

Audited Financial Statements and  
Other Supplemental Information

County of Somerset, Maine

June 30, 2017



*Proven Expertise and Integrity*

COUNTY OF SOMERSET, MAINE

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JUNE 30, 2017

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## INDEPENDENT AUDITORS' REPORT

County Commissioners  
County of Somerset  
Skowhegan, 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 Somerset, Maine, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County of Somerset, Maine'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 presentation of the financial statements.

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Somerset, Maine as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance 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 49 through 53 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 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 Somerset, Maine's basic financial statements. The 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 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 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 August 31, 2017, on our consideration of the County of Somerset, 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 Somerset, Maine's internal control over financial reporting and compliance.

*R.H.R. Smith & Company*

Buxton, Maine  
August 31, 2017

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

**(UNAUDITED)**

The following management's discussion and analysis of the County of Somerset, Maine's financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the County of Somerset, Maine's financial statements.

**Financial Statement Overview**

The County of Somerset, Maine'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.

Both of the above mentioned financial statements have one column for the County's type of activity. The type of activity presented for the County of Somerset is:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the County's basic services are reported in governmental activities, which include general government services, jail, sheriff, courts, emergency management, probate, deeds, district attorney and other.

### **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 Somerset, 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 Somerset are categorized as two fund types: governmental funds and 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 Somerset presents three columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The County's major governmental funds are 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 and jail fund are the only funds 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. The jail budget is presented in a separate report issued for the jail department only. That report was issued for state purposes.

*Fiduciary Funds:* These funds are used to account for resources held for the benefit of parties outside the County of Somerset. 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 Fiduciary Fund Statement of 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, a Schedule of Proportionate Share of the Net Pension Liability, a Schedule of Contributions and Notes to Required Supplementary Information.

### **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 \$1,240,304 from \$12,397,220 to \$13,637,524.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased to a balance of \$1,691,754 at the end of this year.

**Table 1**  
**County of Somerset, Maine**  
**Net Position**  
**June 30,**

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016</b>
<b>Assets:</b>		
Current Assets	\$ 4,724,882	\$ 4,371,263
Capital Assets	26,808,521	27,662,909
Total Assets	31,533,403	32,034,172
<b>Deferred Outflows of Resources:</b>		
Deferred Amortization on Bond Refunding	554,230	604,615
Deferred Outflows Related to Pensions	2,008,398	885,062
Total Deferred Outflows of Resources	2,562,628	1,489,677
<b>Liabilities:</b>		
Current Liabilities	2,600,293	2,862,671
Long-term Debt Outstanding	17,204,884	17,472,257
Total Liabilities	19,805,177	20,334,928
<b>Deferred Inflows of Resources:</b>		
Deferred Inflows Related to Pensions	653,330	791,701
Total Deferred Inflows of Resources	653,330	791,701
<b>Net Position:</b>		
Net Investment in Capital Assets	10,833,521	10,172,909
Restricted	1,112,249	962,776
Unrestricted	1,691,754	1,261,535
Total Net Position	\$ 13,637,524	\$ 12,397,220

### **Revenues and Expenses**

Revenues for the County increased by 2.62%, while expenses increased by 1.10%. The largest increase in revenues was operating grants and contributions. The biggest increase in expenses was in the sheriff's department.

**Table 2**  
**County of Somerset, Maine**  
**Change in Net Position**  
**For the Years Ended June 30,**

	<b>Governmental Funds</b>	
	<b>2017</b>	<b>2016</b>
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for services	\$ 2,272,121	\$ 2,446,308
Operating grants and contributions	1,747,953	1,147,563
<i>General Revenues:</i>		
Taxes	12,340,408	12,035,702
Investment income	44,558	18,081
Miscellaneous revenues	206,078	539,190
Total Revenues	<u>16,611,118</u>	<u>16,186,844</u>
<b>Expenses</b>		
Court Security	155,945	169,014
Emergency Management Agency	256,561	254,347
District Attorney	409,521	369,541
County Commissioners	308,853	295,567
Human Resources	19,500	16,758
Finance / Treasurer	215,478	194,416
County Buildings	162,745	130,738
Jail	7,464,539	7,496,251
Telecommunications	1,297,515	1,230,772
Register of Deeds	234,177	230,365
Technical Services	639,616	626,234
Sheriff	2,721,756	2,593,154
Register of Probate	274,820	257,289
Donations / other	147,120	143,183
Other expenses	-	57,271
Interest on debt service	733,769	802,657
Unallocated depreciation (Note 4)	92,883	92,883
Special projects and reserves	53,847	188,988
Deferred bond refunding amortization	50,385	50,385
Total Expenses	<u>15,370,814</u>	<u>15,202,951</u>
Change in Net Position	1,240,304	983,893
Net Position - July 1	<u>12,397,220</u>	<u>11,413,327</u>
Net Position - June 30	<u><u>\$ 13,637,524</u></u>	<u><u>\$ 12,397,220</u></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 Somerset**  
**Fund Balances - Governmental Funds**  
**June 30,**

