

Audited Financial Statements and
Other Financial Information

County of Franklin, Maine

June 30, 2016



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COUNTY OF FRANKLIN, MAINE

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JUNE 30, 2016

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
County of Franklin, Maine
Farmington, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the County of Franklin, Maine, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic 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.

Auditors' 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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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, each major fund and the aggregate remaining fund information of the County of Franklin, Maine, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 4 through 11 and 44 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Franklin, Maine's basic financial statements. The Schedule of Departmental Operations – General Fund, combining and individual non-major fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Departmental Operations – General Fund, combining and individual non-major fund financial statements and capital asset schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Departmental Operations – General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2016, on our consideration of the County of Franklin, Maine’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Franklin, Maine’s internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
November 29, 2016

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

(UNAUDITED)

The following management's discussion and analysis of County of Franklin, Maine's financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the County's financial statements.

Financial Statement Overview

The County of Franklin's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the County's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the County's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position – this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities – this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The types of activities presented for the County of Franklin are:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the County's basic services are reported in governmental activities, which include superior court, emergency management agency, district attorney, register of deeds, register of probate, the jail and sheriff's department.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Franklin, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the County of Franklin are either governmental or fiduciary funds.

Governmental funds: All of the basic services provided by the County are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the County's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the County.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The County of Franklin presents three columns in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The County has two major governmental funds: the general fund and the jail fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the County legally adopted a budget. The Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the County of Franklin. These 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. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

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 Financial Statements can be found following the statement of fiduciary net position.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund, Schedule of Proportionate Share of the Net Pension Liability and the Schedule of Contributions.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the County's governmental activities. The County's total net position increased by \$124,999 from \$1,995,646 to \$2,120,645.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased to a balance of \$1,024,670 at the end of this year.

Table 1
County of Franklin, Maine
Net Position
June 30,

	2016	2015 (Restated)
Assets		
Current and Other Assets	\$ 2,806,083	\$ 2,583,096
Capital Assets	1,142,188	1,242,450
Total Assets	3,948,271	4,185,310
Deferred Outflows of Resources		
Deferred Amount on Pensions	894,986	300,853
Total Deferred Outflows of Resources	894,986	300,853
Liabilities		
Current Liabilities	118,337	198,544
Long-term Debt Outstanding	1,969,796	1,336,818
Total Liabilities	2,088,133	1,535,362
Deferred Inflows of Resources		
Deferred Amount on Pensions	634,479	547,734
Total Deferred Inflows of Resources	634,479	547,734
Net Position		
Net Investment in Capital Assets	638,924	615,777
Restricted	457,051	530,936
Unrestricted	1,024,670	848,933
Total Net Position	\$ 2,120,645	\$ 1,995,646

Revenues and Expenses

Revenues for the County's governmental activities increased by 1.86%, while total expenses decreased by 0.78%.

Table 2
County of Franklin, Maine
Change in Net Position
For The Years Ended June 30,

	<u>2016</u>	<u>2015</u>
Revenues		
<i>Program revenues:</i>		
Charges for Services	\$ 607,851	\$ 649,329
Operating grants and contributions	471,792	398,979
<i>General revenues:</i>		
Taxes	5,207,845	5,043,438
Miscellaneous	131,993	210,263
Total Revenues	<u>6,419,481</u>	<u>6,302,009</u>
 Expenses		
Superior Court	2,773	2,868
Emergency Management Agency	131,416	130,515
District Attorney	239,355	252,183
County Commissioners	138,631	137,662
County Treasurer	92,162	85,320
County Courthouse	121,976	146,809
Jail (Support of Prisoners)	1,878,985	1,871,496
Register of Deeds	177,325	197,379
Register of Probate	190,120	187,207
Sheriff	1,538,542	1,664,704
Communications	828,753	858,020
Civil process service	69,257	104,202
Technical Services	178,124	-
Extension Service	46,975	42,765
Program Grants	206,387	236,637
Insurance and retirement expenses	41,976	43,590
Program expenses	393,302	360,932
Interest on long-term debt	15,825	16,812
Unallocated depreciation expense	2,598	5,119
Total Expenses	<u>6,294,482</u>	<u>6,344,220</u>
 Change in Net Position	124,999	(42,211)
 Net Position - July 1, Restated	<u>1,995,646</u>	<u>2,037,857</u>
 Net Position - June 30	<u>\$ 2,120,645</u>	<u>\$ 1,995,646</u>

Financial Analysis of the County's Fund Statements

Governmental funds: The financial reporting focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the County's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year, and the net resources available for spending.

Table 3
County of Franklin, Maine
Fund Balances - Governmental Funds
June 30,

	2016	2015
General Fund:		
Restricted	\$ 87,991	\$ 104,202
Assigned	105,158	5,158
Unassigned	1,691,216	1,560,799
Total General Fund	\$ 1,884,365	\$ 1,670,159
Major Special Revenue Funds:		
Jail Fund		
Restricted	\$ 168,348	\$ 188,714
Total Major Special Revenue Funds	\$ 168,348	\$ 188,714
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 200,712	\$ 238,020
Committed	-	-
Assigned	476,456	432,046
Unassigned	(2,354)	(24,525)
Total Nonmajor Funds	\$ 674,814	\$ 645,541

The general fund total fund balance increased by \$214,206 from the prior fiscal year. The jail fund decreased by \$20,366 over the prior fiscal year. The non-major fund balances increased by \$29,273 over the prior fiscal year.

Budgetary Highlights

There was no difference between the original and final budget for the general fund.

The general fund actual revenues were over the budget by \$149,319. This was a result of most revenues being received in excess of budgeted amounts. The largest item of excess revenues was charges for services.

The general fund actual expenditures were under budget by \$164,887. Most expenditures finished within budget with the exception of superior court, technical services and transfers to other funds.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2016, the net book value of capital assets recorded by the County decreased by \$100,262 from the prior year. This decrease was comprised of current year depreciation expense. More detailed information on capital asset activity can be found in Note 4 of Notes to Financial Statements.

Table 4
County of Franklin, Maine
Capital Assets (Net of Depreciation)
June 30,

	<u>2016</u>	<u>2015</u>
Land construction in progress	\$ 67,350	\$ 67,350
Buildings	954,997	1,005,863
Building improvements	19,012	21,623
Furniture & fixtures	7,232	9,457
Machinery & equipment	39,262	49,057
Vehicles	<u>54,335</u>	<u>89,100</u>
Total	<u>\$ 1,142,188</u>	<u>\$ 1,242,450</u>

Debt

At June 30, 2016, the County had \$510,000 in bonds and capital leases outstanding versus \$539,715 last year, a decrease of 5.51%. Other obligations include accrued compensated absences and net pension liability. Refer to Note 5 of Notes to Financial Statements for more detailed information.

Economic Factors and Next Year's Budgets and Rates

The County has steadily maintained a sufficient unassigned fund balance to sustain government operations for a period of approximately three months, while also maintaining significant reserve accounts for future capital and program needs.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Finance Department at 140 Main Street, Farmington, Maine 04938.

