

Audited Financial Statements and
Other Financial Information

County of Franklin, Maine

June 30, 2018



Proven Expertise and Integrity

COUNTY OF FRANKLIN, MAINE

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JUNE 30, 2018

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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, 2018, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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. 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, 2018, 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 43 through 45 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 nonmajor 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 nonmajor 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 7, 2018, 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 7, 2018

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

(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, 2018. 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 funds balance sheet and the governmental funds 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 funds balance sheet and the governmental funds 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 a 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 \$58,653 from \$1,519,218 to \$1,577,871.

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 \$609,929 at the end of this year.

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

| | <u>2018</u> | <u>2017</u> |
|---------------------------------------|---------------------|---------------------|
| Assets | | |
| Current Assets | \$ 2,897,140 | \$ 2,923,159 |
| Capital Assets | 1,115,447 | 1,056,011 |
| Total Assets | <u>4,012,587</u> | <u>3,979,170</u> |
| Deferred Outflows of Resources | | |
| Deferred Amount on Pensions | 1,085,784 | 1,348,494 |
| Total Deferred Outflows of Resources | <u>1,085,784</u> | <u>1,348,494</u> |
| Liabilities | | |
| Current Liabilities | 206,575 | 355,486 |
| Long-term Debt Outstanding | 2,589,796 | 2,996,693 |
| Total Liabilities | <u>2,796,371</u> | <u>3,352,179</u> |
| Deferred Inflows of Resources | | |
| Deferred Amount on Pensions | 724,129 | 456,267 |
| Total Deferred Inflows of Resources | <u>724,129</u> | <u>456,267</u> |
| Net Position | | |
| Net Investment in Capital Assets | 668,317 | 565,725 |
| Restricted | 299,625 | 361,465 |
| Unrestricted | 609,929 | 592,028 |
| Total Net Position | <u>\$ 1,577,871</u> | <u>\$ 1,519,218</u> |

Revenues and Expenses

Revenues for the County's governmental activities decreased by 0.02%, while total expenses decreased by 8.95%. The increase in revenues were mainly due to charges for services and miscellaneous revenues. The decrease in expenses were mainly attributable to jail (support of prisoners), communications and program expenses.

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

| | <u>2018</u> | <u>2017</u> |
|------------------------------------|---------------------|---------------------|
| Revenues | | |
| <i>Program revenues:</i> | | |
| Charges for Services | \$ 659,900 | \$ 617,681 |
| Operating grants and contributions | 323,268 | 398,621 |
| <i>General revenues:</i> | | |
| Taxes | 5,298,006 | 5,299,164 |
| Miscellaneous | 181,904 | 148,758 |
| Total Revenues | <u>6,463,078</u> | <u>6,464,224</u> |
| Expenses | | |
| Superior Court | 6,257 | 2,813 |
| Emergency Management Agency | 141,856 | 134,249 |
| District Attorney | 262,113 | 258,100 |
| County Commissioners | 158,188 | 158,493 |
| County Treasurer | 75,574 | 76,736 |
| County Courthouse | 141,619 | 125,204 |
| Jail (support of prisoners) | 2,198,962 | 2,382,681 |
| Register of Deeds | 195,841 | 191,796 |
| Register of Probate | 194,997 | 196,468 |
| Sheriff | 1,554,264 | 1,603,890 |
| Communications | 860,224 | 984,540 |
| Civil process service | 55,126 | 59,877 |
| Technical services | 184,013 | 185,048 |
| Extension service | 51,435 | 51,700 |
| Program grants | 66,200 | 171,200 |
| Insurance and retirement expenses | 28,086 | 40,011 |
| Program expenses | 213,730 | 393,719 |
| Interest on long-term debt | 13,342 | 14,822 |
| Unallocated depreciation expense | 2,598 | 2,593 |
| Total Expenses | <u>6,404,425</u> | <u>7,033,940</u> |
| Change in Net Position | 58,653 | (569,716) |
| Net Position - July 1 | <u>1,519,218</u> | <u>2,088,934</u> |
| Net Position - June 30 | <u>\$ 1,577,871</u> | <u>\$ 1,519,218</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,

| | 2018 | 2017 (Restated) |
|-----------------------------------|--------------|----------------------------|
| General Fund: | | |
| Restricted | \$ 50,000 | \$ 50,000 |
| Assigned | 158,000 | 158,000 |
| Unassigned | 1,808,966 | 1,762,537 |
| Total General Fund | \$ 2,016,966 | \$ 1,970,537 |
| Major Special Revenue Funds: | | |
| Jail Fund | | |
| Restricted | \$ 39,986 | \$ 110,032 |
| Total Major Special Revenue Funds | \$ 39,986 | \$ 110,032 |
| Nonmajor Funds: | | |
| Special Revenue Funds: | | |
| Restricted | \$ 209,639 | \$ 201,433 |
| Assigned | 494,929 | 374,185 |
| Unassigned | (2,614) | (21,239) |
| Total Nonmajor Funds | \$ 701,954 | \$ 554,379 |

The general fund total fund balance increased by \$46,429 from the prior fiscal year mainly attributable to total revenues that were higher than expenditures. The jail fund total fund balance decreased by \$70,046 from the prior fiscal year due to higher expenditures than revenues. The nonmajor funds total fund balances increased by \$147,575 over the prior fiscal year mainly due to transfers in from the general fund.

Budgetary Highlights

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

The general fund actual revenues exceeded the budget by \$247,194. This was a result of all revenues being received in excess of budgeted amounts. The largest item of excess revenues was charges for services.

The general fund actual expenditures exceeded budget by \$17,591. All expenditures finished within budget with the exception of superior court, civil process service and transfers to other funds.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2018, the net book value of capital assets recorded by the County increased by \$59,436 from the prior year. This increase was comprised of capital additions of \$141,640 less current year depreciation expense of \$82,204. 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,

| | 2018 | 2017 |
|-----------------------------------|------------------|------------------|
| Land and construction in progress | \$ 67,350 | \$ 67,350 |
| Buildings | 853,265 | 904,131 |
| Building improvements | 13,790 | 16,401 |
| Furniture & fixtures | 3,338 | 5,007 |
| Machinery & equipment | 74,634 | 29,467 |
| Vehicles | 103,070 | 33,655 |
| Total | \$ 1,115,447 | \$ 1,056,011 |

Debt

At June 30, 2018, the County had \$447,130 in bonds and capital leases outstanding versus \$490,286 last year, a decrease of 8.80%. 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, 2018

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents | \$ 2,772,516 |
| Investments | 2,058 |
| Accounts receivable (net of allowance for uncollectibles) | 62,800 |
| Due from other governments | 59,766 |
| Total current assets | <u>2,897,140</u> |
| Noncurrent assets: | |
| Capital assets: | |
| Land, infrastructure, and other assets not being depreciated | 67,350 |
| Buildings and equipment, net of accumulated depreciation | 1,048,097 |
| Total noncurrent assets | <u>1,115,447</u> |
| TOTAL ASSETS | <u>4,012,587</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred amounts related to pensions | 1,085,784 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>1,085,784</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u>\$ 5,098,371</u> |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable | \$ 44,370 |
| Accrued expenses | 8,549 |
| Due to other governments | 85,315 |
| Current portion of long-term obligations | 68,341 |
| Total current liabilities | <u>206,575</u> |
| Noncurrent liabilities: | |
| Noncurrent portion of long-term obligations: | |
| Bond payable | 389,498 |
| Capital leases payable | 13,823 |
| Accrued compensated absences | 466,110 |
| Net pension liability | 1,720,365 |
| Total noncurrent liabilities | <u>2,589,796</u> |
| TOTAL LIABILITIES | <u>2,796,371</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred amounts related to pensions | 724,129 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>724,129</u> |
| NET POSITION | |
| Net investment in capital assets | 668,317 |
| Restricted | 299,625 |
| Unrestricted | 609,929 |
| TOTAL NET POSITION | <u>1,577,871</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | <u>\$ 5,098,371</u> |