	<b>2017</b>	<b>2016</b>
Major Funds:		
General fund:		
Nonspendable	\$ 456	\$ 438
Restricted	100,000	100,000
Assigned	663,045	594,806
Unassigned	2,045,150	1,530,906
Total General Fund	2,808,651	2,226,150
Jail fund:		
Restricted	599,149	478,698
Total Jail Fund	599,149	478,698
 Total Major funds	 \$ 3,407,800	 \$ 2,704,848
Nonmajor Funds:		
Special revenue funds:		
Restricted	\$ 413,100	\$ 384,078
Committed	18,324	34,990
Assigned	166,394	109,709
Unassigned	(3,661)	(173)
Capital project funds:		
Committed	319,613	320,551
Total Nonmajor Funds	\$ 913,770	\$ 849,155

The general fund total fund balance increased by \$582,501 from the prior fiscal year. Fund balances for the jail fund increased over the prior year by \$120,451. The other nonmajor fund balances increased by \$64,615 over the prior fiscal year. The increase in the general fund was mainly due to over-received other revenues, transfers from the jail fund and underspent expenditures, mainly in telecommunications and the sheriff's department. The jail had an increase due to increased revenues in excess of expenditures and transfers to other funds.

## Budgetary Highlights

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

Actual revenues exceeded the general fund budget by \$67,559. This was mainly the result of interest on investments, miscellaneous, and transfers received in excess of budgeted amounts.

General fund actual expenditures were under budget by \$1,104,747 for the fiscal year. All expenditures categories were within or under budget with the exception of County Commissioners and County buildings.

## Capital Asset and Debt Administration

### Capital Assets

As of June 30, 2017, the net book value of capital assets recorded by the County decreased by \$854,388 from the prior year. This was due to capital additions of \$439,809, less net disposals of \$16,710 and current year depreciation expense of \$1,277,487. Refer to Note 4 of Notes to Financial Statements for additional information.

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

	<u>2017</u>	<u>2016</u>
Land	\$ 579,200	\$579,200
Buildings and improvements	24,345,054	25,126,347
Machinery and equipment	1,042,599	1,133,272
Vehicles	596,076	570,823
Infrastructure	<u>245,592</u>	<u>253,267</u>
Total	<u>\$ 26,808,521</u>	<u>\$27,662,909</u>

### Debt

At June 30, 2017, the County had \$15.98 million in bonds outstanding versus \$17.49 million last year, a decrease of \$1,515,000. Other obligations include accrued sick and vacation time and net pension liability as shown in Note 5 of Notes to Financial Statements.

## **Currently Known Facts, Decisions, or Conditions**

### **Economic Factors and Next Year's Budgets and Rates**

The County's unassigned fund balance has fallen below a level to sustain government operations for a period of approximately three months. The County is working to rebuild this fund balance while also maintaining reserve accounts for future operations, capital and program needs.

### **Contacting the County's Financial Management**

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 41 Court Street, Skowhegan, Maine 04976.