COUNTY OF FRANKLIN, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,203,536
Investments	527,956
Accounts receivable (net of allowance for uncollectibles)	58,130
Due from other governments	<u>16,461</u>
Total current assets	<u>2,806,083</u>
Noncurrent assets:	
Capital assets:	
Land, infrastructure, and other assets not being depreciated	67,350
Buildings and equipment, net of accumulated depreciation	<u>1,074,838</u>
Total noncurrent assets	<u>1,142,188</u>
TOTAL ASSETS	<u>3,948,271</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on pensions	<u>894,986</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>894,986</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 4,843,257</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 19,855
Accrued expenses	6,473
Due to other governments	52,228
Current portion of long-term obligations	<u>39,781</u>
Total current liabilities	<u>118,337</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	463,483
Capital lease payable	6,736
Accrued compensated absences	261,861
Net pension liability	<u>1,237,716</u>
Total noncurrent liabilities	<u>1,969,796</u>
TOTAL LIABILITIES	<u>2,088,133</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amount on pensions	<u>634,479</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>634,479</u>
NET POSITION	
Invested in capital assets, net of related debt	638,924
Restricted	457,051
Unrestricted	<u>1,024,670</u>
TOTAL NET POSITION	<u>2,120,645</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 4,843,257</u>

See accompanying independent auditors' report and notes to financial statements.

COUNTY OF FRANKLIN, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Total Governmental Activities
Governmental activities:					
Superior Court	\$ 2,773	\$ -	\$ -	\$ -	\$ (2,773)
Emergency Management Agency	131,416	81,375	-	-	(50,041)
District Attorney	239,355	-	-	-	(239,355)
County Commissioners	138,631	-	-	-	(138,631)
County Treasurer	92,162	-	-	-	(92,162)
County Courthouse	121,976	-	-	-	(121,976)
Jail (Support of Prisoners)	1,878,985	26,755	177,011	-	(1,675,219)
Register of Deeds	177,325	322,839	-	-	145,514
Register of Probate	190,120	59,127	-	-	(130,993)
Sheriff	1,538,542	39,621	-	-	(1,498,921)
Communications	828,753	-	-	-	(828,753)
Extension Service	46,975	-	-	-	(46,975)
Program Grants	206,387	-	-	-	(206,387)
Insurance and retirement expenses	41,976	-	-	-	(41,976)
Technical Services	178,124	-	-	-	(178,124)
Civil Process Service	69,257	78,134	-	-	8,877
Program Expenses	393,302	-	294,781	-	(98,521)
Interest on long-term debt	15,825	-	-	-	(15,825)
Unallocated Depreciation Expense*	2,598	-	-	-	(2,598)
Total government	<u>\$ 6,294,482</u>	<u>\$ 607,851</u>	<u>\$ 471,792</u>	<u>\$ -</u>	<u>(5,214,839)</u>

* This amount excludes the depreciation that is included in the direct expenses of the various programs.

STATEMENT B (CONTINUED)
COUNTY OF FRANKLIN, MAINE

STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(5,214,839)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	5,207,845
Miscellaneous	<u>131,993</u>
Total general revenues	<u>5,339,838</u>
Change in net position	124,999
NET POSITION - JULY 1, RESTATED	<u>1,995,646</u>
NET POSITION - JUNE 30	<u>\$ 2,120,645</u>

See accompanying independent auditors' report and notes to financial statements.

COUNTY OF FRANKLIN, MAINE

BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Jail Fund	Other Governmental Funds	Totals Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ 2,087,718	\$ 2,864	\$ 112,954	\$ 2,203,536
Investments	512,832	-	15,124	527,956
Accounts receivables (net of allowance for uncollectibles)	44,755	-	13,375	58,130
Due from other governments	16,461	-	-	16,461
Due from other funds	24,100	165,484	557,461	747,045
TOTAL ASSETS	<u>\$ 2,685,866</u>	<u>\$ 168,348</u>	<u>\$ 698,914</u>	<u>\$ 3,553,128</u>
LIABILITIES				
Accounts payable	\$ 19,855	\$ -	\$ -	\$ 19,855
Accrued expenses	6,473	-	-	6,473
Due to other governments	52,228	-	-	52,228
Accrued compensated absences	-	-	-	-
Due to other funds	722,945	-	24,100	747,045
TOTAL LIABILITIES	<u>801,501</u>	<u>-</u>	<u>24,100</u>	<u>825,601</u>
FUND BALANCES				
Restricted	87,991	168,348	200,712	457,051
Assigned	105,158	-	476,456	581,614
Unassigned	1,691,216	-	(2,354)	1,688,862
TOTAL FUND BALANCES	<u>1,884,365</u>	<u>168,348</u>	<u>674,814</u>	<u>2,727,527</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,685,866</u>	<u>\$ 168,348</u>	<u>\$ 698,914</u>	<u>\$ 3,553,128</u>

See accompanying independent auditors' report and notes to financial statements.

COUNTY OF FRANKLIN, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 2,727,527
Amounts reported for governmental activities in the statement are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	1,142,188
Deferred outflows of resources are not financial resources and therefore are not reported in the funds	894,986
Long-term liabilities shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bonds payable	(498,669)
Capital leases payable	(11,331)
Accrued compensated absences	(261,861)
Net pension liability	(1,237,716)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds	<u>(634,479)</u>
Net position of governmental activities	<u>\$ 2,120,645</u>

See accompanying independent auditors' report and notes to financial statements.

STATEMENT E

COUNTY OF FRANKLIN, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Jail Fund	Other Governmental Funds	Totals Governmental Funds
REVENUES				
Taxes	\$ 3,586,644	\$ 1,621,201	\$ -	\$ 5,207,845
Intergovernmental revenues	-	177,011	294,781	471,792
Charges for services	581,096	26,755	-	607,851
Miscellaneous revenues	89,650	1,617	40,726	131,993
TOTAL REVENUES	4,257,390	1,826,584	335,507	6,419,481
EXPENDITURES				
Current:				
Superior Court	2,773	-	-	2,773
Emergency Management Agency	128,908	-	-	128,908
District Attorney	239,355	-	-	239,355
County Commissioners	138,631	-	-	138,631
County Treasurer	92,162	-	-	92,162
County Courthouse	121,976	-	-	121,976
Jail (Support of Prisoners)	-	1,846,950	-	1,846,950
Register of Deeds	177,104	-	-	177,104
Register of Probate	190,120	-	-	190,120
Sheriff	1,443,608	-	-	1,443,608
Communications	828,753	-	-	828,753
Extension Service	46,975	-	-	46,975
Program Grants	206,387	-	-	206,387
Insurance	41,975	-	-	41,975
Civil Process Service	69,257	-	-	69,257
Technical Services	178,124	-	-	178,124
Debt Service	50,008	-	-	50,008
Program expenditures	-	-	393,302	393,302
TOTAL EXPENDITURES	3,956,116	1,846,950	393,302	6,196,368
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	301,274	(20,366)	(57,795)	223,113
OTHER FINANCING SOURCES (USES)				
Transfers in	923	-	87,991	88,914
Transfers (out)	(87,991)	-	(923)	(88,914)
TOTAL OTHER FINANCING SOURCES (USES)	(87,068)	-	87,068	-
NET CHANGE IN FUND BALANCES	214,206	(20,366)	29,273	223,113
FUND BALANCES - JULY 1	1,670,159	188,714	645,541	2,504,414
FUND BALANCES - JUNE 30	\$ 1,884,365	\$ 168,348	\$ 674,814	\$ 2,727,527

See accompanying independent auditors' report and notes to financial statements.

COUNTY OF FRANKLIN, MAINE

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, 2016

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 223,113</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset purchases capitalized	-
Capital asset deletions	-
Depreciation expense	<u>(100,262)</u>
	<u>(100,262)</u>
Deferred outflows of resources are a consumption of net assets by the government that are applicable to a future reporting period and therefore are not reported in the funds	
	<u>594,133</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	
	<u>29,715</u>
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	187,034
Net pension liability	<u>(721,989)</u>
	<u>(534,955)</u>
Deferred inflows of resources are a consumption of net assets by the government that are applicable to a future reporting period and therefore are not reported in the funds	
	<u>(86,745)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 124,999</u></u>

See accompanying independent auditors' report and notes to financial statements.