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

COUNTY OF FRANKLIN, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

| 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 | \$ 6,257 | \$ - | \$ - | \$ - | \$ (6,257) |
| Emergency Management Agency | 141,856 | 67,783 | - | - | (74,073) |
| District Attorney | 262,113 | 46,047 | - | - | (216,066) |
| County Commissioners | 158,188 | 10 | - | - | (158,178) |
| County Treasurer | 75,574 | - | - | - | (75,574) |
| County courthouse | 141,619 | - | - | - | (141,619) |
| Jail (support of prisoners) | 2,198,962 | 866 | 234,038 | - | (1,964,058) |
| Register of Deeds | 195,841 | 352,192 | - | - | 156,351 |
| Register of Probate | 194,997 | 61,665 | - | - | (133,332) |
| Sheriff | 1,554,264 | 66,461 | - | - | (1,487,803) |
| Communications | 860,224 | 20 | - | - | (860,204) |
| Extension service | 51,435 | - | - | - | (51,435) |
| Program grants | 66,200 | - | - | - | (66,200) |
| Insurance and retirement expenses | 28,086 | - | - | - | (28,086) |
| Technical services | 184,013 | - | - | - | (184,013) |
| Civil process service | 55,126 | 64,856 | - | - | 9,730 |
| Program expenses | 213,730 | - | 89,230 | - | (124,500) |
| Interest on long-term debt | 13,342 | - | - | - | (13,342) |
| Unallocated depreciation expense* | 2,598 | - | - | - | (2,598) |
| Total government | <u>\$ 6,404,425</u> | <u>\$ 659,900</u> | <u>\$ 323,268</u> | <u>\$ -</u> | <u>(5,421,257)</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, 2018

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| Changes in net position: | |
| Net (expense) revenue | <u>(5,421,257)</u> |
| General revenues: | |
| Taxes: | |
| Property taxes, levied for general purposes | 5,298,006 |
| Miscellaneous | <u>181,904</u> |
| Total general revenues | <u>5,479,910</u> |
| Change in net position | 58,653 |
| NET POSITION - JULY 1 | <u>1,519,218</u> |
| NET POSITION - JUNE 30 | <u><u>\$ 1,577,871</u></u> |

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

COUNTY OF FRANKLIN, MAINE

BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2018

| | General Fund | Jail Fund | Other Governmental Funds | Total Governmental Funds |
|---|----------------------------|-------------------------|--------------------------------|--------------------------------|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 2,613,806 | \$ 3,233 | \$ 155,477 | \$ 2,772,516 |
| Investments | - | - | 2,058 | 2,058 |
| Accounts receivables (net of allowance for uncollectibles) | 62,800 | - | - | 62,800 |
| Due from other governments | 59,766 | - | - | 59,766 |
| Due from other funds | 13,580 | 36,753 | 557,999 | 608,332 |
| TOTAL ASSETS | <u><u>\$ 2,749,952</u></u> | <u><u>\$ 39,986</u></u> | <u><u>\$ 715,534</u></u> | <u><u>\$ 3,505,472</u></u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 44,370 | \$ - | \$ - | \$ 44,370 |
| Accrued expenses | 8,549 | - | - | 8,549 |
| Due to other governments | 85,315 | - | - | 85,315 |
| Due to other funds | 594,752 | - | 13,580 | 608,332 |
| TOTAL LIABILITIES | <u><u>732,986</u></u> | <u><u>-</u></u> | <u><u>13,580</u></u> | <u><u>746,566</u></u> |
| FUND BALANCES | | | | |
| Restricted | 50,000 | 39,986 | 209,639 | 299,625 |
| Committed | - | - | - | - |
| Assigned | 158,000 | - | 494,929 | 652,929 |
| Unassigned | 1,808,966 | - | (2,614) | 1,806,352 |
| TOTAL FUND BALANCES | <u><u>2,016,966</u></u> | <u><u>39,986</u></u> | <u><u>701,954</u></u> | <u><u>2,758,906</u></u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u><u>\$ 2,749,952</u></u> | <u><u>\$ 39,986</u></u> | <u><u>\$ 715,534</u></u> | <u><u>\$ 3,505,472</u></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, 2018

| | <u>Total Governmental Funds</u> |
|---|---|
| Total Fund Balances | \$ 2,758,906 |
| 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 | 1,115,447 |
| Deferred outflows of resources are not financial resources and therefore are not reported in the funds | 1,085,784 |
| 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 | (426,817) |
| Capital leases payable | (20,313) |
| Accrued compensated absences | (490,642) |
| Net pension liability | (1,720,365) |
| Deferred inflows of resources are not financial resources and therefore are not reported in the funds | <u>(724,129)</u> |
| Net position of governmental activities | <u><u>\$ 1,577,871</u></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, 2018

| | General Fund | Jail Fund | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|------------------|--------------------------------|--------------------------------|
| REVENUES | | | | |
| Taxes | \$ 3,578,074 | \$ 1,719,932 | \$ - | \$ 5,298,006 |
| Intergovernmental revenues | - | 234,038 | 89,230 | 323,268 |
| Charges for services | 659,034 | 866 | - | 659,900 |
| Miscellaneous revenues | 84,445 | 12,673 | 84,786 | 181,904 |
| TOTAL REVENUES | 4,321,553 | 1,967,509 | 174,016 | 6,463,078 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Superior Court | 6,257 | - | - | 6,257 |
| Emergency Management Agency | 141,856 | - | - | 141,856 |
| District Attorney | 262,113 | - | - | 262,113 |
| County Commissioners | 158,188 | - | - | 158,188 |
| County Treasurer | 75,574 | - | - | 75,574 |
| County Courthouse | 141,619 | - | - | 141,619 |
| Jail (Support of Prisoners) | - | 2,037,555 | - | 2,037,555 |
| Register of Deeds | 195,841 | - | - | 195,841 |
| Register of Probate | 194,997 | - | - | 194,997 |
| Sheriff | 1,594,087 | - | - | 1,594,087 |
| Communications | 860,224 | - | - | 860,224 |
| Extension Service | 51,435 | - | - | 51,435 |
| Program Grants | 66,200 | - | - | 66,200 |
| Insurance | 28,086 | - | - | 28,086 |
| Civil Process Service | 55,126 | - | - | 55,126 |
| Technical Services | 184,013 | - | - | 184,013 |
| Debt Service | 50,008 | - | - | 50,008 |
| Program expenditures | - | - | 235,941 | 235,941 |
| TOTAL EXPENDITURES | 4,065,624 | 2,037,555 | 235,941 | 6,339,120 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 255,929 | (70,046) | (61,925) | 123,958 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | 209,500 | 209,500 |
| Transfers (out) | (209,500) | - | - | (209,500) |
| TOTAL OTHER FINANCING SOURCES (USES) | (209,500) | - | 209,500 | - |
| NET CHANGE IN FUND BALANCES | 46,429 | (70,046) | 147,575 | 123,958 |
| FUND BALANCES - JULY 1, RESTATED | 1,970,537 | 110,032 | 554,379 | 2,634,948 |
| FUND BALANCES - JUNE 30 | \$ 2,016,966 | \$ 39,986 | \$ 701,954 | \$ 2,758,906 |

