

*COUNTY OF KNOX JAIL*

*FINANCIAL STATEMENTS  
AND SUPPLEMENTAL SCHEDULES*

*FOR THE FISCAL YEAR  
ENDED JUNE 30, 2014*

**COUNTY OF KNOX JAIL  
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES  
JUNE 30, 2014**

<b>TABLE OF CONTENTS</b>		<b>PAGE(S)</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>		1-2
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>		3-6
<b>BASIC FINANCIAL STATEMENTS</b>		
<b>EXHIBIT</b>		
<b>GOVERNMENT-WIDE FINANCIAL STATEMENTS</b>		
A	Statement of Net Position	7
B	Statement of Activities	8
<b>FUND FINANCIAL STATEMENTS</b>		
C	Balance Sheet - Governmental Funds	9-10
D	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	11-12
<b>NOTES TO THE FINANCIAL STATEMENTS</b>		13-22
<b>EXHIBIT</b>		
<b>REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS</b>		
E	Budgetary Comparison Schedule	23
<b>OTHER SUPPLEMENTARY INFORMATION</b>		
<b>EXHIBIT</b>		
<b>GENERAL FUND</b>		
A-1	Statement of Budgeted and Actual Revenues - Budgetary Basis	24
A-2	Statement of Appropriations, Expenditures and Encumbrances - Budgetary Basis	25-26
A-3	Statement of Changes in Unassigned Fund Balance - Budgetary Basis	27
<b>GENERAL RESERVE FUND</b>		
A-4	Balance Sheet	28
A-5	Statement of Revenues, Expenditures and Changes in Fund Balance	29
<b>CAPITAL PROJECTS</b>		
B-1	Balance Sheet	30
B-2	Statement of Revenues, Expenditures and Changes in Fund Balance	31

# James W. Wadman

Certified Public Accountant

Telephone 207-667-6500

Facsimile 207-667-3636

wadmancpa.com

James W. Wadman, C.P.A.

Ronald C. Bean, C.P.A.

Kellie M. Bowden, C.P.A.

Wanese L. Lynch, C.P.A.

## *INDEPENDENT AUDITOR'S REPORT*

October 28, 2014

County Commissioners  
County of Knox  
Rockland, ME 04841

We have audited the accompanying financial statements of the governmental activities and the remaining fund information of the County of Knox Jail Department, Maine as of and for the year ended June 30, 2014, and the related notes to the financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of the County of Knox Jail Department, Maine as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1, the financial statements of the County of Knox Jail Department, Maine are intended to present the financial position, the changes in financial position of only that portion of the governmental activities and the aggregate remaining fund information of the County of Knox that is attributable to the transactions of the County of Knox Jail Department. They do not purport to, and do not, present fairly the financial position of the County of Knox as of June 30, 2014, the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Respectfully Submitted,

*James W. Wadman, CPA*

James W. Wadman, CPA

County of Knox Jail  
Management's Discussion and Analysis  
For the Year ended June 30, 2014

Management of County of Knox Jail provides this *Management's Discussion and Analysis* of the County's financial performance for readers of the County's financial statements. This narrative overview and analysis of the financial activities of the County is for the Year ended June 30, 2014. We encourage readers to consider this information in conjunction with the financial statements and accompanying notes that follow.

The financial statements herein include all of the activities of County of Knox Jail (the County) using the integrated approach as prescribed by Government Accounting Standards Board (GASB) Statement No. 34.

**FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT**

**Government-wide Highlights:**

*Net position* – The assets of the County exceeded its liabilities at Year ending June 30, 2014 by \$3,267,143 (presented as “net position”). Of this amount, \$255,809 was reported as “unrestricted net position”. Unrestricted net position represents the amount available to be used to meet the County's ongoing obligations to citizens and creditors.

*Changes in Net position* – The County's total net position decreased by \$128,609 (a 3.8% decrease) for the year ended June 30, 2014.

**Fund Highlights:**

*Governmental Funds* – Fund Balances – As of the close of the Year ended June 30, 2014, the County's governmental funds reported a combined ending fund balance of \$410,437 with 248,069 being general unassigned fund balance. This unassigned fund balance represents 6.8% of the total general fund expenditures for the year.

**Long-term Debt:**

The County has no outstanding debt as of June 30, 2014.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information (budgetary comparison) and other supplementary information. These components are described below:

**Government-wide Financial Statements**

The Government-wide financial statements present the financial picture of the County from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the County (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain elimination entries have occurred as prescribed by the statement in regards to inter-fund activity, payables and receivables.

The government-wide financial statements can be found on pages 7-8 of this report.

**Fund Financial Statements**

The fund financial statements include statements for each of the three categories of activities – governmental, business-type and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The business-type activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are used to account for resources held for the benefit of parties outside the County's government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the

County's own programs. Reconciliation of the fund financial statements to the Government-wide financial statements is provided to explain the differences created by the integrated approach. The basic governmental fund financial statements can be found on pages 9-12 of this report.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements.

The notes to the financial statements can be found on pages 13-22 of this report.

**Required Supplementary Information**

This section includes a budgetary comparison schedule, which includes a reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the general fund as presented in the governmental fund financial statements (if necessary).