COUNTY OF FRANKLIN, MAINE

STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2016

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 25
TOTAL ASSETS	<u>\$ 25</u>
LIABILITIES	
Accounts payable	\$ -
Due to general fund	-
Deposits held for others	25
TOTAL LIABILITIES	<u>\$ 25</u>

See accompanying independent auditors' report and notes to financial statements.

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The County of Franklin was incorporated under the laws of the State of Maine. The County operates under the Board of Commissioners form of government and provides the following services: superior court, emergency management agency, district attorney, register of deeds, register of probate, the jail and the sheriff's department.

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The County's combined financial statements include all accounts and all operations of the County. We have determined that the County has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and 61.

Implementation of New Accounting Standards

During the year ended June 30, 2016, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 72, "*Fair Value Measurement and Application*". The objective of the Statement is to expand comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will improve fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*". The objective of the Statement is to improve financial reporting by instituting a single framework for the presentation of information about pensions, thereby expanding the comparability of pension-related information reported by state and local governments. Management has determined that this Statement is not applicable.

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*". The objective of this Statement is to identify-in the context of the current governmental financial reporting environment-the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 79, "*Certain External Investment Pools and Pool Participants*". This Statement establishes specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share.

This Statement also establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All activities of the County are categorized as governmental.

In the government-wide Statement of Net Position, the governmental activity column is (a) presented on a consolidated basis by column, and (b) is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The County first utilizes restricted resources to finance qualifying activities.

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions (district attorney, register of deeds, jail, etc.). The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The County does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the County as an entity and the change in the County's net position resulting from the current year's activities.

Measurement Focus - Basic Financial Statements & Fund Financial Statements

The financial transactions of the County are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the County:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the County:

Major Funds

- a. The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonmajor Funds

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

2. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support County programs. The reporting focus is on net position and changes in net position and the funds are reported using accounting principles similar to proprietary funds.

The County's fiduciary funds are presented in the fiduciary fund financial statements by agency type. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds in mate and working program are not incorporated into the government-wide financial statements.

The emphasis in fund financial statements is on the major funds in the governmental activities category. Non-major funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

The County's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the year the County Commissioners prepare a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Budget Committee was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by Budget Committee.
4. The County does not adopt budgets for Special Revenue Funds.

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.

It is the County's policy to value investments at fair value. None of the County's investments are reported at amortized cost. The County Treasurer is authorized by State Statutes to invest all excess funds in the following:

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Obligations of the U.S. Government, its agencies and instrumentalities.
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations, and credit unions.
- Repurchase agreements

The County of Franklin does not have a formal investment policy but follows the State of Maine Statutes.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as “internal balances”.

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2016.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Estimated useful lives are as follows:

Buildings	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of capital leases payable, compensated absences and net pension liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

Compensated Absences

The County's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Participating Local District (PLD) Consolidated Plan and additions to/deductions from the PLD Consolidated Plan's fiduciary net position have been determined on the same basis as they are reported by the PLD Consolidated Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

are not included in the determination of net investment in capital assets or restricted net position.

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted – This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the County. Please refer to the budgeting process for the authority for committing items within the budget.

Assigned – This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the County Commissioners.

Unassigned – This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the County meeting vote has provided otherwise in its commitment or assignment actions.

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The County is in the process of adopting a set of financial policies to guide the financial operation of the County. Included in the policies will be guidelines for accumulating and maintaining an operating position in certain budgeted governmental funds such that annual expenditures shall not exceed annual resources, including fund balances. Other funds shall be fully self-supporting to the extent that the fund balance or retained earnings of each fund shall be zero or greater.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has only one type of this item, deferred amount on pensions, which arises only under an accrual basis of accounting that qualifies for reporting in this category.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has only one type of item, deferred amounts on pensions that qualify for reporting in this category. Deferred amounts on pensions is reported in only the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services, or privileges provided, operating or capital grants and contributions, including special assessments).

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The County does not utilize encumbrance accounting for its general fund.

COUNTY OF FRANKLIN, MAINE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

During the preparation of the County’s financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

State statutes require that all investments made by the County consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all County funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the County will not be able to recover its deposits. The County does not have a policy covering custodial credit risk for deposits. However, the County maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2016, the County’s cash balances amounting to \$2,203,561 were comprised of bank deposits of \$2,182,324. Of these bank deposits, \$263,440 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$1,918,884 was insured or collateralized with securities held by the financial institution in the County’s name and consequently were not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 6,734
CDARS	256,706
Repurchase agreements	1,918,884
	\$ 2,182,324

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the County does not have a policy for custodial credit risk for investments.

At June 30, 2016, the County’s investments amounted to \$527,956 of certificates of deposit. All of this balance was insured or collateralized with securities held by the financial institution in the County’s name and consequently were not exposed to custodial credit risk.

Account Type	Fair Value	Maturity		
		<1 Year	1 - 5 Years	N/A
Certificates of deposit	\$ 527,956	\$ -	\$ 527,956	\$ -
	<u>\$ 527,956</u>	<u>\$ -</u>	<u>\$ 527,956</u>	<u>\$ -</u>

Credit risk – Statutes for the State of Maine authorize the County to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The County does not have an investment policy on credit risk.

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The County does not have a policy related to interest rate risk.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2016 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 24,100	\$ 722,945
Jail Fund	165,484	-
Special Revenues	557,461	24,100
	<u>\$ 747,045</u>	<u>\$ 747,045</u>

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2016:

	<u>Balance, 7/1/15</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, 6/30/16</u>
Governmental activities				
Non-depreciated assets:				
Land	\$ 67,350	\$ -	\$ -	\$ 67,350
Totals	<u>67,350</u>	<u>-</u>	<u>-</u>	<u>67,350</u>
Depreciated assets:				
Buildings	2,058,612	-	-	2,058,612
Building improvements	288,099	-	-	288,099
Furniture & fixtures	42,634	-	-	42,634
Machinery & equipment	797,241	-	-	797,241
Vehicles	686,260	-	-	686,260
	<u>3,872,846</u>	<u>-</u>	<u>-</u>	<u>3,872,846</u>
Less accumulated depreciation	<u>(2,697,746)</u>	<u>(100,262)</u>	<u>-</u>	<u>(2,798,008)</u>
	<u>1,175,100</u>	<u>(100,262)</u>	<u>-</u>	<u>1,074,838</u>
Net capital assets	<u>\$ 1,242,450</u>	<u>\$ (100,262)</u>	<u>\$ -</u>	<u>\$ 1,142,188</u>
Current year depreciation:				
County-wide			\$ 2,598	
EMA			2,508	
Register of Deeds			221	
Sheriff			<u>94,935</u>	
Total depreciation expense			<u>\$ 100,262</u>	

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 - LONG-TERM DEBT

The General Fund of the County is used to pay for all long-term debt. A summary of long-term debt is as follows:

	Balance, 7/1/15 (Restated)	Additions	Deletions	Balance, 6/30/16	Current Portion
Bond payable	\$ 532,852	\$ -	\$ (34,183)	\$ 498,669	\$ 35,186
Capital leases payable	6,863	8,726	(4,258)	11,331	4,595
Accrued compensated absences	457,036	-	(195,175)	261,861	-
Net pension liability	515,727	808,734	(86,745)	1,237,716	-
Totals	<u>\$ 996,751</u>	<u>\$ 817,460</u>	<u>\$ (320,361)</u>	<u>\$ 771,861</u>	<u>\$ 39,781</u>

A summary of the outstanding bond payable is as follows:

\$598,300 General Obligation bond dated September 18, 2012.