## COUNTY OF SOMERSET, MAINE

STATEMENT OF NET POSITION  
JUNE 30, 2017

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 4,313,871
Accounts receivable (net of allowance for uncollectibles)	197,533
Due from State of Maine	213,022
Prepaid items	456
Total current assets	<u>4,724,882</u>
Noncurrent assets:	
Capital assets:	
Land, infrastructure, and other assets not being depreciated	579,200
Buildings and equipment, net of accumulated depreciation	26,229,321
Total noncurrent assets	<u>26,808,521</u>
<b>TOTAL ASSETS</b>	<u>31,533,403</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amortization on bond refunding	554,230
Deferred outflows related to pensions	2,008,398
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>2,562,628</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 34,096,031</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 86,290
Accrued expense	317,022
Current portion of long-term obligations	2,196,981
Total current liabilities	<u>2,600,293</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	14,460,000
Net pension liability	2,744,884
Total noncurrent liabilities	<u>17,204,884</u>
<b>TOTAL LIABILITIES</b>	<u>19,805,177</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	653,330
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>653,330</u>
<b>NET POSITION</b>	
Net investment in capital assets	10,833,521
Restricted	1,112,249
Unrestricted	1,691,754
<b>TOTAL NET POSITION</b>	<u>13,637,524</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 34,096,031</u>

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

## STATEMENT B

## COUNTY OF SOMERSET, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

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:					
Court Security	\$ 155,945	\$ 151,288	\$ -	\$ -	\$ (4,657)
Emergency Management Agency	256,561	-	106,578	-	(149,983)
District Attorney	409,521	28,900	-	-	(380,621)
County Commissioners	308,853	-	-	-	(308,853)
Human Resources	19,500	-	-	-	(19,500)
Finance/Treasurer	215,478	-	-	-	(215,478)
County Buildings	162,745	-	-	-	(162,745)
Jail	7,464,539	177,884	1,525,220	-	(5,761,435)
Telecommunications	1,297,515	144,685	-	-	(1,152,830)
Register of Deeds	234,177	506,502	-	-	272,325
Technical Services	639,616	274,629	-	-	(364,987)
Sheriff	2,721,756	916,425	-	-	(1,805,331)
Register of Probate	274,820	71,808	-	-	(203,012)
Donations/other	147,120	-	-	-	(147,120)
Capital outlay	131,784	-	-	-	(131,784)
Interest on debt service	733,769	-	-	-	(733,769)
Unallocated depreciation (Note 4)*	92,883	-	-	-	(92,883)
Special projects and reserves	53,847	-	116,155	-	62,308
Deferred bond refunding amortization	50,385	-	-	-	(50,385)
Total government	<u>\$ 15,370,814</u>	<u>\$ 2,272,121</u>	<u>\$ 1,747,953</u>	<u>\$ -</u>	<u>(11,350,740)</u>

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

STATEMENT B (CONTINUED)  
 COUNTY OF SOMERSET, MAINE

STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2017

	Governmental Activities
Changes in net position:	
Net (expense) revenue	(11,350,740)
General revenues:	
Taxes:	
Property taxes, levied for general purposes	12,340,408
Investment income	44,558
Other	206,078
Total general revenues	12,591,044
Change in net position	1,240,304
NET POSITION - JULY 1	12,397,220
NET POSITION - JUNE 30	\$ 13,637,524

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

## STATEMENT C

## COUNTY OF SOMERSET, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2017

	General Fund 001	Jail Fund 004	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,988,448	\$ -	\$ 325,423	\$ 4,313,871
Accounts receivables (net of allowance for uncollectibles)	141,470	1,833	54,230	197,533
Due from other governments	51,551	161,471	-	213,022
Due from other funds	1,903	609,202	564,632	1,175,737
Prepaid items	456	-	-	456
<b>TOTAL ASSETS</b>	<b><u>\$ 4,183,828</u></b>	<b><u>\$ 772,506</u></b>	<b><u>\$ 944,285</u></b>	<b><u>\$ 5,900,619</u></b>
<b>LIABILITIES</b>				
Accounts payable	\$ 74,540	\$ 11,750	\$ -	\$ 86,290
Accrued expense	155,225	161,607	190	317,022
Due to other funds	1,145,412	-	30,325	1,175,737
<b>TOTAL LIABILITIES</b>	<b><u>1,375,177</u></b>	<b><u>173,357</u></b>	<b><u>30,515</u></b>	<b><u>1,579,049</u></b>
<b>FUND BALANCES</b>				
Nonspendable	456	-	-	456
Restricted	100,000	599,149	413,100	1,112,249
Committed	-	-	337,937	337,937
Assigned	663,045	-	166,394	829,439
Unassigned	2,045,150	-	(3,661)	2,041,489
<b>TOTAL FUND BALANCES</b>	<b><u>2,808,651</u></b>	<b><u>599,149</u></b>	<b><u>913,770</u></b>	<b><u>4,321,570</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 4,183,828</u></b>	<b><u>\$ 772,506</u></b>	<b><u>\$ 944,285</u></b>	<b><u>\$ 5,900,619</u></b>