Required supplementary information can be found on page 23 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net position**

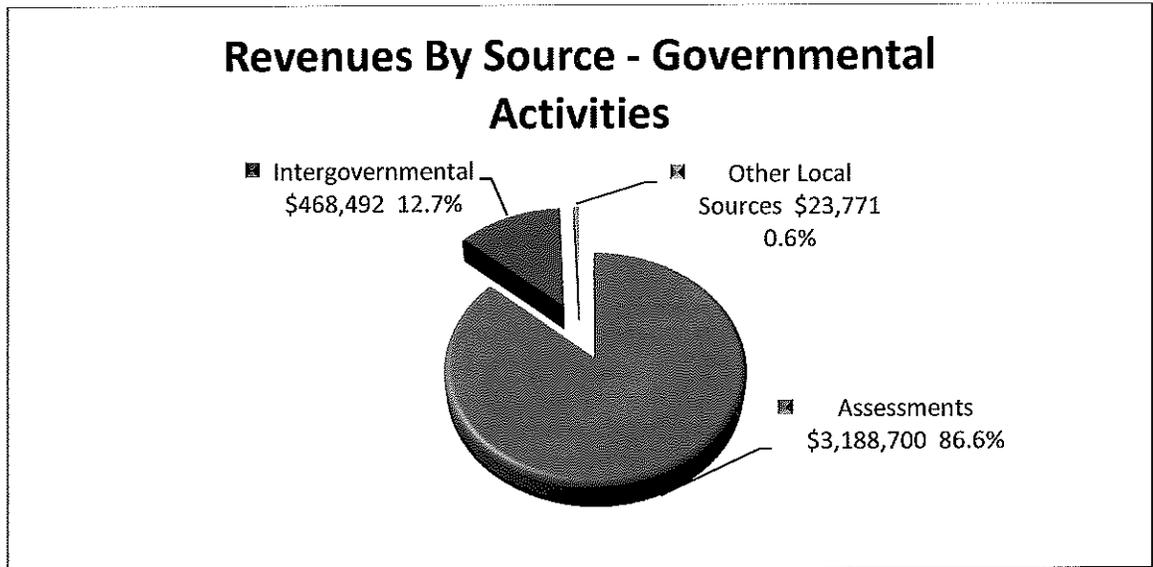
92% of the County's net position reflects its investment in capital assets such as land, buildings, and equipment less any related debt used to acquire those assets that are still outstanding. The County uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	<b>Total 2014</b>	<b>Total 2013</b>
Current Assets	457,985	415,330
Capital Assets	3,011,334	3,151,201
<b>Total Assets</b>	<b>3,469,319</b>	<b>3,566,531</b>
Current Liabilities	202,176	170,779
Other Liabilities	-	-
<b>Total Liabilities</b>	<b>202,176</b>	<b>170,779</b>
<b>Net Position:</b>		
Net Investment in Capital Assets	3,011,334	3,151,201
Restricted	-	-
Unrestricted	255,809	244,551
<b>Total Net Position</b>	<b>3,267,143</b>	<b>3,395,752</b>
<b>Total Liabilities and Net Position</b>	<b>3,469,319</b>	<b>3,566,531</b>

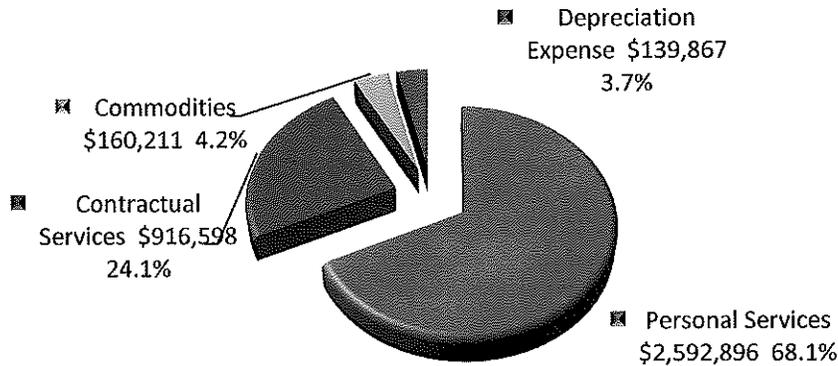
**Changes in Net position**

Approximately 87 percent of the County's total revenue came from assessments, approximately 13 percent came from State subsidies and grants, and approximately 0 percent came from services, investment earnings and other sources. Depreciation expense on the County's governmental assets represents \$139,867 of the total expenditures for the fiscal year.

	<u>Total 2014</u>	<u>Total 2013</u>
<b>Revenues:</b>		
County Assessments	3,188,700	3,188,700
Intergovernmental Revenues	468,492	488,512
Local Sources	23,771	16,726
<b>Total</b>	<u>3,680,963</u>	<u>3,693,938</u>
<b>Expenses:</b>		
Personal Services	2,592,896	2,531,541
Contractual Services	916,598	885,980
Commodities	160,211	207,577
Capital Outlay	-	14,852
Depreciation	139,867	139,867
	<u>3,809,572</u>	<u>3,779,817</u>
<b>Changes in Net Position</b>	<u>(128,609)</u>	<u>(85,879)</u>



## Expenditures By Source - Governmental Activities



### FINANCIAL ANALYSIS OF THE COUNTY'S INDIVIDUAL FUNDS

#### Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the County's financing requirements. In particular, undesignated fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the fiscal year, the County's governmental funds reported ending fund balances of \$410,437 an increase of \$32,681 in comparison with the prior year. 60 percent of this total amount constitutes unassigned fund balance.