Interest is charged at rate of 2.97% due in equal annual installments.

Maturity in September of 2028.

\$ 498,669

The annual bond principal and interest requirements to amortize the bond are as follows:

	Principal	Interest	Total
2017	\$ 35,186	\$ 14,822	\$ 50,008
2018	36,253	13,755	50,008
2019	37,319	12,689	50,008
2020	38,428	11,580	50,008
2021	39,561	10,447	50,008
2022-2026	216,192	33,848	250,040
2027-2031	95,730	4,286	100,016
	<u>\$ 498,669</u>	<u>\$ 101,427</u>	<u>\$ 600,096</u>

A summary of the outstanding capital lease payable is as follows:

The County leases photocopiers under a non-cancelable lease agreement. The term of the lease is for a five-year period expiring in March of 2016. Monthly payments are \$191.

COUNTY OF FRANKLIN, MAINE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The County leases photocopiers under a non-cancelable lease agreement. The term of the lease is for a five-year period expiring in June of 2017. Monthly payments are \$149.

The County leases photocopiers under a non-cancelable lease agreement. The term of the lease is for a five-year period expiring in June of 2017. Monthly payments are \$70.

The County leases photocopiers under a non-cancelable lease agreement. The term of the lease is for a five year period expiring in June of 2021. Monthly payments are \$329.

Future minimum payments under the non-cancelable lease are as follows:

2017	\$	4,883
2018		2,556
2019		4,320
2020		-
2021		-
Total minimum lease payments		11,759
Less: amount representing interest		(428)
Present value of future minimum lease payments	\$	11,331

All bonds payable and capital leases payable are direct obligations of the County, for which its full faith and credit are pledged. The County is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the County. During the period no interest was capitalized. The amount of interest expensed for the year ended June 30, 2016 was \$15,825.

NOTE 6 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

County employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.maineopers.org or by contacting the System at 1-800-451-9800.

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 5.0%.

Contributions

The contribution requirements of plan members and the County are established and may be amended by the Maine State Legislature. The County's police department employees are part of special plan "3C" with cost-of-living adjustment and are required to contribute 9.0% of their annual salary. The County manager, department heads, office workers, highway, transfer station and sewer department employees are part of regular plan "AC" and are required to contribute 7.5% of their annual salary. The County is required to contribute 11.4% of special plan "3C" members' covered payroll and 8.9% of regular plan "AC" members' covered payroll annually to the system. The County's contributions to the plan including employee contributions for the fiscal years ended June 30, 2016, 2015 and 2014 were \$183,964, \$158,602 and \$116,183, respectively.

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the County reported a liability of \$1,237,716 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2016, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The County's proportion of the net pension liabilities were based on a projection of the County's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2016, the County's proportion was 0.3879%, which was an increase of 0.0528% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized total pension revenue of \$239,968. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 49,975	\$ 158,964
Changes of assumptions	109,381	-
Net difference between projected and actual earnings on pension plan investments	382,005	475,515
Changes in proportion and differences between contributions and proportionate share of contributions	169,656	-
Contributions subsequent to the measurement date	183,969	-
Total	\$ 894,986	\$ 634,479

\$183,969 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

		PLD Plan
Year ended June 30:		
2017	\$	10,618
2018		10,618
2019		(40,199)
2020		95,501
2021		-
Thereafter		-

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2016, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of his or her expected future salary. The normal cost for each employee is the product of his or her pay and his or her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

The actuarial valuation employs a technique for determining the actuarial value of assets which dampens the swing in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions (Continued)

Amortization

The net pension liability of the PLD Consolidated Plan is amortized on an open basis over a period of fifteen years.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2016 are as follows:

Investment Rate of Return - For the PLD Plan, 7.125% per annum, compounded annually.

Salary Increases, Merit and Inflation - Members of the consolidated plan for PLDs, 3.50% to 9.50% per year.

Mortality Rates - For participating local districts, the RP2000 Tables projected forward to 2015 using Scale AA are used; for all recipients of disability benefits, the Revenue Ruling 96-7 Disabled Mortality Table for Males and Females is used.

Cost of Living Benefit Increases - 2.55% for participating local districts.

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2016 are summarized in the following table:

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Class	PLD Plan	
	Target Allocation	Long-term Expected Real Rate of Return
US equities	20%	5.2%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real assets:		
Real estate	10%	3.7%
Infrastructure	10%	4.0%
Hard assets	5%	4.8%
Fixed income	25%	0.7%

Actuarial Methods and Assumptions (Continued)

Discount Rate

The discount rate used to measure the collective total pension liability was 7.125% for 2015. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability/(asset) as of June 30, 2016 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 7.125% for the PLD Consolidated Plan.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	6.125%	7.125%	8.125%
County's proportionate share of the net pension liability	\$ 2,465,897	\$ 1,237,716	\$ 73,325

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Net Pension Liability

Changes in net pension liability are recognized in pension expense for the year ended June 30, 2016 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. For 2016, this was 4 years for the PLD Consolidated Plan.

Differences between Projected and Actual Investment Earnings

Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period.

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan.

Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2015 Comprehensive Annual Financial Report available online at www.mainepers.org or by contacting the System at (800) 451-9800.

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 - DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The plan, available to 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 unforeseen emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

NOTE 8 - CONTINGENT LIABILITIES

The County participates in a number of federal and state assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended June 30, 2016, have not been conducted. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The expenditure amounts, if any, which may be disallowed by granting agencies cannot be determined.

NOTE 9 - RISK MANAGEMENT

The County faces a full realm of risks typical of a thriving entity. Liabilities associated with torts and protections against damage of loss of assets are the general categories of risk for which the County carries commercial insurance. Specific insurance related to these categories includes general, police and public officials' liability coverage, workers compensation, and automobile insurance. The County is liable for deductibles ranging up to \$10,000 for settlements exceeding the limits of coverage, which range from \$400,000 to \$3,000,000. The amount of settlements has not exceeded insurance coverage for each of the past three years.

COUNTY OF FRANKLIN, MAINE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 10 - RESTRICTED FUND BALANCES

The following fund balances have been restricted at June 30, 2016 for the following purposes:

General fund:	
Contingency	\$ 50,000
Jail fund	168,348
Nonmajor special revenue funds (Schedule D)	<u>200,712</u>
Total restricted fund balances	<u>\$ 419,060</u>

NOTE 11 - ASSIGNED FUND BALANCES

The following fund balances have been committed at June 30, 2016 for the following purposes:

Courthouse	795
Deeds	1,713
Probate	1,200
FY 2017 Budget reduction	100,000
Nonmajor special revenue funds (Schedule D)	<u>476,456</u>
	<u>\$ 581,614</u>

NOTE 12 - DEFICIT FUND BALANCES

At June 30, 2016, the County had the following fund with a deficit fund balance:

Mitigation	<u>\$ 2,354</u>
	<u>\$ 2,354</u>

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 13 - OVERSPENT APPROPRIATIONS

The following appropriations were exceeded by actual expenditures for the year ended June 30, 2016:

Superior Court	\$ 1,273
Civil process service	69,257
Technical services	10,450
Transfers	87,991
	<u>\$ 87,991</u>

Please note that the Civil process service overdraft was covered by offsetting revenues.