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, 2018

| | |
|---|-------------------------|
| Net change in fund balances - total governmental funds (Statement E) | <u>\$ 123,958</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: | |
| Depreciation expense | <u>(82,204)</u> |
| Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds | |
| | <u>(262,710)</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>43,156</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 | - |
| Net pension liability | <u>362,675</u> |
| | <u>362,675</u> |
| Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds | |
| | <u>(267,862)</u> |
| Change in net position of governmental activities (Statement B) | <u><u>\$ 58,653</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, 2018

| | <u>Agency Funds</u> |
|---------------------------|-------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 7 |
| TOTAL ASSETS | <u><u>\$ 7</u></u> |
| | |
| LIABILITIES | |
| Deposits held for others | \$ 7 |
| TOTAL LIABILITIES | <u><u>\$ 7</u></u> |

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

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 No. 61.

Implementation of New Accounting Standards

During the year ended June 30, 2018, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.*" The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 81, "*Irrevocable Split-Interest Agreements*". The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. As such, this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 85, "Omnibus 2017." The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 86, "Certain Debt Extinguishment Issues." The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. 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 activities 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.

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.) excluding fiduciary activities. The functions are also supported by general government revenues

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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, deferred outflows of resources, liabilities, deferred inflows of resources, 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.
- b. The Jail Fund is used to account for the operations of the Franklin County Jail.

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonmajor Funds

- c. 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 type (agency). 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. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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, 2018

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.

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:

- 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

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$122,566 for the year ended June 30, 2018. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2018.

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".

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of Governmental Funds.

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.

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimated useful lives are as follows:

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

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 a bond payable, 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. At June 30, 2018, the County's balance was \$490,642.

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.

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets 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 is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town 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 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.

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The County's property tax for the current period was voted on the assessed value for all real and personal property located in the County. The full amount of the current year assessment has been recognized in the financial statements. Property taxes were to be paid in two installments due on September 1, 2017 and February 1, 2018. All property taxes were collected prior to June 30, 2018.

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).

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2018, the County's cash balances amounting to \$2,772,523 were comprised of bank deposits of \$2,805,357. Of these bank deposits, \$1,444,800 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$1,360,557 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.

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

| Account Type | Bank Balance |
|-----------------------|-----------------|
| Checking accounts | \$ 7,060 |
| Savings | 24,219 |
| ICS | 1,413,521 |
| Repurchase agreements | 1,360,557 |
| | \$ 2,805,357 |

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, 2018, the County's investments amounted to \$2,058 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 | \$ 2,058 | \$ - | \$ 2,058 | \$ - |
| | \$ 2,058 | \$ - | \$ 2,058 | \$ - |

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.

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2018 consisted of the following individual fund receivables and payables:

| | Receivables (Due from) | Payables (Due to) |
|--------------------------------|---------------------------|----------------------|
| General Fund | \$ 13,580 | \$ 594,752 |
| Jail Fund | 36,753 | - |
| Nonmajor Special Revenue Funds | 557,999 | 13,580 |
| | \$ 608,332 | \$ 608,332 |

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2018:

| | Balance, 7/1/17 | Additions | Disposals | Balance, 6/30/18 |
|-------------------------------|--------------------|-----------|-----------|---------------------|
| Governmental activities | | | | |
| Non-depreciated assets: | | | | |
| Land | \$ 67,350 | \$ - | \$ - | \$ 67,350 |
| Totals | 67,350 | - | - | 67,350 |
| 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 | 51,540 | - | 848,781 |
| Vehicles | 686,260 | 90,100 | - | 776,360 |
| | 3,872,846 | 141,640 | - | 4,014,486 |
| Less accumulated depreciation | (2,884,185) | (82,204) | - | (2,966,389) |
| | 988,661 | 59,436 | - | 1,048,097 |
| Net capital assets | \$ 1,056,011 | \$ 59,436 | \$ - | \$ 1,115,447 |
| Current year depreciation: | | | | |
| County-wide | | | \$ 2,598 | |
| Sheriff | | | 79,606 | |
| Total depreciation expense | | | \$ 82,204 | |

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 for the year ended June 30, 2018 is as follows:

| | Balance, 7/1/17 | Additions | Deletions | Balance, 6/30/18 | Current Portion |
|---------------------------------|---------------------|-------------------|---------------------|---------------------|--------------------|
| Bond payable | \$ 463,483 | \$ - | \$ (36,666) | \$ 426,817 | \$ 37,319 |
| Capital leases payable | 26,803 | - | (6,490) | 20,313 | 6,490 |
| Accrued compensated absences | 490,642 | - | - | 490,642 | 24,532 |
| Net pension liability | 2,083,040 | 267,862 | (630,537) | 1,720,365 | - |
| Totals | <u>\$ 3,063,968</u> | <u>\$ 267,862</u> | <u>\$ (673,693)</u> | <u>\$ 2,658,137</u> | <u>\$ 68,341</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.

\$ 426,817

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

| | Principal | Interest | Total |
|-----------|-------------------|------------------|-------------------|
| 2019 | \$ 37,319 | \$ 12,688 | \$ 50,007 |
| 2020 | 38,428 | 11,580 | 50,008 |
| 2021 | 39,561 | 10,447 | 50,008 |
| 2022 | 40,751 | 9,257 | 50,008 |
| 2023 | 41,954 | 8,054 | 50,008 |
| 2024-2028 | 228,804 | 20,823 | 249,627 |
| | <u>\$ 426,817</u> | <u>\$ 72,849</u> | <u>\$ 499,666</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 April of 2022. Monthly payments are \$202.

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 2021. Monthly payments are \$329.

The County leases photocopiers under a non-cancelable lease agreement. The term of the lease is for a five-year period expiring in February of 2019. Monthly payments are \$94.

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

| | | |
|--|----|-----------|
| 2019 | \$ | 7,124 |
| 2020 | | 6,372 |
| 2021 | | 6,372 |
| 2022 | | 2,020 |
| 2023 | | - |
| Total minimum lease payments | | 21,888 |
| Less: amount representing interest | | (1,575) |
| Present value of future minimum lease payments | | \$ 20,313 |

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.

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 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 (207) 512-3100.

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 2.45%.

Contributions

The contribution requirements of plan members and the County are established and may be amended by the Maine State Legislature. The County's law enforcement and corrections officer employees are part of special plan "3C" with cost-of-living adjustment and are required to contribute 9.5% of their annual salary. All other employees are part of regular plan "AC" and are required to contribute 8.0% of their annual salary. The County is required to contribute 12.2% of special plan "3C" members' covered payroll and 9.6% of regular plan "AC" members' covered payroll annually to the system. The County's contributions to the plan for the fiscal year ended June 30, 2018 was \$227,459.