#### GENERAL FUND BUDGETARY HIGHLIGHTS

Variances between actual General Fund revenues and expenditures and the final amended budget included the following:

- ◆ \$39,270 positive variance in correction officers. This is due to short staffing during the year.
- ◆ \$22,722 negative variance in part-time salaries. The part time officers were utilized to fill shifts for open corrections officer positions.
- ◆ \$48,942 negative variance in inmate medical and dental. There were higher than anticipated expenses by medical providers and hospitals.
- ◆ \$24,404 positive variance in food expense. The food menu changed.
- ◆ \$39,709 negative variance in BOC investment fund. There was no 4<sup>th</sup> quarter payment made.

#### CAPITAL ASSET ADMINISTRATION

##### Capital Assets

The County's investment in capital assets for its governmental activities amounts to \$5,820,398 net of accumulated depreciation of \$2,809,064 leaving a net book value of \$3,011,334.

#### REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all citizens, taxpayers, investors and creditors. This financial report seeks to demonstrate the County's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: County of Knox Jail, 62 Union St., Rockland, ME 04841.

**COUNTY OF KNOX JAIL**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

*Exhibit A*

	<i>Governmental Activities</i>
<b>Assets</b>	
Investments	162,368
Accounts Receivable	725
Due from Other Governments	294,892
Capital Assets:	
Land	86,200
Other Capital Assets, Net of Depreciation	2,925,134
<b>Total Assets</b>	<b>3,469,319</b>
<b>Liabilities</b>	
Accrued Salaries	47,548
Compensated Absences Payable	154,628
<b>Total Liabilities</b>	<b>202,176</b>
<b>Net Position</b>	
Net Investment in Capital Assets	3,011,334
Restricted Net Assets	-
Unrestricted	255,809
<b>Total Net Position</b>	<b>3,267,143</b>
<b>Total Liabilities and Net Position</b>	<b>3,469,319</b>

The accompanying notes to the financial statements are an integral part of these statements.

COUNTY OF KNOX JAIL  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2014

Exhibit B

<i>Functions/Programs</i>	<i>Expenses</i>	<i>Program Revenues</i>		<i>Net (Expense)</i>
		<i>Fees, Fines, and Charges for Services</i>	<i>Operating Grants</i>	<i>Revenue and Changes in Net Position Total Governmental Activities</i>
<u><i>Primary Government</i></u>				
<u><i>Governmental Activities</i></u>				
Personal Services	2,592,896			(2,592,896)
Contractual Services	916,598			(916,598)
Commodities	160,211			(160,211)
Depreciation Expense	139,867			(139,867)
<u><i>Total Governmental Activities</i></u>	<u>3,809,572</u>	<u>-</u>	<u>-</u>	<u>(3,809,572)</u>
<u><i>Total Primary Government</i></u>	<u>3,809,572</u>	<u>-</u>	<u>-</u>	<u>(3,809,572)</u>
<u><i>General Revenues:</i></u>				
Assessments				3,188,700
Intergovernmental Revenues				468,492
Change in FMV				(16,628)
Other Local Sources				40,399
<u><i>Total Revenues, Special Items and Transfers</i></u>				<u>3,680,963</u>
<u><i>Changes in Net Position</i></u>				<u>(128,609)</u>
<u><i>Net Position - Beginning</i></u>				<u>3,395,752</u>
<u><i>Net Position - Ending</i></u>				<u>3,267,143</u>

The accompanying notes to the financial statements are an integral part of this statement.

**COUNTY OF KNOX JAIL**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2014**

*Exhibit C*  
*Page 1 of 2*

<b>Assets</b>	<b>General Fund</b>	<b>Capital Project</b>	<b>Total</b>
Investments	52,547	109,821	162,368
Accounts Receivable	725		725
Due from Other Governments	294,892		294,892
<b>Total Assets</b>	<b>348,164</b>	<b>109,821</b>	<b>457,985</b>
<b>Liabilities</b>			
Accrued Salaries	47,548		47,548
<b>Total Liabilities</b>	<b>47,548</b>	-	<b>47,548</b>
<b>Fund Balances</b>			
Committed	52,547	109,821	162,368
Unassigned	248,069		248,069
<b>Total Fund Balances</b>	<b>300,616</b>	<b>109,821</b>	<b>410,437</b>
<b>Total Liabilities and Fund Balances</b>	<b>348,164</b>	<b>109,821</b>	<b>457,985</b>

The accompanying notes to the financial statements are and integral part of these statements.