NOTE 14 - RESTATEMENT

The governmental activities beginning net position as of July 1, 2015 has been restated for the effects of GASB No. 68. The beginning balance has been restated by (\$47,657) to correct prior year net pension liability.

The governmental activities beginning net position as of July 1, 2015 has been restated to correct the current assets balance for timing issues. The beginning balance has been restated by (\$359,764).

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Government Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions
- Notes to Required Supplementary Information

COUNTY OF FRANKLIN, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,670,159	\$ 1,670,159	\$ 1,670,159	\$ -
Resources (Inflows):				
Taxes - municipalities	3,586,644	3,586,644	3,586,644	-
Charges for services	435,000	435,000	581,096	146,096
Investment income	4,000	4,000	7,223	3,223
Unorganized Territory Admin. Fee	56,000	56,000	55,975	(25)
TIF Admin. Fee	22,350	22,350	22,350	-
Miscellaneous	5,000	5,000	4,102	(898)
Transfers from other funds	-	-	923	923
Amounts Available for Appropriation	<u>5,779,153</u>	<u>5,779,153</u>	<u>5,928,472</u>	<u>149,319</u>
Charges to Appropriations (Outflows):				
Current:				
Superior Court	1,500	1,500	2,773	(1,273)
Emergency Management Agency	136,682	136,682	128,908	7,774
District Attorney	268,256	268,256	239,355	28,901
County Commissioners	150,560	150,560	138,631	11,929
County Treasurer	95,282	95,282	92,162	3,120
County Courthouse	135,181	135,181	121,976	13,205
Register of Deeds	189,323	189,323	177,104	12,219
Register of Probate	199,289	199,289	190,120	9,169
Sheriff	1,544,464	1,544,464	1,443,608	100,856
Communications	897,828	897,828	828,753	69,075
Extension Service	46,975	46,975	46,975	-
Program Grants	216,887	216,887	206,387	10,500
Insurance	73,683	73,683	41,975	31,708
Technical Services	167,674	167,674	178,124	(10,450)
Civil Process Service	-	-	69,257	(69,257)
Debt Service	50,008	50,008	50,008	-
Overlay	35,402	35,402	-	35,402
Transfers to Other funds	-	-	87,991	(87,991)
Total Charges to Appropriations	<u>4,208,994</u>	<u>4,208,994</u>	<u>4,044,107</u>	<u>164,887</u>
Budgetary Fund Balance, June 30	<u>\$ 1,570,159</u>	<u>\$ 1,570,159</u>	<u>\$ 1,884,365</u>	<u>\$ 314,206</u>
Utilization of Restricted Fund Balance	\$ -	\$ -	\$ -	\$ -
Utilization of Unassigned Fund Balance	100,000	100,000	-	(100,000)
	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ (100,000)</u>

See accompanying independent auditors' report and notes to financial statements.

COUNTY OF FRANKLIN, MAINE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan:</u>			
Proportion of the net pension liability (asset)	0.39%	0.21%	0.22%
Proportionate share of the net pension liability (asset)	\$ 1,237,716	\$ 515,727	\$ 929,796
Covered-employee payroll	1,908,761	1,809,109	1,366,859
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	64.84%	28.51%	68.02%
Plan fiduciary net position as a percentage of the total pension liability	88.30%	94.10%	87.50%

* The amounts presented for each fiscal year were determined as of June 30, and are for those years for which information is available.

COUNTY OF FRANKLIN, MAINE

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS*

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>PLD Plan:</u>				
Contractually required contribution	\$ 183,969	\$ 158,602	\$ 116,183	\$ 88,886
Contributions in relation to the contractually required contribution	<u>(183,969)</u>	<u>(158,602)</u>	<u>(116,183)</u>	<u>(88,886)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,908,761	\$ 1,809,109	\$ 1,366,859	\$ 1,026,397
Contributions as a percentage of covered- employee payroll	9.64%	8.77%	8.50%	8.66%

* The amounts presented for each fiscal year are for those years
for which information is available.

COUNTY OF FRANKLIN, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016

Changes of Assumptions

There was a change in the investment rate of return assumption this year from 7.25% to 7.125%. This change was made in the other MainePERS Programs with the 2014 valuation, but is first being recognized in the PLD Consolidated Plan in 2015. In addition to this change, the cost of living benefit increase assumption was changed from 3.12% to 2.55%. Further, those PLDs who had an IUUAL Surplus account received a refund of that account. As a result, there will be no more IUUAL surplus payments reflected beginning with the 2015 valuation. Finally, the amortization methodology for the Pooled Unfunded Actuarial Liability (PUAL) was changed from a fifteen-year open level dollar method to a method where a separate twenty-year closed period is established annually for the gain or loss in that year with these amortizations being developed as a level percentage of payroll and amortizing the existing PUAL at the time of this change, July 1, 2015, over a closed fifteen-year period beginning on this date.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Government Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Schedule of Departmental Operations – General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

COUNTY OF FRANKLIN, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Superior Court	\$ 1,500	\$ -	\$ 1,500	\$ 2,773	\$ (1,273)
Emergency Management Agency -					
Personnel services	124,732	-	124,732	120,553	4,179
Contractual	8,850	-	8,850	5,281	3,569
Supplies	500	-	500	473	27
Capital outlay	2,600	-	2,600	2,601	(1)
	<u>136,682</u>	<u>-</u>	<u>136,682</u>	<u>128,908</u>	<u>7,774</u>
District Attorney -					
Personnel services	197,546	-	197,546	176,534	21,012
Contractual	55,180	-	55,180	47,413	7,767
Supplies	8,182	-	8,182	8,527	(345)
Capital outlay	7,348	-	7,348	6,881	467
	<u>268,256</u>	<u>-</u>	<u>268,256</u>	<u>239,355</u>	<u>28,901</u>
County Commissioners -					
Personnel services	103,860	-	103,860	102,244	1,616
Contractual	37,900	-	37,900	29,124	8,776
Supplies	5,200	-	5,200	3,663	1,537
Capital outlay	3,600	-	3,600	3,600	-
	<u>150,560</u>	<u>-</u>	<u>150,560</u>	<u>138,631</u>	<u>11,929</u>
County Treasurer -					
Personnel services	77,882	-	77,882	73,681	4,201
Contractual	14,250	-	14,250	15,459	(1,209)
Supplies	1,400	-	1,400	1,349	51
Capital outlay	1,750	-	1,750	1,673	77
	<u>95,282</u>	<u>-</u>	<u>95,282</u>	<u>92,162</u>	<u>3,120</u>

SCHEDULE A (CONTINUED)
COUNTY OF FRANKLIN, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
County Courthouse -					
Personnel services	66,381	-	66,381	65,268	1,113
Contractual	31,500	-	31,500	32,454	(954)
Supplies	32,000	-	32,000	20,710	11,290
Capital outlay	5,300	-	5,300	3,544	1,756
	<u>135,181</u>	<u>-</u>	<u>135,181</u>	<u>121,976</u>	<u>13,205</u>
Communications -					
Personnel services	778,228	-	778,228	751,643	26,585
Contractual	38,200	-	38,200	36,965	1,235
Supplies	6,050	-	6,050	2,551	3,499
Capital outlay	75,350	-	75,350	37,594	37,756
	<u>897,828</u>	<u>-</u>	<u>897,828</u>	<u>828,753</u>	<u>69,075</u>
Extension Service -					
Contractual services	46,975	-	46,975	46,975	-
Register of Deeds -					
Personnel services	165,998	-	165,998	154,101	11,897
Contractual	21,825	-	21,825	21,922	(97)
Supplies	1,500	-	1,500	1,081	419
	<u>189,323</u>	<u>-</u>	<u>189,323</u>	<u>177,104</u>	<u>12,219</u>
Insurance	73,683	-	73,683	41,975	31,708
Civil Process Service	-	-	-	69,257	(69,257)
Debt Service -					
Principal	34,183	-	34,183	34,183	-
Interest	15,825	-	15,825	15,825	-
	<u>50,008</u>	<u>-</u>	<u>50,008</u>	<u>50,008</u>	<u>-</u>