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

At June 30, 2018, the County reported a liability of \$1,720,365 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2017, 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-

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2017, the County's proportion was 0.420178%, which was an increase of 0.02814% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized total pension expense of \$167,897. At June 30, 2018, 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 | \$ - | \$ 82,651 |
| Changes of assumptions | 146,392 | - |
| Net difference between projected and actual earnings on pension plan investments | 592,887 | 640,193 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 119,046 | 1,285 |
| Contributions subsequent to the measurement date | <u>227,459</u> | <u>-</u> |
| Total | <u>\$ 1,085,784</u> | <u>\$ 724,129</u> |

\$227,459 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | PLD Plan |
|--------------------------|-------------|
| Plan year ended June 30: | |
| 2018 | \$ 44,769 |
| 2019 | 195,014 |
| 2020 | 11,542 |
| 2021 | (117,129) |
| 2022 | - |
| Thereafter | - |

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2017, 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.

Amortization

The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2017 are as follows:

Investment Rate of Return - For the PLD Plan, 6.875% per annum, compounded annually

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Salary Increases, Merit and Inflation - Members of the consolidated plan for PLDs, 2.75% to 9.00% per year.

Mortality Rates - For participating local districts, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

Cost of Living Benefit Increases – 2.20%

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, 2017 are summarized in the following table.

| Asset Class | PLD Plan | |
|--------------------|-------------------|--|
| | Target Allocation | Long-term Expected Real Rate of Return |
| Public equities | 30.0% | 6.0% |
| US Government | 7.5% | 2.3% |
| Private equity | 15.0% | 7.6% |
| Real assets: | | |
| Real estate | 10.0% | 5.2% |
| Infrastructure | 10.0% | 5.3% |
| Natural resources | 5.0% | 5.0% |
| Traditional Credit | 7.5% | 3.0% |
| Alternative Credit | 5.0% | 4.2% |
| Diversifiers | 10.0% | 5.9% |

Discount Rate

The discount rate used to measure the collective total pension liability was 6.875% for 2017. 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

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2017 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 6.875% for the PLD Consolidated Plan.

| | 1% Decrease | Discount Rate | 1% Increase |
|--|----------------|------------------|----------------|
| <u>PLD Plan:</u> | | | |
| Discount rate | 5.875% | 6.875% | 7.875% |
| County's proportionate share of the net pension liability | \$ 3,451,580 | \$ 1,720,365 | \$ 417,028 |

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2017 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2017 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. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For 2017, this was three years for the PLD Consolidated Plan.

Differences between Projected and Actual Investment Earnings on Pension Plan Investments

Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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. The actuarial assumptions used for the year ended June 30, 2017 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2016. Please refer to the Actuarial Methods and Assumptions section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

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. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. 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' 2016 Comprehensive Annual Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100.

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.

COUNTY OF FRANKLIN, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018, 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.

NOTE 10 - RESTRICTED FUND BALANCES

The following fund balances have been restricted at June 30, 2018 for the following purposes:

| | |
|---|-------------------|
| General fund: | |
| Contingency | \$ 50,000 |
| Jail fund | 39,986 |
| Nonmajor special revenue funds (Schedule D) | 209,639 |
| Total restricted fund balances | <u>\$ 299,625</u> |

NOTE 11 - ASSIGNED FUND BALANCES

The following fund balances have been committed at June 30, 2018 for the following purposes:

| | |
|---|-------------------|
| General fund: | |
| FY 2019 Budget reduction | \$ 158,000 |
| Nonmajor special revenue funds (Schedule D) | 494,929 |
| | <u>\$ 652,929</u> |

COUNTY OF FRANKLIN, MAINE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 12 - DEFICIT FUND BALANCES

At June 30, 2018, the County had the following fund with a deficit fund balance:

| | | |
|-------------------------|-----------|--------------|
| IMC Project | \$ | - |
| CERT Reserve | | - |
| Buckle Up Grant | | 1,367 |
| Homeland Security | | 465 |
| Speed Enforcement Grant | | 782 |
| | <u>\$</u> | <u>2,614</u> |

NOTE 13 - OVERSPENT APPROPRIATIONS

The following appropriations were exceeded by actual expenditures for the year ended June 30, 2018:

| | | |
|--------------------------|-----------|----------------|
| Superior court | \$ | 3,257 |
| Civil process service | | 55,126 |
| Transfers to other funds | | 209,500 |
| | <u>\$</u> | <u>267,883</u> |

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

NOTE 14 - RESTATEMENT

In 2018, the County determined that certain transactions in the prior year had been recorded incorrectly or omitted. Therefore, restatements to the 2017 general fund and special revenue fund balances were required. The result of this was the restatement, as of July 1, 2017, for a reduction of \$541 in the general fund total fund balance and an increase of \$541 in the special revenues total fund balance, respectively. There was no change to the governmental net position.

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

COUNTY OF FRANKLIN, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2018

| | Budgeted Amounts | | Actual Amounts | Variance Positive (Negative) |
|--|---------------------|---------------------|---------------------|------------------------------------|
| | Original | Final | | |
| Budgetary Fund Balance, July 1, Restated | \$ 1,970,537 | \$ 1,970,537 | \$ 1,970,537 | \$ - |
| Resources (Inflows): | | | | |
| Taxes - municipalities | 3,576,359 | 3,576,359 | 3,578,074 | 1,715 |
| Charges for services | 435,000 | 435,000 | 659,034 | 224,034 |
| Investment income | 9,000 | 9,000 | 30,567 | 21,567 |
| Unorganized Territory Admin. Fee | 50,000 | 50,000 | 46,513 | (3,487) |
| Miscellaneous | 4,000 | 4,000 | 7,365 | 3,365 |
| Amounts Available for Appropriation | <u>6,044,896</u> | <u>6,044,896</u> | <u>6,292,090</u> | <u>247,194</u> |
| Charges to Appropriations (Outflows): | | | | |
| Current: | | | | |
| Superior Court | 3,000 | 3,000 | 6,257 | (3,257) |
| Emergency Management Agency | 147,768 | 147,768 | 141,856 | 5,912 |
| District Attorney | 274,854 | 274,854 | 262,113 | 12,741 |
| County Commissioners | 158,215 | 158,215 | 158,188 | 27 |
| County Treasurer | 85,900 | 85,900 | 75,574 | 10,326 |
| County Courthouse | 163,643 | 163,643 | 141,619 | 22,024 |
| Register of Deeds | 201,624 | 201,624 | 195,841 | 5,783 |
| Register of Probate | 209,868 | 209,868 | 194,997 | 14,871 |
| Sheriff | 1,622,118 | 1,622,118 | 1,594,087 | 28,031 |
| Communications | 925,894 | 925,894 | 860,224 | 65,670 |
| Extension service | 51,435 | 51,435 | 51,435 | - |
| Program grants | 66,200 | 66,200 | 66,200 | - |
| Insurance | 47,200 | 47,200 | 28,086 | 19,114 |
| Technical services | 219,805 | 219,805 | 184,013 | 35,792 |
| Civil process service | - | - | 55,126 | (55,126) |
| Debt service | 50,008 | 50,008 | 50,008 | - |
| Overlay | 30,001 | 30,001 | - | 30,001 |
| Transfers to Other funds | - | - | 209,500 | (209,500) |
| Total Charges to Appropriations | <u>4,257,533</u> | <u>4,257,533</u> | <u>4,275,124</u> | <u>(17,591)</u> |
| Budgetary Fund Balance, June 30 | <u>\$ 1,787,363</u> | <u>\$ 1,787,363</u> | <u>\$ 2,016,966</u> | <u>\$ 229,603</u> |
| Utilization of Unassigned Fund Balance | <u>\$ 183,174</u> | <u>\$ 183,174</u> | <u>\$ -</u> | <u>\$ (183,174)</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>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|--------------|--------------|--------------|-------------|-------------|
| <u>PLD Plan:</u> | | | | | |
| Proportion of the net pension liability (asset) | 0.42% | 0.39% | 0.39% | 0.21% | 0.22% |
| Proportionate share of the net pension liability (asset) | \$ 1,720,365 | \$ 2,083,040 | \$ 1,237,716 | \$ 515,727 | \$ 929,796 |
| Covered-employee payroll | 2,110,210 | 1,908,761 | 1,809,109 | 1,366,859 | 1,026,397 |
| Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 81.53% | 109.13% | 68.42% | 37.73% | 90.59% |
| Plan fiduciary net position as a percentage of the total pension liability | 86.40% | 81.61% | 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.