COUNTY OF KNOX JAIL  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2014

Exhibit C  
Page 2 of 2

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total Fund Balance	410,437
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$2,809,064	<u>3,011,334</u>
	<u>3,011,334</u>
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Accrued Compensated Absences	<u>(154,628)</u>
	<u>(154,628)</u>
Net Position of Governmental Activities	<u><u>3,267,143</u></u>

The accompanying notes to the financial statements are an integral part of these statements.

**COUNTY OF KNOX JAIL**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

*Exhibit D*  
*Page 1 of 2*

	<i>General Fund</i>	<i>Capital Projects</i>	<i>Total Governmental Funds</i>
<b>Revenues</b>			
Assessments	3,188,700		3,188,700
Intergovernmental Revenues	468,492		468,492
Change in FMV	(1,027)	(15,601)	(16,628)
Local Sources	23,755	16,644	40,399
<b>Total Revenues</b>	<b>3,679,920</b>	<b>1,043</b>	<b>3,680,963</b>
<b>Expenditures</b>			
Personal Services	2,571,473		2,571,473
Contractual Services	916,598		916,598
Commodities	160,211		160,211
<b>Total Expenditures</b>	<b>3,648,282</b>	<b>-</b>	<b>3,648,282</b>
<b>Excess of Revenues Over (Under)</b>			
Expenditures	31,638	1,043	32,681
<b>Fund Balance - July 1</b>	<b>268,978</b>	<b>108,778</b>	<b>377,756</b>
<b>Fund Balance - June 30</b>	<b>300,616</b>	<b>109,821</b>	<b>410,437</b>

(Continued)

The notes to financial statements are an integral part of this statement.

*COUNTY OF KNOX JAIL  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014*

*Exhibit D  
Page 2 of 2*

Net change in fund balances - total governmental funds	32,681
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Depreciation expense	(139,867)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Accrued compensated absences	<u>(21,423)</u>
Change in net position of governmental activities	<u><u>(128,609)</u></u>

The notes to financial statements are an integral part of this statement.

**COUNTY OF KNOX JAIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the County of Knox Jail have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The financial statements represent information of the County attributable to the transactions of the jail department. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**A. Financial Reporting Entity**

The County of Knox Jail operates under an elected Board of Commissioners form of government.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statement of net Position and the statement of activities) report information on all of the non-fiduciary activities of the County. Fiduciary activities, whose resources are not available to finance the County's programs, are excluded from the government-wide statements. The material effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and various intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Functional expenses may also include an element of indirect cost, designed to recover administrative (overhead) costs. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *total economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Agency funds, reporting only assets and liabilities, have no measurement focus but use the accrual 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 when they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are

**COUNTY OF KNOX JAIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including interest on long-term debt, as well as expenditure related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, sales taxes, interdepartmental charges and intergovernmental revenues are considered susceptible to accrual. Special assessments are recorded as revenues in the year the assessment become current. Annual installments not yet due are reflected as special assessment receivables and deferred revenues. Other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

The General Fund is used to account for all or most of the County's general activities, including the collection and disbursement of earmarked monies (special revenue funds) and the servicing of general long-term debt (debt service fund). The General Fund is used to account for all activities of the general government not accounted in some other fund.

The capital projects fund accounts for all the County funds designated for capital purposes.

The effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and charges between the business-type functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include 1) charges to customers or applicants for goods, services, fines and forfeitures, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service funds are charges to customers for goods and services. Operating expenses include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**COUNTY OF KNOX JAIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***D. Assets, Liabilities and Net Position or Fund Equity***

***1. Deposits and Investments***

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. These investments are not specifically identified with any one fund. Interest is allocated to the individual funds on the basis of average cash balances.

The County may invest in certificates of deposit, in time deposits, and in any securities in which the state investment officer is authorized to invest pursuant to the Maine Statute 5705 Title 30-A and as provided in the authorized investment guidelines of the Maine Statutes 5711 through 5719 in effect on the date the investment is made.

Investments in the Pension Trust Fund are carried at fair value. Investments in other funds are carried at fair value, except for short-term investments, which are reported at amortized cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value, based on relevant market information of similar financial instruments. Income from investments held by the individual funds is recorded in the respective funds

***2. Receivables and Payables***

Transactions between funds that result in outstanding balances are reported as due to/from other funds.

Revenues for the most part are recorded when received, except for the following items for which receivables have been recorded:

- a. Certain grants received from other governments require that eligible expenditures be made in order to earn the grant. Revenue for these grants is recorded for the period in which eligible expenditures are made.
- b. Various service charges are recorded as revenue for the period when service was provided. The receivables for such services are shown on the balance sheet.

***3. Inventories***

Inventories are valued at cost, using the first-in, first-out method. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased, however, material amounts of inventories are reported as assets of their respective funds. Reported inventories in the government funds are equally offset by a fund balance reserve which indicates that the assets are not available for appropriation even though they are a component of reported assets.

***4. Capital Assets***

Capital assets, which property, plant, equipment, and infrastructure (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**COUNTY OF KNOX JAIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Position or Fund Equity (continued)**

**4. Capital Assets (continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50-100
Infrastructure	30-50
Equipment	5-30

**5. Compensated Absences**

In the fund financial statements, vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation leave in the government-wide financial statements is recorded as an expense and liability of the fund as the benefits accrue to employees. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulated right to receive sick pay benefits.