SCHEDULE A (CONTINUED)
 COUNTY OF FRANKLIN, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
 FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Register of Probate -					
Personnel services	177,814	-	177,814	173,666	4,148
Contractual	13,375	-	13,375	9,654	3,721
Supplies	7,100	-	7,100	6,800	300
Capital outlay	1,000	-	1,000	-	1,000
	<u>199,289</u>	<u>-</u>	<u>199,289</u>	<u>190,120</u>	<u>9,169</u>
Sheriff's Department -					
Personnel services	1,248,199	-	1,248,199	1,169,226	78,973
Contractual	166,450	-	166,450	147,025	19,425
Supplies	30,200	-	30,200	39,661	(9,461)
Capital outlay	99,615	-	99,615	87,696	11,919
	<u>1,544,464</u>	<u>-</u>	<u>1,544,464</u>	<u>1,443,608</u>	<u>100,856</u>
Technical Services	<u>167,674</u>	<u>-</u>	<u>167,674</u>	<u>178,124</u>	<u>(10,450)</u>
	<u>167,674</u>	<u>-</u>	<u>167,674</u>	<u>178,124</u>	<u>(10,450)</u>
Program Grants -					
Children's Task Force	10,000	-	10,000	10,000	-
Adult basic education	22,557	-	22,557	22,557	-
Tri-County Mental Health	10,000	-	10,000	10,000	-
Western Maine Transportation	10,500	-	10,500	10,500	-
Community Action Agency	33,000	-	33,000	33,000	-
Andro Homecare / Hospice	20,130	-	20,130	20,130	-
Development Corp	42,000	-	42,000	31,500	10,500
SAVES	10,000	-	10,000	10,000	-
Seniors Plus	30,000	-	30,000	30,000	-
Soil & Water	25,000	-	25,000	25,000	-
Franklin County Firemens	3,700	-	3,700	3,700	-
	<u>216,887</u>	<u>-</u>	<u>216,887</u>	<u>206,387</u>	<u>10,500</u>
Overlay	<u>35,402</u>	<u>-</u>	<u>35,402</u>	<u>-</u>	<u>35,402</u>
	<u>35,402</u>	<u>-</u>	<u>35,402</u>	<u>-</u>	<u>35,402</u>
TOTAL	<u>\$ 4,208,994</u>	<u>\$ -</u>	<u>\$ 4,208,994</u>	<u>\$ 3,956,116</u>	<u>\$ 252,878</u>

See accompanying independent auditors' report and notes to financial statements.

COUNTY OF FRANKLIN, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 112,954	\$ 112,954
Investments	15,124	15,124
Accounts receivable (net of allowance for uncollectibles)	13,375	13,375
Due from other funds	557,461	557,461
TOTAL ASSETS	<u>\$ 698,914</u>	<u>\$ 698,914</u>
LIABILITIES		
Accrued expenses	\$ -	\$ -
Due to other funds	24,100	24,100
TOTAL LIABILITIES	<u>24,100</u>	<u>24,100</u>
FUND BALANCES		
Restricted	200,712	200,712
Committed	-	-
Assigned	476,456	476,456
Unassigned	(2,354)	(2,354)
TOTAL FUND BALANCES	<u>674,814</u>	<u>674,814</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 698,914</u>	<u>\$ 698,914</u>

See accompanying independent auditors' report and notes to financial statements.

COUNTY OF FRANKLIN, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>
REVENUES		
Grants and contracts	\$ 294,781	\$ 294,781
Other	40,726	40,726
TOTAL REVENUES	<u>335,507</u>	<u>335,507</u>
EXPENDITURES		
Program expenses	<u>393,302</u>	<u>393,302</u>
TOTAL EXPENDITURES	<u>393,302</u>	<u>393,302</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(57,795)</u>	<u>(57,795)</u>
OTHER FINANCING SOURCES (USES)		
Transfer In	87,991	87,991
Transfers (Out)	<u>(923)</u>	<u>(923)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>87,068</u>	<u>87,068</u>
NET CHANGE IN FUND BALANCES	29,273	29,273
FUND BALANCES - JULY 1	<u>645,541</u>	<u>645,541</u>
FUND BALANCES - JUNE 30	<u>\$ 674,814</u>	<u>\$ 674,814</u>

See accompanying independent auditors' report and notes to financial statements.

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

COUNTY OF FRANKLIN, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	<u>Benefit Liability</u>	<u>Commissioners</u>	<u>Court House</u>	<u>Deeds Preservation</u>	<u>Deeds CD Reserve Preservation</u>	<u>Deeds Reserve</u>	<u>Per- ambulation</u>
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 79,139	\$ 28,084	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-
Due from other funds	50,000	-	45,000	3,147	-	122	10,000
TOTAL ASSETS	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 45,000</u>	<u>\$ 82,286</u>	<u>\$ 28,084</u>	<u>\$ 122</u>	<u>\$ 10,000</u>
LIABILITIES							
Accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	82,286	28,084	122	-
Committed	-	-	-	-	-	-	-
Assigned	50,000	-	45,000	-	-	-	10,000
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>50,000</u>	<u>-</u>	<u>45,000</u>	<u>82,286</u>	<u>28,084</u>	<u>122</u>	<u>10,000</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 45,000</u>	<u>\$ 82,286</u>	<u>\$ 28,084</u>	<u>\$ 122</u>	<u>\$ 10,000</u>

COUNTY OF FRANKLIN, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2016

	<u>EMA Capital Reserve</u>	<u>EMA EOC Equipment</u>	<u>EMC Cert</u>	<u>EMA Special Projects</u>	<u>Border Inop Demost</u>	<u>Inmate Telephone</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Due from other funds	9,329	-	165	14,613	29,229	22,885
TOTAL ASSETS	<u>\$ 9,329</u>	<u>\$ -</u>	<u>\$ 165</u>	<u>\$ 14,613</u>	<u>\$ 29,229</u>	<u>\$ 22,885</u>
LIABILITIES						
Accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	29,229	22,885
Committed	-	-	-	-	-	-
Assigned	9,329	-	165	14,613	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>9,329</u>	<u>-</u>	<u>165</u>	<u>14,613</u>	<u>29,229</u>	<u>22,885</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,329</u>	<u>\$ -</u>	<u>\$ 165</u>	<u>\$ 14,613</u>	<u>\$ 29,229</u>	<u>\$ 22,885</u>