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

COUNTY OF FRANKLIN, MAINE
 SCHEDULE OF CONTRIBUTIONS
 LAST 10 FISCAL YEARS*

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|------------------|------------------|------------------|------------------|------------------|
| <u>PLD Plan:</u> | | | | | |
| Contractually required contribution | \$ 227,459 | \$ 215,140 | \$ 183,969 | \$ 158,602 | \$ 116,183 |
| Contributions in relation to the contractually required contribution | <u>(227,459)</u> | <u>(215,140)</u> | <u>(183,969)</u> | <u>(158,602)</u> | <u>(116,183)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| Covered-employee payroll | \$ 2,156,792 | \$ 2,110,210 | \$ 1,908,761 | \$ 1,809,109 | \$ 1,366,859 |
| Contributions as a percentage of covered-employee payroll | 10.55% | 10.20% | 9.64% | 8.77% | 8.50% |

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

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

SCHEDULE A

COUNTY OF FRANKLIN, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2018

| | Original Budget | Budget Adjustments | Final Budget | Actual Expenditures | Variance Positive (Negative) |
|-------------------------------|--------------------|-----------------------|-----------------|------------------------|---------------------------------|
| Superior Court | \$ 3,000 | \$ - | \$ 3,000 | \$ 6,257 | \$ (3,257) |
| Emergency Management Agency - | | | | | |
| Personnel services | 131,918 | - | 131,918 | 128,410 | 3,508 |
| Contractual | 7,700 | - | 7,700 | 5,411 | 2,289 |
| Supplies | 500 | - | 500 | 434 | 66 |
| Capital outlay | 7,650 | - | 7,650 | 7,601 | 49 |
| | <u>147,768</u> | <u>-</u> | <u>147,768</u> | <u>141,856</u> | <u>5,912</u> |
| District Attorney - | | | | | |
| Personnel services | 208,838 | - | 208,838 | 200,656 | 8,182 |
| Contractual | 51,538 | - | 51,538 | 46,664 | 4,874 |
| Supplies | 8,430 | - | 8,430 | 8,418 | 12 |
| Capital outlay | 6,048 | - | 6,048 | 6,375 | (327) |
| | <u>274,854</u> | <u>-</u> | <u>274,854</u> | <u>262,113</u> | <u>12,741</u> |
| County Commissioners - | | | | | |
| Personnel services | 116,640 | - | 116,640 | 116,393 | 247 |
| Contractual | 37,525 | - | 37,525 | 39,066 | (1,541) |
| Supplies | 4,050 | - | 4,050 | 2,729 | 1,321 |
| | <u>158,215</u> | <u>-</u> | <u>158,215</u> | <u>158,188</u> | <u>27</u> |
| County Treasurer - | | | | | |
| Personnel services | 60,625 | - | 60,625 | 59,459 | 1,166 |
| Contractual | 19,875 | - | 19,875 | 11,387 | 8,488 |
| Supplies | 1,900 | - | 1,900 | 1,427 | 473 |
| Capital outlay | 3,500 | - | 3,500 | 3,301 | 199 |
| | <u>85,900</u> | <u>-</u> | <u>85,900</u> | <u>75,574</u> | <u>10,326</u> |

SCHEDULE A (CONTINUED)
COUNTY OF FRANKLIN, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2018

| | Original Budget | Budget Adjustments | Final Budget | Actual Expenditures | Variance Positive (Negative) |
|-----------------------|--------------------|-----------------------|-----------------|------------------------|---------------------------------|
| Technical Service - | | | | | |
| Personnel services | 72,910 | - | 72,910 | 67,516 | 5,394 |
| Contractual | 136,095 | - | 136,095 | 106,109 | 29,986 |
| Supplies | 800 | - | 800 | 399 | 401 |
| Capital outlay | 10,000 | - | 10,000 | 9,989 | 11 |
| | <u>219,805</u> | <u>-</u> | <u>219,805</u> | <u>184,013</u> | <u>35,792</u> |
| County Courthouse - | | | | | |
| Personnel services | 71,119 | - | 71,119 | 75,539 | (4,420) |
| Contractual | 33,550 | - | 33,550 | 30,487 | 3,063 |
| Supplies | 18,684 | - | 18,684 | 20,421 | (1,737) |
| Capital outlay | 40,290 | - | 40,290 | 15,172 | 25,118 |
| | <u>163,643</u> | <u>-</u> | <u>163,643</u> | <u>141,619</u> | <u>22,024</u> |
| Communications - | | | | | |
| Personnel services | 836,574 | - | 836,574 | 799,056 | 37,518 |
| Contractual | 50,720 | - | 50,720 | 33,267 | 17,453 |
| Supplies | 4,750 | - | 4,750 | 3,399 | 1,351 |
| Capital outlay | 33,850 | - | 33,850 | 24,502 | 9,348 |
| | <u>925,894</u> | <u>-</u> | <u>925,894</u> | <u>860,224</u> | <u>65,670</u> |
| Extension Service - | | | | | |
| Contractual services | 51,435 | - | 51,435 | 51,435 | - |
| Register of Deeds - | | | | | |
| Personnel services | 178,399 | - | 178,399 | 174,719 | 3,680 |
| Contractual | 22,325 | - | 22,325 | 20,398 | 1,927 |
| Supplies | 900 | - | 900 | 724 | 176 |
| | <u>201,624</u> | <u>-</u> | <u>201,624</u> | <u>195,841</u> | <u>5,783</u> |
| Insurance | 47,200 | - | 47,200 | 28,086 | 19,114 |
| Civil Process Service | | | | | |
| Personnel services | - | - | - | 15,957 | (15,957) |
| Contractual | - | - | - | 39,169 | (39,169) |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>55,126</u> | <u>(55,126)</u> |
| Debt Service - | | | | | |
| Principal | 35,178 | - | 35,178 | 36,666 | (1,488) |
| Interest | 14,830 | - | 14,830 | 13,342 | 1,488 |
| | <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, 2018