**6. Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt using the bonds-outstanding method. For current and advance refunding of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

**COUNTY OF KNOX JAIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Position or Fund Equity (continued)**

**7. Fund Balances/Net Position**

Fund Balances

In accordance with Government Accounting Standards Board 54, fund balance reporting and governmental fund type definitions, the County classifies governmental fund balances as follows:

*Non-spendable* – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

*Restricted* – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

*Committed* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through County commissioners voting and does not lapse at year-end.

*Assigned* – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the County Treasurer.

*Unassigned* – includes positive fund balance within the general fund which has not been classified within the above mentioned categories and negative fund balance in other governmental funds.

The County considers restricted, committed, assigned, and unassigned amounts to be spent in that order when expenditures for which any of those amounts are available.

The County does not have a formal minimum fund balance policy.

Fund Balances

The County has identified June 30, 2014 fund balances on the balance sheet as follows:

	<u>General</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u>	<u>Totals</u>
<u>Committed</u>			
Computer Reserve	7,204		7,204
Professional Services Reserve	37,354		37,354
Training Reserve	7,989		7,989
Capital Reserve		100,481	100,481
Vehicle Reserve		9,340	9,340
<u>Unassigned</u>			
General Fund	248,069		248,069
<u>Total Fund Balance</u>	<u>300,616</u>	<u>109,821</u>	<u>410,437</u>

**COUNTY OF KNOX JAIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Position or Fund Equity (continued)**

**7. Fund Balances/Net Position**

Net Position

Net Position are required to be classified into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

*Net investment in capital assets* – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. If there are significant unspent related debt proceeds at year-end, the portions of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.

*Restricted* – This component of net position consists of restrictions placed on net position use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or law or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted* – This component consists of net position that do not meet the definition of “restricted” or “net investment in capital assets.”

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Notwithstanding any other provisions of law, beginning July 1, 2012 and for all subsequent fiscal years, 12 months prior to the beginning of the next biennium each county shall submit its proposed biennial correctional services budget to the State Board of Corrections established in Title 5, section 12004-G, subsection 6-C. The proposed budget submitted must be signed by the chair of the county commissioners. The budget must include specific amounts for each correctional services related expenditure.

**COUNTY OF KNOX JAIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Budget/GAAP Reconciliation**

The Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual (Exhibit E) reconciles financial data on a budgetary basis for the government's general fund to the data shown on the Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit D). The major difference is that encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP).

**C. Reserved For Contingency - General Fund**

Title 30-A, Section 922, Maine Revised Statutes Annotated of 1964 states that at the end of each fiscal year, there must be transferred from unencumbered county funds an amount sufficient to restore the established county contingent account.

At June 30, the County's contingency account remained at its established balance.

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. Investments**

At June 30, 2014, the County had the following investments, maturities, and credit ratings:

<i>Type</i>	<i>Fair Value</i>	<i>Maturities in Years</i>				<i>Credit Rating</i>	
		<i>&lt;1</i>	<i>1-5</i>	<i>6-10</i>	<i>&gt; 10</i>	<i>S&amp;P</i>	<i>Moody's</i>
<b><i>General Town</i></b>							
U.S. Gov't Obligations	162,368	36,628	91,608	34,132		N/A	N/A
	162,368	36,628	91,608	34,132	-		

**Investment Policies**

Generally, the County's investing activities are managed under the custody of the County Treasurer. Investing is performed in accordance with the investment policy adopted by the County Overseers complying with state statutes. The County may invest in securities permitted under 30-A MRSA 5712, 5713, 5714, 5715, and 5716. Upon approval of the County Overseers, the treasurer of the trustee(s) of a trust fund of the County, may enter into safekeeping and investment management agreements and/or investment advisory agreements in accordance with 30-A MRSA 5706(4) and the investment funds pursuant to any such agreements shall be governed by the rule prudence as set forth in 18-A MRSA 7-302.

**COUNTY OF KNOX JAIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**B. Capital Assets**

Capital asset activity for the year ended June 30, 2014 was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<i>Governmental Activities;</i>				
<i>Capital assets not being depreciated</i>				
Land	86,200			86,200
<i>Capital assets being depreciated</i>				
Buildings	5,375,128			5,375,128
Equipment	359,068			359,068
<i>Total capital assets being depreciated</i>	5,734,196	-	-	5,734,196
<i>Less accumulated depreciation for</i>				
Buildings	2,406,769	109,691		2,516,460
Equipment	262,426	30,176		292,602
<i>Total accumulated depreciation</i>	2,669,195	139,867	-	2,809,062
<i>Net capital assets being depreciated</i>	3,065,001	(139,867)	-	2,925,134
<i>Governmental Activities Capital Assets, net</i>	3,151,201	(139,867)	-	3,011,334

**NOTE 4 - OTHER INFORMATION**

**A. Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the government expects such amount, if any to be immaterial.

There are various claims and suits pending against the County which arise in the normal course of the County's activities. In the opinion of management, the ultimate disposition of these various claims and suits will not have a material effect in the financial position of the County.