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

## COUNTY OF SOMERSET, MAINE

RECONCILIATION OF THE GENERAL FUND BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2017

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 4,321,570
Amounts reported for governmental activities in the Statement of Net Position 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	26,808,521
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Deferred amortization on bond refunding	554,230
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	2,008,398
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	(15,975,000)
Accrued compensated absences	(444,155)
Net pension liability	(2,982,710)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	<u>(653,330)</u>
Net position of governmental activities	<u><u>\$ 13,637,524</u></u>

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

## COUNTY OF SOMERSET, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Jail Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 7,477,193	\$ 4,863,215	\$ -	\$ 12,340,408
Charges for services	2,038,513	177,884	55,724	2,272,121
Intergovernmental revenues	106,578	1,525,220	116,155	1,747,953
Investment income	44,558	-	-	44,558
Other revenues	76,831	10,420	118,827	206,078
<b>TOTAL REVENUES</b>	<b>9,743,673</b>	<b>6,576,739</b>	<b>290,706</b>	<b>16,611,118</b>
<b>EXPENDITURES</b>				
Current:				
Court Security	139,939	-	-	139,939
Emergency Management Agency	169,823	-	-	169,823
District Attorney	409,521	-	-	409,521
County Commissioners	308,853	-	-	308,853
Human Resources	19,500	-	-	19,500
County Treasurer	215,478	-	-	215,478
County Buildings	162,745	-	-	162,745
Jail	-	6,424,198	80,103	6,504,301
Telecommunications	1,271,169	-	-	1,271,169
Register of Deeds	227,299	-	-	227,299
Technical Services	639,616	-	-	639,616
Sheriff	2,600,490	-	102,402	2,702,892
Register of Probate	274,820	-	-	274,820
Donations	147,120	-	-	147,120
Special projects and reserves	-	-	53,847	53,847
Capital outlay	-	-	347,859	347,859
Debt service:				
Principal	1,515,000	-	-	1,515,000
Interest	733,769	-	-	733,769
<b>TOTAL EXPENDITURES</b>	<b>8,835,142</b>	<b>6,424,198</b>	<b>584,211</b>	<b>15,843,551</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>908,531</b>	<b>152,541</b>	<b>(293,505)</b>	<b>767,567</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	29,451	8,300	419,643	457,394
Transfers (out)	(355,481)	(40,390)	(61,523)	(457,394)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(326,030)</b>	<b>(32,090)</b>	<b>358,120</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>582,501</b>	<b>120,451</b>	<b>64,615</b>	<b>767,567</b>
<b>FUND BALANCES - JULY 1</b>	<b>2,226,150</b>	<b>478,698</b>	<b>849,155</b>	<b>3,554,003</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 2,808,651</b>	<b>\$ 599,149</b>	<b>\$ 913,770</b>	<b>\$ 4,321,570</b>

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

## COUNTY OF SOMERSET, 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, 2017

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 767,567</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	439,809
Capital asset deletions	(16,710)
Depreciation expense	<u>(1,277,487)</u>
	<u>(854,388)</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>1,515,000</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>1,123,336</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>138,371</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:	
Deferred bond refunding amortization	(50,385)
Accrued compensated absences	39,094
Net pension liability	<u>(1,438,291)</u>
	<u>(1,449,582)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 1,240,304</u></u>

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

## COUNTY OF SOMERSET, MAINE

STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS  
JUNE 30, 2017

	Agency Funds				Total Agency Funds
	Registry of Probate	Registry of Deeds	Inmate Fund	Restitution Fund	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,292	\$ 243,898	\$ 23,021	\$ -	\$ 273,211
Accounts receivable	-	1,741	-	84,436	86,177
<b>TOTAL ASSETS</b>	<u>\$ 6,292</u>	<u>\$ 245,639</u>	<u>\$ 23,021</u>	<u>\$ 84,436</u>	<u>\$ 359,388</u>
<b>LIABILITIES</b>					
Prepaid	\$ -	\$ 1,201	\$ -	\$ -	\$ 1,201
Due to governmental entities	6,292	244,438	-	43,557	294,287
Deposits held for benefit of others	-	-	23,021	40,879	63,900
<b>TOTAL LIABILITIES</b>	<u>\$ 6,292</u>	<u>\$ 245,639</u>	<u>\$ 23,021</u>	<u>\$ 84,436</u>	<u>\$ 359,388</u>

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

COUNTY OF SOMERSET, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The County of Somerset was incorporated under the laws of the State of Maine. The County provides the following services: general government services, sheriff, jail, telecommunications, deeds, probate, courts and other.