COUNTY OF FRANKLIN, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2016

	<u>LEPC</u>	<u>MSRS</u>	<u>Monument</u>	<u>Probate</u>	<u>Probate Preservation</u>	<u>MCCA Convention</u>	<u>Maine GEO</u>
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ 2,018	\$ -	\$ 3,713	\$ -	\$ -
Investments	-	-	-	-	15,124	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-
Due from other funds	10,330	-	-	-	-	-	3,300
TOTAL ASSETS	<u>\$ 10,330</u>	<u>\$ -</u>	<u>\$ 2,018</u>	<u>\$ -</u>	<u>\$ 18,837</u>	<u>\$ -</u>	<u>\$ 3,300</u>
LIABILITIES							
Accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	291	-	9,220	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>291</u>	<u>-</u>	<u>9,220</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	10,330	-	-	-	9,617	-	3,300
Committed	-	-	-	-	-	-	-
Assigned	-	-	1,727	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>10,330</u>	<u>-</u>	<u>1,727</u>	<u>-</u>	<u>9,617</u>	<u>-</u>	<u>3,300</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 10,330</u>	<u>\$ -</u>	<u>\$ 2,018</u>	<u>\$ -</u>	<u>\$ 18,837</u>	<u>\$ -</u>	<u>\$ 3,300</u>

COUNTY OF FRANKLIN, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	Shelter	Sheriffs Reserve	Stone Garden	Unemployment Reserve	Wellness	Edward Byrne Grant	Firemans Grant
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	13,375	-
Due from other funds	1,335	567	33,696	12,664	-	-	472
TOTAL ASSETS	\$ 1,335	\$ 567	\$ 33,696	\$ 12,664	\$ -	\$ 13,375	\$ 472
LIABILITIES							
Accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	12,235	-
TOTAL LIABILITIES	-	-	-	-	-	12,235	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	1,140	472
Committed	-	-	-	-	-	-	-
Assigned	1,335	567	33,696	12,664	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	1,335	567	33,696	12,664	-	1,140	472
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,335	\$ 567	\$ 33,696	\$ 12,664	\$ -	\$ 13,375	\$ 472

COUNTY OF FRANKLIN, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	<u>IMC Project</u>	<u>Homeland Security</u>	<u>K-9</u>	<u>Pandemic</u>	<u>Clerical Support</u>	<u>Mitigation</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Due from other funds	-	5,421	-	3,729	3,276	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 5,421</u>	<u>\$ -</u>	<u>\$ 3,729</u>	<u>\$ 3,276</u>	<u>\$ -</u>
LIABILITIES						
Accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	2,354
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,354</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	5,421	-	3,729	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	3,276	-
Unassigned	-	-	-	-	-	(2,354)
TOTAL FUND BALANCES	<u>-</u>	<u>5,421</u>	<u>-</u>	<u>3,729</u>	<u>3,276</u>	<u>(2,354)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 5,421</u>	<u>\$ -</u>	<u>\$ 3,729</u>	<u>\$ 3,276</u>	<u>\$ -</u>

COUNTY OF FRANKLIN, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2016

	<u>Jail Dispatch</u>	<u>Dispatch Radios</u>	<u>Jail Van</u>	<u>Jail Buildings/Grounds</u>	<u>General Reserve</u>	<u>Jail</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Due from other funds	-	374	-	2,105	86,944	204,661
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 374</u>	<u>\$ -</u>	<u>\$ 2,105</u>	<u>\$ 86,944</u>	<u>\$ 204,661</u>
LIABILITIES						
Accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	374	-	2,105	86,944	204,661
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>374</u>	<u>-</u>	<u>2,105</u>	<u>86,944</u>	<u>204,661</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 374</u>	<u>\$ -</u>	<u>\$ 2,105</u>	<u>\$ 86,944</u>	<u>\$ 204,661</u>

COUNTY OF FRANKLIN, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	Buckle Up Grant	Forfeiture	OUI Grant	Walmart Grant Dispatch	Phone System	Totals
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 112,954
Investments	-	-	-	-	-	15,124
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	13,375.00
Due from other funds	-	-	3,840	257	-	557,461
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,840</u>	<u>\$ 257</u>	<u>\$ -</u>	<u>\$ 698,914</u>
LIABILITIES						
Accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	24,100
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,100</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	3,840	257	-	200,712
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	476,456
Unassigned	-	-	-	-	-	(2,354)
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>3,840</u>	<u>257</u>	<u>-</u>	<u>674,814</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,840</u>	<u>\$ 257</u>	<u>\$ -</u>	<u>\$ 698,914</u>

See accompanying independent auditors' report and notes to financial statements.

COUNTY OF FRANKLIN, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Benefit Liability</u>	<u>Commissioner</u>	<u>Court House</u>	<u>Deeds Preservation</u>	<u>Deeds Preservation</u>	<u>Deeds Reserve</u>	<u>Per- ambulation</u>
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other revenue	-	-	-	18,613	39	580	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,613</u>	<u>39</u>	<u>580</u>	<u>-</u>
EXPENDITURES							
Program expenditures	13,242	615	-	29,666	-	3,539	-
TOTAL EXPENDITURES	<u>13,242</u>	<u>615</u>	<u>-</u>	<u>29,666</u>	<u>-</u>	<u>3,539</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(13,242)</u>	<u>(615)</u>	<u>-</u>	<u>(11,053)</u>	<u>39</u>	<u>(2,959)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Transfers In	84,544	-	-	-	-	-	-
Transfers (Out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>84,544</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	71,302	(615)	-	(11,053)	39	(2,959)	-
FUND BALANCES, JULY 1	<u>(21,302)</u>	<u>615</u>	<u>45,000</u>	<u>93,339</u>	<u>28,045</u>	<u>3,081</u>	<u>10,000</u>
FUND BALANCES, JUNE 30	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 45,000</u>	<u>\$ 82,286</u>	<u>\$ 28,084</u>	<u>\$ 122</u>	<u>\$ 10,000</u>

COUNTY OF FRANKLIN, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	EMA Capital Reserve	MMA Ergo	EMC Cert	EMA In Kind	Border Inop Demost	Inmate Telephone
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 14,336	\$ 157,803	\$ -
Other revenue	1,000	-	-	-	-	14,878
TOTAL REVENUES	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>14,336</u>	<u>157,803</u>	<u>14,878</u>
EXPENDITURES						
Program expenditures	-	-	576	8,563	128,567	3,203
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>576</u>	<u>8,563</u>	<u>128,567</u>	<u>3,203</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,000</u>	<u>-</u>	<u>(576)</u>	<u>5,773</u>	<u>29,236</u>	<u>11,675</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	-	-	-
Transfers (Out)	-	(2)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(2)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,000	(2)	(576)	5,773	29,236	11,675
FUND BALANCES, JULY 1	<u>8,329</u>	<u>2</u>	<u>741</u>	<u>8,840</u>	<u>(7)</u>	<u>11,210</u>
FUND BALANCES, JUNE 30	<u>\$ 9,329</u>	<u>\$ -</u>	<u>\$ 165</u>	<u>\$ 14,613</u>	<u>\$ 29,229</u>	<u>\$ 22,885</u>

COUNTY OF FRANKLIN, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	LEPC	MMA Safety Grant	Monument	Probate	Probate Preservation	EMA Spec Proj	Maine GEO
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other revenue	-	3,369	7	-	2,240	-	-
TOTAL REVENUES	-	3,369	7	-	2,240	-	-
EXPENDITURES							
Program expenditures	1,430	3,374	235	4,000	2,700	-	21,700
TOTAL EXPENDITURES	1,430	3,374	235	4,000	2,700	-	21,700
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,430)	(5)	(228)	(4,000)	(460)	-	(21,700)
OTHER FINANCING SOURCES (USES)							
Transfers In	-	5	-	-	-	-	-
Transfers (Out)	-	-	-	-	-	(921)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	5	-	-	-	(921)	-
NET CHANGE IN FUND BALANCES	(1,430)	-	(228)	(4,000)	(460)	(921)	(21,700)
FUND BALANCES, JULY 1	11,760	-	1,955	4,000	10,077	921	25,000
FUND BALANCES, JUNE 30	\$ 10,330	\$ -	\$ 1,727	\$ -	\$ 9,617	\$ -	\$ 3,300