**COUNTY OF KNOX JAIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 4 - OTHER INFORMATION**

**B. Pension Plans**

The County has contributed for certain employees, to the Maine Public Employees Retirement System (MPERS), a cost-sharing multiple-employer defined benefits pension plan. The County has withdrawn from participation for new employees, but must continue to fund the benefits of current retirees and vested inactive members. The County is required to contribute an annual fee based on an actuarial valuation of the entire State plan. There was an unfunded liability of \$45,448 for 2011, an unfunded liability of \$66,422 for 2012, and an unfunded liability of \$72,991 for 2013.

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to full time county employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The plan is administered by an independent company, and the County remits all compensation deferred to this administrator for investment as requested by the participant employees. All assets and income of the plan are held in trust for the exclusive benefit of participants and their beneficiaries.

The County has adopted a 401 Qualified Plan for which an independent company is the plan administrator.

The County contributes 7% of earnings on behalf of each participant for the plan year. Each participant is required to contribute 3% of earnings for the plan year as a condition of participation. All full-time, salaried management, public safety, and elected officials are eligible to participate. Normal retirement age shall be 55.

Participants vesting requirements are fulfilled at 5 years of service. The County has contributed \$103,183 and the participants have contributed \$240,766 for the year-ended December 31, 2013.

A participant may direct the investment without restriction among various options available under the trust. Loans are permitted under the plan.

Effective January 1, 2002, the County implemented a cafeteria benefit plan pursuant to section 125 of the IRS code. Under this plan, eligible employees may direct a contribution, made by the employees, into any combination of the following benefit categories:

1. Health Care Reimbursement Plan;
2. Dependent Care Assistance Account;

Eligible employees may elect to contribute pre-tax dollars to these categories. Under no circumstances may an employee direct more than \$5,000 annually into the Dependent Care Assistance Account and \$2,500 annually to Health Care Reimbursement plan per IRS. Total contributions may not be more than \$7,500 each year.

All regular full-time and part-time employees who are eligible to join the County's major medical plan are eligible to participate in this plan. Seasonal employees are not eligible. The plan year adopted by the County begins on January 1 and ends on December 31.

**COUNTY OF KNOX JAIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 4 - OTHER INFORMATION (Continued)**

**B. Pension Plans (Continued)**

To obtain reimbursement of expenses incurred within a plan year within the spending accounts, employees must submit claims within 30 days of the end of the plan year or separation from the County, whichever comes first. Funds unclaimed after 30 days of the close of the plan year are then remitted to the County.

**C. Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage and destruction of assets; errors and omissions; and natural disasters for which the County participated in public entity risk pools.

The County is a member of the Maine Municipal Association - Worker Compensation Fund ("Fund"). The Fund was created to formulate, develop, and administer a program of modified self-funding for the Fund's membership, obtain lower costs for worker's compensation coverage, and develop a comprehensive loss control program. The County pays an annual premium to the Fund for its worker's compensation coverage. The County's agreement with the Fund provides that the Fund will be self-sustaining through member premiums and will provide through commercial companies reinsurance contracts, for members with claims in excess of \$400,000 with a limit of \$2,000,000.

The County is also a member of the County Commissioners Association Self-Funded Risk Management Pool ("Pool"). As with the Fund above, the Pool was created to obtain lower costs for its members. The County pays an annual premium for its property and liability coverage.

Under the property portion of the Pool, coverage is provided, after the deductible is met, to \$10,000,000. Under the liability portion of the Pool, coverage is provided after the deductible is met, to \$1,000,000.

**COUNTY OF KNOX JAIL**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**Exhibit E**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
<b>Revenues</b>				
Assessments	3,188,700	3,188,700	3,188,700	-
Intergovernmental Revenues	507,929	507,929	468,492	(39,437)
Local Sources	7,900	7,900	22,424	14,524
<b>Total Revenues</b>	<b>3,704,529</b>	<b>3,704,529</b>	<b>3,679,616</b>	<b>(24,913)</b>
<b>Expenditures</b>				
Personal Services	2,578,536	2,578,536	2,571,473	7,063
Contractual Services	948,152	948,152	916,598	31,554
Commodities	177,841	177,841	160,211	17,630
<b>Total Expenditures</b>	<b>3,704,529</b>	<b>3,704,529</b>	<b>3,648,282</b>	<b>56,247</b>
<b>Excess Revenues Over Expenditures</b>	<b>-</b>	<b>-</b>	<b>31,334</b>	<b>31,334</b>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures</b>	<b>-</b>	<b>-</b>	<b>31,334</b>	<b>31,334</b>
<b>Unreserved Fund Balance - July 1</b>			<b>216,735</b>	
<b>Unreserved Fund Balance - June 30</b>			<b>248,069</b>	

**COUNTY OF KNOX JAIL**  
**GENERAL FUND**  
**STATEMENT OF BUDGETED AND ACTUAL REVENUES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