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, 2017, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

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

Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*". The objective of the Statement is to improve the disclosure of information about benefits other than pensions (other postemployment benefits or OPEB) included in financial statements of state and local governments. This Statement will improve financial reporting through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet specified criteria. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 77, "*Tax Abatement Disclosures*". The objective of the Statement is to improve disclosure of information about the nature and magnitude of tax abatements, making these transactions more transparent to financial statement users.

COUNTY OF SOMERSET, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As such, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 80, "*Blending Requirements for Certain Component Units*". The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. 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 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. 82, "*Pension Issues*". The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy

COUNTY OF SOMERSET, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

employee (plan member) contribution requirements. 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 governmental. The County categorizes all activities as governmental.

In the government-wide Statement of Net Position, the governmental activities columns are (a) presented on a consolidated basis by column, and (b) are 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 are 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 (general government services, courts, jail, sheriff, etc.). The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

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

The County does not allocate indirect costs with the exception of information technology costs that are allocated from the general fund to the jail. All other 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.

COUNTY OF SOMERSET, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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 balances, 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 Somerset County Jail.

Nonmajor funds:

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities, equipment and or vehicles other than those financed by proprietary or trust funds.

COUNTY OF SOMERSET, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 is 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 are not incorporated into the government-wide financial statements.

The emphasis in fund financial statements is on the major funds in governmental activities categories. 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.

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.

COUNTY OF SOMERSET, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 annual budget is the financial plan for the operation of the County of Somerset, Maine for the ensuing annual period. The budget process provides for a professional management approach to the establishment of priorities and implementation of work programs while providing an orderly means for control and evaluation of the financial posture of the government.

The County Commissioners submit itemized financial estimates in the form of a budget to the budget committee no later than sixty days before the end of the County's fiscal year. The budget committee reviews the itemized estimated budget prepared by the County Commissioners, together with any supplementary material prepared by the head of each County department or provided by an independent board or institution or another governmental agency.

The budget committee prepares a proposed budget and may increase, decrease or alter the estimated budget based on certain guidelines or restrictions. The budget committee holds a public hearing in the County on the proposed budget before the end of the County's fiscal year and before the final adoption of the budget.

After the public hearing is completed, the budget committee adopts a final budget and transmits that budget to the County Commissioners. The County Commissioners may not further increase, decrease, alter or revise the budget adopted by the budget committee, except by unanimous vote of the County Commissioners. If the adopted budget is changed by the County Commissioners, the budget committee may reject that change by a 2/3 vote of its membership. Those actions are final and are not subject to further action by either the County Commissioners or the budget committee.

An annual budget is adopted for the general fund and jail fund. No budgets are officially adopted for the special revenue funds, although budgets are generally prepared as part of the oversight procedures in regards to these funds.

**Deposits and Investments**

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

COUNTY OF SOMERSET, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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
- Money market mutual funds

The County of Somerset's investment policy does not conflict with the State of Maine Statutes. The policy is comprehensive and is applicable to all County funds.

**Prepaid Items**

Certain insurance and other payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**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 both Governmental and Proprietary Funds (if applicable).

**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 \$410,555 for the year ended June 30, 2017. The allowance for uncollectible amounts is estimated to be \$0 as of June 30, 2017.

COUNTY OF SOMERSET, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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. Infrastructure such as streets, traffic signals, and signs 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.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the County. The County has not retroactively recorded infrastructure.

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 and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of bonds 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. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

COUNTY OF SOMERSET, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Compensated Absences**

In accordance with GASB Statement No. 16 Accounting for Compensated Absences, vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the County will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the foreseeable future.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by contract and/or statute, plus any applicable additional salary related payments.

As of June 30, 2017, the liability for any unpaid compensated absences was \$444,155. The County has a special account created to account for compensated absence payments that need to be paid out in any given year. Any amounts needed to replenish this fund are voted on accordingly. However, as of June 30, 2017, the balance in that fund was only \$69,711.

