,667	226,333
Fuel	317,500	317,500	222,833	94,667
Supplies	73,150	73,150	118,263	(45,113)
Clothing and materials	30,000	30,000	37,813	(7,813)
Books & periodicals	250	250	-	250
Buildings	420,000	420,000	350,000	70,000
Equipment replacement	57,000	57,000	199,391	(142,391)
Tax anticipation note interest	229,109	229,109	126,308	102,801
Total expenditures	10,692,326	10,692,326	9,825,614	866,712
Net change in fund balance	\$ -	-	460,027	460,027

See accompanying notes to financial statements.

COUNTY OF YORK, MAINE
Statement of Fiduciary Net Assets
Fiduciary - Jail Services Agency Funds - Inmate accounts
June 30, 2010

	Agency Funds - Inmate accounts			Total
	Inmate Benefit Fund	Inmate Cash	Work Release	
ASSETS				
Cash and cash equivalents	\$ 354,601	14,764	1,156	370,521
Investments	213,447	-	-	213,447
Total assets	568,048	14,764	1,156	583,968
LIABILITIES				
Due to individuals/groups	568,048	14,764	1,156	583,968
Total liabilities	\$ 568,048	14,764	1,156	583,968

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 Department 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, 2009.

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, but was estimated at \$325,731 for Jail Services employees at June 30, 2010. 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.

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 Department 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, 2010.

Tax Assessments

The Jail Services Operation fund's tax assessment is levied annually as part of the annual assessment for York County. The 2010 Jail assessment included in York County's 2010 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 Department 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, 2009.

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

DUE FROM YORK COUNTY AND TRANSFERS TO/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. Transfers are used to move revenues from the County general fund to finance the Jail operations or activities in accordance with budgetary authorizations. Additionally, during the year ended June 30, 2010, transfers were made from the Jail fund to the general fund for jail revenues recognized from July 1, 2009 through September 15, 2009.

RESTATEMENT OF FUND BALANCE

The beginning fund balance of the Jail Services Operations Fund and the SCAAP Fund were both restated to correctly reflect the beginning balances at June 30, 2009. Restatement for the Jail Services Operations Fund and the SCAAP Fund were (\$28,719) and \$46,664, respectively. The net effect resulted in an increase of \$17,945 to Jail Services related funds and a decrease to the County's general fund.

COUNTY OF YORK, MAINE
Other Nonmajor Funds
Combining Balance Sheet
June 30, 2010

	Special Revenue Funds			Total
	RSAT fund	SCAAP fund	NAMI fund	
ASSETS				
Due from York County general fund	\$ 16,054	16,605	6,857	39,516
Total assets	16,054	16,605	6,857	39,516
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	-	-	-	-
Total liabilities	-	-	-	-
Fund balance:				
Unreserved:				
Undesignated	16,054	16,605	6,857	39,516
Total fund balance	16,054	16,605	6,857	39,516
Total liabilities and fund balance	\$ 16,054	16,605	6,857	39,516

COUNTY OF YORK, MAINE
Other Nonmajor Funds
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
June 30, 2010

	Special Revenue Funds			Total
	RSAT fund	SCAAP fund	NAMI fund	
Revenues:				
Intergovernmental	\$ 22,330	8,910	-	31,240
Total revenue	22,330	8,910	-	31,240
Expenditures:				
Current:				
Contracted services	6,276	3,841	9,143	19,260
Total expenditures	6,276	3,841	9,143	19,260
Net change in fund balances	16,054	5,069	(9,143)	11,980
Fund balance, beginning of year, as restated	-	11,536	16,000	27,536
Fund balance, end of year	\$ 16,054	16,605	6,857	39,516

COUNTY OF YORK, MAINE
Agency Fund - Inmate Benefit Account
Schedule of Receipts, Disbursements, and Changes in Due to Inmate Groups
For the six months ended June 30, 2010*

	Inmate Benefit Account
Receipts:	
Checking account:	
Inmate sales	\$ 57,904
Telephone commissions	52,780
Haircuts	1,280
Miscellaneous	1,802
Other savings and investments:	
Change in market value	(1,862)
Interest	3,934
Total receipts	115,838
Disbursements:	
Checking account:	
Commissary	56,202
Education	9,387
Haircuts	3,100
Cable TV	2,389
Chaplain	7,852
Entertainment	881
Investment fees	1,083
Garden	1,548
Library and law library	5,896
Recreation	1,072
Residential substance abuse program	5,000
Strong Dad's program	950
Bank charges and checks	672
Miscellaneous	208
Total disbursements	96,240
Net change in due to inmate groups	19,598
Due to inmate groups, balance, December 31, 2009	548,450
Due to inmate groups, balance, June 30, 2010	\$ 568,048

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

Note: In addition to the ongoing costs associated with inmate programs and commissary, the jail administration anticipates using a significant portion of this fund during the next fiscal year to upgrade video conferencing equipment in the inmate visitation rooms (approximately \$175,000) and for start up costs for a jail industries program (approximately \$250,000).



**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**

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

We have audited the financial statements of York County, Maine - Jail Services as of and for the year ended June 30, 2010, and have issued our report thereon dated January 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered York County, Maine - Jail Services' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of York County, Maine - Jail Services' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of York County, Maine - Jail Services' 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 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 the 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings that we consider to be significant deficiencies in internal control over financial reporting (#2010-1 and #2010-2). A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

**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, CONTINUED**

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of York County, Maine - Jail Services' Commissioners, Treasurer, management, others within the entity and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.



January 21, 2011
South Portland, Maine

COUNTY OF YORK, MAINE - JAIL SERVICES
Schedule of Findings
For the six months ended June 30, 2010

SIGNIFICANT DEFICIENCIES

2010-1 Preparation of Financial Statements and Required Audit Entries

Auditing standards require external auditors to evaluate whether or not client personnel having responsibility over the financial accounting and reporting process have adequate expertise to identify all financial accounting and reporting matters correctly and in compliance with generally accepted accounting principles. Currently, it is common practice for governmental entities to rely on their external auditors to provide the expertise necessary to adjust the accounting records, and to prepare the financial statements and related disclosure. The cost benefit of doing otherwise may not be justifiable to management. However, if significant audit entries must be made in order for the financial statements to be fairly stated, then the entity likely has a control deficiency as a result. We provided management with material audit entries as a result of our audit procedures which we feel are more than inconsequential, and wish to notify you that this is an indication that these deficiencies do indeed exist.

Management response:

Currently, the Finance Director for the County of York is responsible for oversight of auditor's preparation of the annual financial statements. However, as time and budget constraints ease, the County expects to prepare the annual financial statements in-house.

2010-2 Budget Variances

The Jail Services Operations Fund budget represents the legal authority of the County to spend funds throughout the year. During 2010, there were a number of large variances between budgeted amounts and actual amounts. Whenever possible, the County should attempt to incorporate all anticipated expenditures and revenues in the annual budget process such that budget variances are kept to a minimum.

Management response:

Several issues arose during the Jail Services Operations Fund fiscal year which resulted in large variances between budgeted amounts and actual amounts. The most significant were revenue deficits totaling \$494,648 which resulted from budgeted BOC County Distribution and Jail Operation Surcharge revenue which was not received from the State of Maine. Additionally, major contracted services budgets were separated into their own budget lines after the BOC budget was adopted, and there were two upgrade projects (security control system upgrade-\$108,264 and propane hot water system-\$113,428) which were not in the original BOC adopted budgeted.

In the future, all anticipated expenditures and revenues will be incorporated into the BOC adopted budget which will also become the County Jail Services Operations Fund budget.