*Exhibit A-1*

	<i>Budget</i>	<i>Actual</i>	<i>Over (Under) Budget</i>
Assessments	3,188,700	3,188,700	-
Intergovernmental Revenues			
State			
BOC Investment Fund	146,549	106,840	(39,709)
Community Corrections	361,380	361,380	-
Fuel Reimbursement		272	272
	<u>507,929</u>	<u>468,492</u>	<u>(39,437)</u>
Other Local Sources			
Court Ordered Board	1,925	7,927	6,002
Employee Meals		619	619
SSI Incentive Payment		9,200	9,200
Work or Education Release	409	3,466	3,057
Restitution		1,169	1,169
Other Jail Revenue	5,566	43	(5,523)
	<u>7,900</u>	<u>22,424</u>	<u>14,524</u>
Operating Transfers In			
Transfers from Reserves			
	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Transfers	3,704,529	<u><u>3,679,616</u></u>	<u><u>(24,913)</u></u>
Fund Balance Used to Calculate Assessments			
Total	<u><u>3,704,529</u></u>		

**COUNTY OF KNOX JAIL  
GENERAL FUND  
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES  
FOR THE YEAR ENDED JUNE 30, 2014**

*Exhibit A-2  
Page 1 of 2*

	<i>Budget</i>	<i>Actual</i>	<i>(Over) Under Budget</i>
<b>Personal Services</b>			
Jail Administrator	67,163	67,408	(245)
Assistant Jail Administrator	65,343	65,587	(244)
Programs Officer	90,958	91,813	(855)
Food Services	123,942	121,893	2,049
Administrative Assistant	34,060	34,184	(124)
Corrections Supervisors	304,438	176,639	127,799
Assistant Corrections Supervisors		133,621	(133,621)
Corrections Officers	723,507	684,237	39,270
Corrections Maintenance	39,121	39,352	(231)
Transport Supervisor	46,497	47,154	(657)
Transportation Officers	36,130	36,592	(462)
Records Officer	44,054	40,201	3,853
Overtime	205,552	209,448	(3,896)
Holiday Overtime	65,242	59,700	5,542
Part Time	61,370	84,092	(22,722)
Hourly Differential	13,290	13,535	(245)
Stipends	1,100	1,100	-
FICA/Medicare	144,100	142,501	1,599
Health Insurance	377,818	377,878	(60)
Workers Compensation	46,414	46,478	(64)
Resignation / Termination Benefits	3,017	8,475	(5,458)
Flexible Benefits	238	522	(284)
ICMA Qualified and Deferred Compensation	85,182	89,063	(3,881)
	<u>2,578,536</u>	<u>2,571,473</u>	<u>7,063</u>
<b>Contractual Services</b>			
Consulting / Accounting Services	3,213	3,300	(87)
Automobile Mileage	538	178	360
Meals	150	101	49
Lodging	395	294	101
Other, Tolls, Fees	83	163	(80)
Telephone	5,839	6,771	(932)
Insurance Deductibles	111,619	107,013	4,606
Postage and Shipping	149	139	10
Printing and Engraving	50		50
Training and Seminars	2,821	3,302	(481)
Electricity	58,167	59,685	(1,518)
Heating Fuel	84,485	87,027	(2,542)
Underground Tank Inspection	733	280	453
Sewage	38,190	21,337	16,853
Water	15,153	11,584	3,569
Copier Rental	5,556	5,685	(129)
Equipment Repairs and Maintenance	5,239	5,500	(261)
Radio Repairs and Maintenance	2,347	2,183	164
Computer Repairs and Maintenance	3,000	6,623	(3,623)

**COUNTY OF KNOX JAIL**  
**GENERAL FUND**  
**STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

*Exhibit A-2*  
*Page 2 of 2*

	<i>Budget</i>	<i>Actual</i>	<i>(Over)</i> <i>Under</i> <i>Budget</i>
Contractual Services (continued)			
Grounds Maintenance	6,854	4,593	2,261
Building Repairs and Maintenance	7,914	5,117	2,797
Electrical Repairs and Maintenance	2,032	332	1,700
Heating Repairs and Maintenance	33,433	37,926	(4,493)
Plumbing Repairs and Maintenance	5,264	8,032	(2,768)
Control Panel		2,315	(2,315)
Rubbish Removal	4,708	4,771	(63)
Pest Control	480	530	(50)
Consultant Fees	6,415	6,415	-
Inmate Medical and Dental	271,658	320,600	(48,942)
Medical Exams	540	694	(154)
Inmate Programs and Services	168,556	98,069	70,487
Inmate Expense	13,418	13,811	(393)
Community Corrections	72,276	72,295	(19)
Tax Interest	3,330	3,484	(154)
Gas, Oil, Grease	9,298	8,497	801
Automobile Repairs and Maintenance	4,249	7,952	(3,703)
	<u>948,152</u>	<u>916,598</u>	<u>31,554</u>
Commodities			
Food	100,101	75,697	24,404
Cleaning Supplies	7,666	10,318	(2,652)
Institutional Supplies	28,947	30,294	(1,347)
Maintenance Supplies	11,384	15,237	(3,853)
Office Supplies	3,899	4,226	(327)
Kitchen Supplies	5,867	5,858	9
Training Supplies	793		793
Computer Supplies	1,849	2,414	(565)
Uniforms	6,556	6,913	(357)
Prisoner Clothing	5,594	4,463	1,131
Books and Subscriptions	628	232	396
Statues and Reference Books	2,957	3,560	(603)
Small Tools	1,500	714	786
Miscellaneous Minor Equipment	100	285	(185)
	<u>177,841</u>	<u>160,211</u>	<u>17,630</u>
<b>Total Appropriations</b>	<u><u>3,704,529</u></u>	<u><u>3,648,282</u></u>	<u><u>56,247</u></u>