**Pensions**

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

**Net Position**

Net position represents the difference between 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,

COUNTY OF SOMERSET, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Balances**

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. The inhabitants of the County through County meetings are the highest level of decision-making authority of the County. Commitments may be established, modified, or rescinded only through a County meeting vote.

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

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds,

COUNTY OF SOMERSET, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 two types of items, deferred amortization of bond refunding and deferred outflows related to pensions. These items are reported in the statement of net position.

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 two types of items, deferred tax revenues and deferred revenues - loans, which arise only under a modified accrual basis of accounting that qualify for reporting in this category. Accordingly, these items are reported in the governmental funds balance sheet. Prepaid taxes and deferred grant revenue also qualify for reporting in this category. These items are reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions qualify for reporting in this category as well. This item is reported only in 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 one installment due on September 1, 2016. All property taxes were collected prior to June 30, 2017.

**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 SOMERSET, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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

The County's investment policies, which follow state statutes, 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. These investment policies apply to all County funds. The County's investment policy further restricts the investment of funds to the following:

**Permitted Asset Classes and Allocation Range:**

Fixed-Income	70% to 100%
Cash Equivalents	1% to 30%
Equities	0%

**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, 2017, the County's cash and cash equivalents amounting to \$4,587,082 were comprised of bank deposits of \$4,681,302. Of these bank deposits, \$250,000 were insured by federal depository insurance and consequently not exposed to custodial credit risk and \$4,431,302 were collateralized with securities held by the financial institution in the County's name.

COUNTY OF SOMERSET, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 38,412
Repurchase agreements	4,606,468
Savings accounts	36,422
	<u>\$ 4,681,302</u>

**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, 2017, the County had \$0 of investments.

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. Generally, the County invests excess funds in repurchase agreements and savings accounts.

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The County will mitigate interest rate risk through structuring investment maturities such that the County's cash demands for on-going operations will be met from cash flows of maturing securities and therefore will preclude the premature sale of securities to meet those needs.

COUNTY OF SOMERSET, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2017 consisted of the following individual fund receivables and payables.

	<u>Receivables (Due from)</u>	<u>Payables (Due to)</u>
Major funds:		
General fund	\$ 1,903	\$ 1,145,412
Jail fund	609,202	-
Nonmajor funds:		
Special revenue funds	245,169	30,325
Capital projects funds	319,463	-
	<u>\$ 1,175,737</u>	<u>\$ 1,175,737</u>

COUNTY OF SOMERSET, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2017:

	Balance, 7/1/16	Additions	Disposals	Balance, 6/30/17
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 579,200	\$ -	\$ -	\$ 579,200
Totals	<u>579,200</u>	<u>-</u>	<u>-</u>	<u>579,200</u>
Depreciated assets:				
Buildings and improvements	30,833,560	-	-	30,833,560
Furniture and fixtures	486,485	-	-	486,485
Machinery and equipment	3,860,562	216,075	-	4,076,637
Vehicles	1,326,839	223,734	(77,960)	1,472,613
Infrastructure	306,990	-	-	306,990
	<u>36,814,436</u>	<u>439,809</u>	<u>(77,960)</u>	<u>37,176,285</u>
Less accumulated depreciation	<u>(9,730,727)</u>	<u>(1,277,487)</u>	<u>61,250</u>	<u>(10,946,964)</u>
	<u>27,083,709</u>	<u>(837,678)</u>	<u>(16,710)</u>	<u>26,229,321</u>
Net capital assets	<u>\$ 27,662,909</u>	<u>\$ (837,678)</u>	<u>\$ (16,710)</u>	<u>\$ 26,808,521</u>
<u>Current year depreciation</u>				
County Jail				\$ 822,748
Courthouse				16,006
Emergency Management				86,738
Registry of Deeds				6,878
Sheriff Department				225,888
Telecommunications				26,346
County-wide				92,883
Total depreciation expense				<u>\$ 1,277,487</u>

COUNTY OF SOMERSET, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2017:

	Balance, 7/1/16	Additions	Deletions	Balance, 6/30/17	Current Year Portion
Bonds payable	\$ 17,490,000	\$ -	\$ (1,515,000)	\$ 15,975,000	\$ 1,515,000
Accrued compensated absences	483,249	-	(39,094)	444,155	444,155
Net pension liability	1,544,419	1,438,291	-	2,982,710	237,826
Total	<u>\$ 19,517,668</u>	<u>\$ 1,438,291</u>	<u>\$ (1,554,094)</u>	<u>\$ 19,401,865</u>	<u>\$ 2,196,981</u>