| | Original Budget | Budget Adjustments | Final Budget | Actual Expenditures | Variance Positive (Negative) |
|--------------------------------------|---------------------|-----------------------|---------------------|------------------------|---------------------------------|
| Register of Probate - | | | | | |
| Personnel services | 188,693 | - | 188,693 | 180,089 | 8,604 |
| Contractual | 13,475 | - | 13,475 | 7,720 | 5,755 |
| Supplies | 6,200 | - | 6,200 | 5,507 | 693 |
| Capital outlay | 1,500 | - | 1,500 | 1,681 | (181) |
| | <u>209,868</u> | <u>-</u> | <u>209,868</u> | <u>194,997</u> | <u>14,871</u> |
| Sheriff's Department - | | | | | |
| Personnel services | 1,310,248 | - | 1,310,248 | 1,288,496 | 21,752 |
| Contractual | 167,870 | - | 167,870 | 155,218 | 12,652 |
| Supplies | 31,500 | - | 31,500 | 30,624 | 876 |
| Capital outlay | 112,500 | - | 112,500 | 119,749 | (7,249) |
| | <u>1,622,118</u> | <u>-</u> | <u>1,622,118</u> | <u>1,594,087</u> | <u>28,031</u> |
| Program Grants - | | | | | |
| Children's Task Force | 5,000 | - | 5,000 | 5,000 | - |
| Western Maine Transportation | 7,500 | - | 7,500 | 7,500 | - |
| Community Action Agency | 20,000 | - | 20,000 | 20,000 | - |
| Seniors Plus | 10,000 | - | 10,000 | 10,000 | - |
| Soil & Water | 20,000 | - | 20,000 | 20,000 | - |
| Franklin County Firemens | 3,700 | - | 3,700 | 3,700 | - |
| | <u>66,200</u> | <u>-</u> | <u>66,200</u> | <u>66,200</u> | <u>-</u> |
| Overlay | <u>30,001</u> | <u>-</u> | <u>30,001</u> | <u>-</u> | <u>30,001</u> |
| Transfers to other funds | <u>-</u> | <u>-</u> | <u>-</u> | <u>209,500</u> | <u>(209,500)</u> |
| TOTAL DEPARTMENTAL OPERATIONS | <u>\$ 4,257,533</u> | <u>\$ -</u> | <u>\$ 4,257,533</u> | <u>\$ 4,275,124</u> | <u>\$ (17,591)</u> |

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

COUNTY OF FRANKLIN, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

| | Special Revenue Funds | Total Nonmajor Governmental Funds |
|--|-----------------------------|---|
| | <u> </u> | <u> </u> |
| ASSETS | | |
| Cash and cash equivalents | \$ 155,477 | \$ 155,477 |
| Investments | 2,058 | 2,058 |
| Due from other funds | 557,999 | 557,999 |
| TOTAL ASSETS | <u>\$ 715,534</u> | <u>\$ 715,534</u> |
| LIABILITIES | | |
| Accrued expenses | \$ - | \$ - |
| Due to other funds | 13,580 | 13,580 |
| TOTAL LIABILITIES | <u>13,580</u> | <u>13,580</u> |
| FUND BALANCES | | |
| Restricted | 209,639 | 209,639 |
| Committed | - | - |
| Assigned | 494,929 | 494,929 |
| Unassigned | (2,614) | (2,614) |
| TOTAL FUND BALANCES | <u>701,954</u> | <u>701,954</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 715,534</u> | <u>\$ 715,534</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, 2018

| | Special Revenue Funds | Total Nonmajor Governmental Funds |
|---|-----------------------------|---|
| | <u> </u> | <u> </u> |
| REVENUES | | |
| Intergovernmental | \$ 89,230 | \$ 89,230 |
| Other | 84,786 | 84,786 |
| TOTAL REVENUES | <u>174,016</u> | <u>174,016</u> |
| EXPENDITURES | | |
| Program expenses | <u>235,941</u> | <u>235,941</u> |
| TOTAL EXPENDITURES | <u>235,941</u> | <u>235,941</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>(61,925)</u> | <u>(61,925)</u> |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers in | 209,500 | 209,500 |
| Transfers (out) | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>209,500</u> | <u>209,500</u> |
| NET CHANGE IN FUND BALANCES | 147,575 | 147,575 |
| FUND BALANCES - JULY 1, RESTATED | <u>554,379</u> | <u>554,379</u> |
| FUND BALANCES - JUNE 30 | <u><u>\$ 701,954</u></u> | <u><u>\$ 701,954</u></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, 2018

| | Benefit Liability | Court House | Deeds Preservation | Deeds CD Reserve Preservation | Deeds Reserve | Per- ambulation | Contingency Reserve | Shelter |
|---|----------------------|------------------|-----------------------|-------------------------------------|------------------|--------------------|------------------------|-----------------|
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ 105,715 | \$ 25,543 | \$ - | \$ - | \$ - | \$ - |
| Investments | - | - | - | - | - | - | - | - |
| Due from other funds | 196,334 | 45,377 | - | 2,533 | 522 | 10,000 | 82,149 | 1,335 |
| TOTAL ASSETS | \$ 196,334 | \$ 45,377 | \$ 105,715 | \$ 28,076 | \$ 522 | \$ 10,000 | \$ 82,149 | \$ 1,335 |
| LIABILITIES | | | | | | | | |
| Accrued expenses | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Due to other funds | - | - | - | - | - | - | - | - |
| TOTAL LIABILITIES | - | - | - | - | - | - | - | - |
| FUND BALANCES (DEFICITS) | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - | - |
| Restricted | - | - | 105,715 | 28,076 | 522 | - | - | - |
| Committed | - | - | - | - | - | - | - | - |
| Assigned | 196,334 | 45,377 | - | - | - | 10,000 | 82,149 | 1,335 |
| Unassigned | - | - | - | - | - | - | - | - |
| TOTAL FUND BALANCES (DEFICITS) | 196,334 | 45,377 | 105,715 | 28,076 | 522 | 10,000 | 82,149 | 1,335 |
| TOTAL LIABILITIES AND FUND BALANCES (DEFICITS) | \$ 196,334 | \$ 45,377 | \$ 105,715 | \$ 28,076 | \$ 522 | \$ 10,000 | \$ 82,149 | \$ 1,335 |

COUNTY OF FRANKLIN, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

| | EMA Capital Reserve | IMC Project | EMA In-kind | Distracted Driving | Fire Safety | Border Inop Demost | Inmate Telephone |
|---|---------------------|---------------|------------------|--------------------|-----------------|--------------------|------------------|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Investments | - | - | - | - | - | - | - |
| Due from other funds | 16,329 | 800 | 15,589 | 3,398 | 1,270 | 1,060 | 38,217 |
| TOTAL ASSETS | \$ 16,329 | \$ 800 | \$ 15,589 | \$ 3,398 | \$ 1,270 | \$ 1,060 | \$ 38,217 |
| LIABILITIES | | | | | | | |
| Accrued expenses | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Due to other funds | - | 800 | - | - | - | - | - |
| TOTAL LIABILITIES | - | 800 | - | - | - | - | - |
| FUND BALANCES (DEFICITS) | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - |
| Restricted | - | - | - | - | - | 1,060 | 38,217 |
| Committed | - | - | - | - | - | - | - |
| Assigned | 16,329 | - | 15,589 | 3,398 | 1,270 | - | - |
| Unassigned | - | - | - | - | - | - | - |
| TOTAL FUND BALANCES (DEFICITS) | 16,329 | - | 15,589 | 3,398 | 1,270 | 1,060 | 38,217 |
| TOTAL LIABILITIES AND FUND BALANCES (DEFICITS) | \$ 16,329 | \$ 800 | \$ 15,589 | \$ 3,398 | \$ 1,270 | \$ 1,060 | \$ 38,217 |