**COUNTY OF KNOX JAIL  
GENERAL FUND  
STATEMENT OF CHANGES IN UNASSIGNED FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2014**

*Exhibit A-3*

Unassigned Fund Balance July 1, 2013	216,735	
Unassigned Fund Balance June 30, 2014	<u>248,069</u>	
<b>Increase (Decrease)</b>		<b><u><u>31,334</u></u></b>

Analysis of Change

Additions

Budget Summary Revenue Surplus (Exhibit A-1)	(24,913)	
Unexpended (Overdraft) Balance of Appropriations (Exhibit A-2)	<u>56,247</u>	
Budget Surplus (Deficit)		<u>31,334</u>

Deductions

Fund Balance Used to Calculate Assessments		<u>-</u>
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<b>Increase (Decrease)</b>		<b><u><u>31,334</u></u></b>
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COUNTY OF KNOX JAIL  
 ALL GENERAL RESERVE FUNDS  
 BALANCE SHEET  
 JUNE 30, 2014

Exhibit A-4

<i>Assets</i>	<i>Computer Reserve</i>	<i>Professional Services Reserve</i>	<i>Training Reserve</i>	<i>Totals</i>
Investments	7,204	37,354	7,989	52,547
Due from Other Governments				-
<b>Total Assets</b>	<b>7,204</b>	<b>37,354</b>	<b>7,989</b>	<b>52,547</b>
 <i>Liabilities and Fund Balances</i>				
Liabilities				
Due to Other Funds				-
<b>Total Liabilities</b>	-	-	-	-
Fund Balances				
Committed	7,204	37,354	7,989	52,547
<b>Total Fund Balances</b>	<b>7,204</b>	<b>37,354</b>	<b>7,989</b>	<b>52,547</b>
<b>Total Liabilities and Fund Balances</b>	<b>7,204</b>	<b>37,354</b>	<b>7,989</b>	<b>52,547</b>

**COUNTY OF KNOX JAIL**  
**ALL GENERAL RESERVE FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

*Exhibit A-5*

	<i>Computer Reserve</i>	<i>Professional Services Reserve</i>	<i>Training Reserve</i>	<i>Totals</i>
Revenues				
Interest	179	953	199	1,331
Change in FMV	(168)	(644)	(215)	(1,027)
Other Local Sources				-
<b>Total Revenues</b>	<b>11</b>	<b>309</b>	<b>(16)</b>	<b>304</b>
Expenditures				
Personnel Services				-
Contract Services				-
Commodities				-
Capital Outlay				-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of Revenues Over (Under) Expenditures	11	309	(16)	304
Other Financing Sources (Uses)				
Transfers from Other Funds				-
Transfers to Other Funds				-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	11	309	(16)	304
Fund Balance - July 1	7,193	37,045	8,005	52,243
<b>Fund Balance - June 30</b>	<b>7,204</b>	<b>37,354</b>	<b>7,989</b>	<b>52,547</b>

**COUNTY OF KNOX JAIL  
ALL CAPITAL PROJECTS  
BALANCE SHEET  
JUNE 30, 2014**

*Exhibit B-1*

<i>Assets</i>	<i>Capital Reserve</i>	<i>Vehicle Reserve</i>	<i>Totals</i>
Investments	100,481	9,340	109,821
Due from Other Governments			-
<b>Total Assets</b>	<b>100,481</b>	<b>9,340</b>	<b>109,821</b>
 <i>Liabilities and Fund Balances</i>			
<b>Liabilities</b>			
Due to Other Funds			-
<b>Total Liabilities</b>	-	-	-
 <b>Fund Balances</b>			
Committed	100,481	9,340	109,821
<b>Total Fund Balances</b>	<b>100,481</b>	<b>9,340</b>	<b>109,821</b>
 <b>Total Liabilities and Fund Balances</b>	<b>100,481</b>	<b>9,340</b>	<b>109,821</b>

**COUNTY OF KNOX JAIL  
 ALL CAPITAL PROJECTS  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2014**

*Exhibit B-2*

	<i>Capital Reserve</i>	<i>Vehicle Reserve</i>	<i>Totals</i>
Revenues			
Interest	2,235	231	2,466
Change in FMV	(15,365)	(236)	(15,601)
Other Local Sources	14,178		14,178
<b>Total Revenues</b>	<b>1,048</b>	<b>(5)</b>	<b>1,043</b>
Expenditures			
Personnel Services			-
Contract Services			-
Commodities			-
Capital Outlay			-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of Revenues Over (Under) Expenditures	1,048	(5)	1,043
Other Financing Sources (Uses)			
Transfers from Other Funds			-
Transfers to Other Funds			-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	1,048	(5)	1,043
Fund Balance - July 1	99,433	9,345	108,778
<b>Fund Balance - June 30</b>	<b>100,481</b>	<b>9,340</b>	<b>109,821</b>