COUNTY OF FRANKLIN, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Shelter	Sheriffs Reserve	Stone Garden	Unemployment Reserve	Wellness	Edward Byrne Grant	Fire Safety
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ 48,457	\$ -	\$ -	\$ 13,575	\$ -
Other revenue	-	-	-	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>48,457</u>	<u>-</u>	<u>-</u>	<u>13,575</u>	<u>-</u>
EXPENDITURES							
Program expenditures	-	-	39,345	365	186	13,825	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>39,345</u>	<u>365</u>	<u>186</u>	<u>13,825</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>9,112</u>	<u>(365)</u>	<u>(186)</u>	<u>(250)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	-	-	-	-	-
Transfers (Out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	9,112	(365)	(186)	(250)	-
FUND BALANCES, JULY 1	<u>1,335</u>	<u>567</u>	<u>24,584</u>	<u>13,029</u>	<u>186</u>	<u>1,390</u>	<u>472</u>
FUND BALANCES, JUNE 30	<u>\$ 1,335</u>	<u>\$ 567</u>	<u>\$ 33,696</u>	<u>\$ 12,664</u>	<u>\$ -</u>	<u>\$ 1,140</u>	<u>\$ 472</u>

COUNTY OF FRANKLIN, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>IMC Project</u>	<u>Homeland Security</u>	<u>K-9</u>	<u>Pandemic</u>	<u>Clerical Support</u>	<u>Mitigation</u>
REVENUES						
Intergovernmental revenue	\$ -	\$ 37,555	\$ -	\$ -	\$ -	\$ 3,732
Other revenue	-	-	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>37,555</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,732</u>
EXPENDITURES						
Program expenditures	<u>9,124</u>	<u>30,255</u>	<u>160</u>	<u>-</u>	<u>578</u>	<u>6,256</u>
TOTAL EXPENDITURES	<u>9,124</u>	<u>30,255</u>	<u>160</u>	<u>-</u>	<u>578</u>	<u>6,256</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(9,124)</u>	<u>7,300</u>	<u>(160)</u>	<u>-</u>	<u>(578)</u>	<u>(2,524)</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	-	-	-
Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(9,124)	7,300	(160)	-	(578)	(2,524)
FUND BALANCES, JULY 1	<u>9,124</u>	<u>(1,879)</u>	<u>160</u>	<u>3,729</u>	<u>3,854</u>	<u>170</u>
FUND BALANCES, JUNE 30	<u>\$ -</u>	<u>\$ 5,421</u>	<u>\$ -</u>	<u>\$ 3,729</u>	<u>\$ 3,276</u>	<u>\$ (2,354)</u>

COUNTY OF FRANKLIN, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Jail Dispatch	Dispatch Radios	Jail Van	Jail Buildings/Grounds	General Reserve	Jail
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other revenue	-	-	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Program expenditures	-	5,078	4,054	-	-	339
TOTAL EXPENDITURES	<u>-</u>	<u>5,078</u>	<u>4,054</u>	<u>-</u>	<u>-</u>	<u>339</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(5,078)</u>	<u>(4,054)</u>	<u>-</u>	<u>-</u>	<u>(339)</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	-	-	-
Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	(5,078)	(4,054)	-	-	(339)
FUND BALANCES, JULY 1	<u>-</u>	<u>5,452</u>	<u>4,054</u>	<u>2,105</u>	<u>86,944</u>	<u>205,000</u>
FUND BALANCES, JUNE 30	<u>\$ -</u>	<u>\$ 374</u>	<u>\$ -</u>	<u>\$ 2,105</u>	<u>\$ 86,944</u>	<u>\$ 204,661</u>

COUNTY OF FRANKLIN, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Buckle Up Grant	Forfeiture	OUI Grant	Walmart Grant Dispatch	Phone System	Totals
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ 19,323	\$ -	\$ -	\$ 294,781
Other revenue	-	-	-	-	-	40,726
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>19,323</u>	<u>-</u>	<u>-</u>	<u>335,507</u>
EXPENDITURES						
Program expenditures	226	46,920	14,336	845	-	393,302
TOTAL EXPENDITURES	<u>226</u>	<u>46,920</u>	<u>14,336</u>	<u>845</u>	<u>-</u>	<u>393,302</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(226)</u>	<u>(46,920)</u>	<u>4,987</u>	<u>(845)</u>	<u>-</u>	<u>(57,795)</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	3,442	-	-	-	-	87,991
Transfers (Out)	-	-	-	-	-	(923)
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,442</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,068</u>
NET CHANGE IN FUND BALANCES	3,216	(46,920)	4,987	(845)	-	29,273
FUND BALANCES, JULY 1	<u>(3,216)</u>	<u>46,920</u>	<u>(1,147)</u>	<u>1,102</u>	<u>-</u>	<u>645,541</u>
FUND BALANCES, JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,840</u>	<u>\$ 257</u>	<u>\$ -</u>	<u>\$ 674,814</u>

See accompanying independent auditors' report and notes to financial statements.

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position.

COUNTY OF FRANKLIN, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION

JUNE 30, 2016

	Land and Non-depreciable Assets	Buildings, Building Improvements	Furniture, Fixtures Equipment & Vehicles	Totals
County-wide	\$ 30,350	\$ 244,755	\$ 110,058	\$ 385,163
Emergency Management Agency	-	-	17,555	17,555
District Attorney	-	-	11,927	11,927
County Treasurer	-	-	1,495	1,495
Register of Deeds	-	-	236,189	236,189
Register of Probate	-	-	7,938	7,938
Sheriff	37,000	2,101,956	1,140,973	3,279,929
Total General Capital	67,350	2,346,711	1,526,135	3,940,196
Less: Accumulated Depreciation	-	(1,372,702)	(1,425,306)	(2,798,008)
Net General Capital Assets	<u>\$ 67,350</u>	<u>\$ 974,009</u>	<u>\$ 100,829</u>	<u>\$ 1,142,188</u>

See accompanying independent auditors' report and notes to financial statements.

COUNTY OF FRANKLIN, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2016

	General Capital Assets 7/1/15	Additions	Deletions	General Capital Assets 6/30/16
County-wide	\$ 385,163	\$ -	\$ -	\$ 385,163
Emergency Management Agency	20,555	-	-	20,555
District Attorney	11,927	-	-	11,927
County Treasurer	1,495	-	-	1,495
Register of Deeds	236,189	-	-	236,189
Register of Probate	7,938	-	-	7,938
Sheriff	3,276,929	-	-	3,276,929
Total General Capital	<u>3,940,196</u>	<u>-</u>	<u>-</u>	<u>3,940,196</u>
Less: Accumulated Depreciation	<u>(2,697,746)</u>	<u>(100,262)</u>	<u>-</u>	<u>(2,798,008)</u>
Net General Capital Assets	<u>\$ 1,242,450</u>	<u>\$ (100,262)</u>	<u>\$ -</u>	<u>\$ 1,142,188</u>

See accompanying independent auditors' report and notes to financial statements.



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
County of Franklin, Maine
Farmington, Maine

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Franklin, Maine as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County of Franklin, Maine's basic financial statements, and have issued our report thereon dated November 29, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Franklin, Maine's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Franklin, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Franklin, Maine's internal control.

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

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Franklin, Maine's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
November 29, 2016