COUNTY OF FRANKLIN, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

| | LEPC | OUI Grant | Monument | Probate Preservation | ARES Reserve | Maine GEO |
|---|-----------------|-----------------|-----------------|-------------------------|-----------------|-----------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ 24,219 | \$ - | \$ - |
| Investments | - | - | 2,058 | - | - | - |
| Due from other funds | 7,205 | 4,054 | - | - | - | 3,300 |
| TOTAL ASSETS | \$ 7,205 | \$ 4,054 | \$ 2,058 | \$ 24,219 | \$ - | \$ 3,300 |
| LIABILITIES | | | | | | |
| Accrued expenses | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Due to other funds | - | - | 305 | 9,861 | - | - |
| TOTAL LIABILITIES | - | - | 305 | 9,861 | - | - |
| FUND BALANCES (DEFICITS) | | | | | | |
| Nonspendable | - | - | - | - | - | - |
| Restricted | 7,205 | 4,054 | - | 14,358 | - | 3,300 |
| Committed | - | - | - | - | - | - |
| Assigned | - | - | 1,753 | - | - | - |
| Unassigned | - | - | - | - | - | - |
| TOTAL FUND BALANCES (DEFICITS) | 7,205 | 4,054 | 1,753 | 14,358 | - | 3,300 |
| TOTAL LIABILITIES AND FUND BALANCES (DEFICITS) | \$ 7,205 | \$ 4,054 | \$ 2,058 | \$ 24,219 | \$ - | \$ 3,300 |

COUNTY OF FRANKLIN, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

| | Sheriffs Reserve | Stone Garden | Unemployment Reserve | Edward Byrne Grant | Buckle Up Grant | Dispatch Radios |
|---|---------------------|------------------|-------------------------|-----------------------|--------------------|--------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Investments | - | - | - | - | - | - |
| Due from other funds | 567 | 20,380 | 8,132 | 3,403 | - | 374 |
| TOTAL ASSETS | \$ 567 | \$ 20,380 | \$ 8,132 | \$ 3,403 | \$ - | \$ 374 |
| LIABILITIES | | | | | | |
| Accrued expenses | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Due to other funds | - | - | - | - | 1,367 | - |
| TOTAL LIABILITIES | - | - | - | - | 1,367 | - |
| FUND BALANCES (DEFICITS) | | | | | | |
| Nonspendable | - | - | - | - | - | - |
| Restricted | - | - | - | 3,403 | - | - |
| Committed | - | - | - | - | - | - |
| Assigned | 567 | 20,380 | 8,132 | - | - | 374 |
| Unassigned | - | - | - | - | (1,367) | - |
| TOTAL FUND BALANCES (DEFICITS) | 567 | 20,380 | 8,132 | 3,403 | (1,367) | 374 |
| TOTAL LIABILITIES AND FUND BALANCES (DEFICITS) | \$ 567 | \$ 20,380 | \$ 8,132 | \$ 3,403 | \$ - | \$ 374 |

COUNTY OF FRANKLIN, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

| | Homeland Security | Pandemic | Clerical Support | Mitigation | Jail Bldgs/Grnds | Forfeiture | Speed Enforcement Grant | Jail | Total |
|---|----------------------|-----------------|---------------------|---------------|---------------------|-----------------|-------------------------------|------------------|-------------------|
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 155,477 |
| Investments | - | - | - | - | - | - | - | - | 2,058 |
| Due from other funds | - | 3,729 | 2,588 | 170 | 2,105 | 6,455 | - | 80,624 | 557,999 |
| TOTAL ASSETS | \$ - | \$ 3,729 | \$ 2,588 | \$ 170 | \$ 2,105 | \$ 6,455 | \$ - | \$ 80,624 | \$ 715,534 |
| LIABILITIES | | | | | | | | | |
| Accrued expenses | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Due to other funds | 465 | - | - | - | - | - | 782 | - | 13,580 |
| TOTAL LIABILITIES | 465 | - | - | - | - | - | 782 | - | 13,580 |
| FUND BALANCES (DEFICITS) | | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - | - | - |
| Restricted | - | 3,729 | - | - | - | - | - | - | 209,639 |
| Committed | - | - | - | - | - | - | - | - | - |
| Assigned | - | - | 2,588 | 170 | 2,105 | 6,455 | - | 80,624 | 494,929 |
| Unassigned | (465) | - | - | - | - | - | (782) | - | (2,614) |
| TOTAL FUND BALANCES (DEFICITS) | (465) | 3,729 | 2,588 | 170 | 2,105 | 6,455 | (782) | 80,624 | 701,954 |
| TOTAL LIABILITIES AND FUND BALANCES (DEFICITS) | \$ - | \$ 3,729 | \$ 2,588 | \$ 170 | \$ 2,105 | \$ 6,455 | \$ - | \$ 80,624 | \$ 715,534 |

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, 2018

| | Benefit Liability | Court House | Deeds Preservation | Deeds CD Reserve Preservation | Deeds Reserve | Per- ambulation | Contingency Reserve | Shelter |
|---|----------------------|----------------|-----------------------|-------------------------------------|------------------|--------------------|------------------------|----------|
| REVENUES | | | | | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other | - | - | 19,853 | - | - | - | - | - |
| TOTAL REVENUES | - | - | 19,853 | - | - | - | - | - |
| EXPENDITURES | | | | | | | | |
| Program expenses | 31,518 | - | 9,324 | - | - | - | - | - |
| TOTAL EXPENDITURES | 31,518 | - | 9,324 | - | - | - | - | - |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (31,518) | - | 10,529 | - | - | - | - | - |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers in | 200,000 | 2,500 | - | - | - | - | - | - |
| Transfers (out) | - | - | - | - | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | 200,000 | 2,500 | - | - | - | - | - | - |
| NET CHANGE IN FUND BALANCES (DEFICITS) | 168,482 | 2,500 | 10,529 | - | - | - | - | - |
| FUND BALANCES (DEFICITS) - JULY 1, RESTATED | 27,852 | 42,877 | 95,186 | 28,076 | 522 | 10,000 | 82,149 | 1,335 |
| FUND BALANCES (DEFICITS) - JUNE 30 | \$ 196,334 | \$ 45,377 | \$ 105,715 | \$ 28,076 | \$ 522 | \$ 10,000 | \$ 82,149 | \$ 1,335 |

COUNTY OF FRANKLIN, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

| | EMA Capital Reserve | EMA In-kind | Distracted Driving | Fire Safety | Border Inop Demost | Inmate Telephone |
|--|---------------------|-------------|--------------------|-------------|--------------------|------------------|
| REVENUES | | | | | | |
| Intergovernmental | \$ - | \$ - | \$ 11,746 | \$ - | \$ - | \$ - |
| Other | - | 2,787 | - | - | - | 16,390 |
| TOTAL REVENUES | - | 2,787 | 11,746 | - | - | 16,390 |
| EXPENDITURES | | | | | | |
| Program expenses | - | 1,119 | 8,348 | - | 2,776 | 11,257 |
| TOTAL EXPENDITURES | - | 1,119 | 8,348 | - | 2,776 | 11,257 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | - | 1,668 | 3,398 | - | (2,776) | 5,133 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 7,000 | - | - | - | - | - |
| Transfers (out) | - | - | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | 7,000 | - | - | - | - | - |
| NET CHANGE IN FUND BALANCES (DEFICITS) | 7,000 | 1,668 | 3,398 | - | (2,776) | 5,133 |
| FUND BALANCES (DEFICITS) - JULY 1, RESTATED | 9,329 | 13,921 | - | 1,270 | 3,836 | 33,084 |
| FUND BALANCES (DEFICITS) - JUNE 30 | \$ 16,329 | \$ 15,589 | \$ 3,398 | \$ 1,270 | \$ 1,060 | \$ 38,217 |

COUNTY OF FRANKLIN, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

| | LEPC | OUI Grant | Monument | Probate Preservation | ARES Reserve | Maine GEO |
|---|-----------------|-----------------|-----------------|----------------------|----------------|-----------------|
| REVENUES | | | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other | 890 | 10,888 | 4 | 2,473 | 100 | - |
| TOTAL REVENUES | <u>890</u> | <u>10,888</u> | <u>4</u> | <u>2,473</u> | <u>100</u> | <u>-</u> |
| EXPENDITURES | | | | | | |
| Program expenses | 2,203 | 9,721 | - | - | 8,361 | - |
| TOTAL EXPENDITURES | <u>2,203</u> | <u>9,721</u> | <u>-</u> | <u>-</u> | <u>8,361</u> | <u>-</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>(1,313)</u> | <u>1,167</u> | <u>4</u> | <u>2,473</u> | <u>(8,261)</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> |
| NET CHANGE IN FUND BALANCES (DEFICITS) | (1,313) | 1,167 | 4 | 2,473 | (8,261) | - |
| FUND BALANCES (DEFICITS) - JULY 1, RESTATED | <u>8,518</u> | <u>2,887</u> | <u>1,749</u> | <u>11,885</u> | <u>8,261</u> | <u>3,300</u> |
| FUND BALANCES (DEFICITS) - JUNE 30 | <u>\$ 7,205</u> | <u>\$ 4,054</u> | <u>\$ 1,753</u> | <u>\$ 14,358</u> | <u>\$ -</u> | <u>\$ 3,300</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, 2018

| | Sheriffs Reserve | Stone Garden | Unemployment Reserve | Edward Byrne Grant | Buckle Up Grant | Dispatch Radios |
|---|---------------------|------------------|-------------------------|-----------------------|--------------------|--------------------|
| REVENUES | | | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other | - | 24,087 | - | 3,336 | - | - |
| TOTAL REVENUES | <u>-</u> | <u>24,087</u> | <u>-</u> | <u>3,336</u> | <u>-</u> | <u>-</u> |
| EXPENDITURES | | | | | | |
| Program expenses | - | 50,726 | 50 | 1,825 | 1,023 | - |
| TOTAL EXPENDITURES | <u>-</u> | <u>50,726</u> | <u>50</u> | <u>1,825</u> | <u>1,023</u> | <u>-</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>-</u> | <u>(26,639)</u> | <u>(50)</u> | <u>1,511</u> | <u>(1,023)</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> |
| NET CHANGE IN FUND BALANCES (DEFICITS) | - | (26,639) | (50) | 1,511 | (1,023) | - |
| FUND BALANCES (DEFICITS) - JULY 1, RESTATED | <u>567</u> | <u>47,019</u> | <u>8,182</u> | <u>1,892</u> | <u>(344)</u> | <u>374</u> |
| FUND BALANCES (DEFICITS) - JUNE 30 | <u>\$ 567</u> | <u>\$ 20,380</u> | <u>\$ 8,132</u> | <u>\$ 3,403</u> | <u>\$ (1,367)</u> | <u>\$ 374</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, 2018

| | Homeland Security | Pandemic | Clerical Support | Mitigation | Jail Bldgs/Grnds | Forfeiture | Speed Enforcement Grant | Jail | Total |
|---|----------------------|-----------------|---------------------|---------------|---------------------|-----------------|-------------------------------|------------------|-------------------|
| REVENUES | | | | | | | | | |
| Intergovernmental | \$ 77,484 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 89,230 |
| Other | - | - | - | - | - | - | 3,978 | - | 84,786 |
| TOTAL REVENUES | <u>77,484</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,978</u> | <u>-</u> | <u>174,016</u> |
| EXPENDITURES | | | | | | | | | |
| Program expenses | 57,054 | - | 424 | - | - | 860 | 4,760 | 34,592 | 235,941 |
| TOTAL EXPENDITURES | <u>57,054</u> | <u>-</u> | <u>424</u> | <u>-</u> | <u>-</u> | <u>860</u> | <u>4,760</u> | <u>34,592</u> | <u>235,941</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>20,430</u> | <u>-</u> | <u>(424)</u> | <u>-</u> | <u>-</u> | <u>(860)</u> | <u>(782)</u> | <u>(34,592)</u> | <u>(61,925)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - | 209,500 |
| Transfers (out) | - | - | - | - | - | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>209,500</u> |
| NET CHANGE IN FUND BALANCES (DEFICITS) | 20,430 | - | (424) | - | - | (860) | (782) | (34,592) | 147,575 |
| FUND BALANCES (DEFICITS) - JULY 1, RESTATED | <u>(20,895)</u> | <u>3,729</u> | <u>3,012</u> | <u>170</u> | <u>2,105</u> | <u>7,315</u> | <u>-</u> | <u>115,216</u> | <u>554,379</u> |
| FUND BALANCES (DEFICITS) - JUNE 30 | <u>\$ (465)</u> | <u>\$ 3,729</u> | <u>\$ 2,588</u> | <u>\$ 170</u> | <u>\$ 2,105</u> | <u>\$ 6,455</u> | <u>\$ (782)</u> | <u>\$ 80,624</u> | <u>\$ 701,954</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, 2018

| | Land and Non-depreciable Assets | Buildings, Building Improvements | Furniture, Fixtures Equipment & Vehicles | Total |
|--------------------------------|---------------------------------------|-------------------------------------|---|---------------------|
| County-wide | \$ 30,350 | \$ 244,755 | \$ 132,269 | \$ 407,374 |
| 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 | 1,260,402 | 3,399,358 |
| Total General Capital | 67,350 | 2,346,711 | 1,667,775 | 4,081,836 |
| Less: Accumulated Depreciation | - | (1,479,656) | (1,486,733) | (2,966,389) |
| Net General Capital Assets | <u>\$ 67,350</u> | <u>\$ 867,055</u> | <u>\$ 181,042</u> | <u>\$ 1,115,447</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, 2018

| | General Capital Assets 7/1/17 | Additions | Deletions | General Capital Assets 6/30/18 |
|--------------------------------|--|------------------|-------------|---|
| County-wide | \$ 385,163 | \$ 22,211 | \$ - | \$ 407,374 |
| 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 | 119,429 | - | 3,396,358 |
| Total General Capital | <u>3,940,196</u> | <u>141,640</u> | <u>-</u> | <u>4,081,836</u> |
| Less: Accumulated Depreciation | <u>(2,884,185)</u> | <u>(82,204)</u> | <u>-</u> | <u>(2,966,389)</u> |
| Net General Capital Assets | <u>\$ 1,056,011</u> | <u>\$ 59,436</u> | <u>\$ -</u> | <u>\$ 1,115,447</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, 2018, 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 7, 2018.

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 7, 2018