The following is a summary of outstanding bonds payable:

\$25,000,000 Bond dated June 1, 2007 for the construction of the new jail facility. Interest varies from 4.25% to 4.75%. Annual principal payments of \$1,250,000 are due until 2027. Interest started in 2006 and also goes to 2027. This bond was refinanced in 2015 with a new maturity date of 2018.	\$ 1,250,000
\$5,000,000 Bond dated May 15, 2008 for the construction of the new jail facility. Interest varies from 3.0% to 4.1%. Annual principal payments of \$265,000 are due until 2027. Interest started in 2008 and also goes to 2027. This bond was refinanced in 2015 with a new maturity date of 2018.	265,000
\$14,460,000 Bond dated May 13, 2015 for the refinancing of the existing bonds. Interest varies from 3.00% to 5.00%. Annual principal payments varying from \$1,430,000 to \$1,485,000 beginning in November of 2018 and are due until November 2027. Interest started in 2015 and also goes to 2027.	<u>14,460,000</u>
	<u>\$ 15,975,000</u>

COUNTY OF SOMERSET, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a summary of outstanding bond principal and interest requirements for the following fiscal years ending June 30:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 1,515,000	\$ 668,078	\$ 2,183,078
2019	1,485,000	612,875	2,097,875
2020	1,470,000	561,200	2,031,200
2021	1,465,000	502,500	1,967,500
2022	1,450,000	444,200	1,894,200
2023-2027	7,155,000	1,246,475	8,401,475
2028-2032	1,435,000	35,875	1,470,875
	<u>\$ 15,975,000</u>	<u>\$ 4,071,203</u>	<u>\$ 20,046,203</u>

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense for the year ended June 30, 2017 was \$733,769.

NOTE 6 - NONSPENDABLE FUND BALANCES

At June 30, 2017, the County had the following nonspendable fund balances:

General fund - prepaid items	<u>\$ 456</u>
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NOTE 7 - RESTRICTED FUND BALANCES

At June 30, 2017, the County had the following restricted fund balances:

General fund - contingency	\$ 100,000
Jail fund - future years' expenditures	599,149
Nonmajor special revenue funds (Schedule C)	<u>413,100</u>
	<u>\$ 1,112,249</u>

COUNTY OF SOMERSET, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 8 - COMMITTED FUND BALANCES

At June 30, 2017, the County had the following committed fund balances:

Nonmajor special revenue funds (Schedule C)	\$	319,613
Nonmajor capital project funds (Schedule E)		18,324
	\$	<u>337,937</u>

NOTE 9 - ASSIGNED FUND BALANCES

At June 30, 2017, the County had the following assigned fund balances:

General fund - debt service	\$	530,648
General fund - County share		114,141
General fund - UT patrol		18,256
Nonmajor special revenue funds (Schedule C)		166,394
	\$	<u>829,439</u>

NOTE 10 - 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](http://www.maineopers.org) or by contacting the System at (800) 451-9800.

**Benefits Provided**

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon

COUNTY OF SOMERSET, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions.

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

**Contributions**

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The County's plan members are required to contribute 8.0% of their annual covered salary and the County is required to contribute at an actuarially determined rate. The current rate is 9.5% of covered payroll. The contribution rates of plan members and the County are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The County's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2017 was \$329,980.

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

At June 30, 2017, the County reported a liability of \$2,982,710 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2016, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The County's proportion of the net pension liabilities were based on a projection of the County's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2016, the County's proportion was 0.561366%, which was an increase of 0.077293% from its proportion measured as of June 30, 2015.

COUNTY OF SOMERSET, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended June 30, 2017, the County recognized total net pension expense of \$9,360. At June 30, 2017, 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	\$ 36,158	\$ 191,844
Changes of assumptions	319,754	-
Net difference between projected and actual earnings on pension plan investments	1,102,208	458,725
Changes in proportion and differences between contributions and proportionate share of contributions	220,298	2,761
Contributions subsequent to the measurement date	<u>329,980</u>	<u>-</u>
Total	<u>\$ 2,008,398</u>	<u>\$ 653,330</u>

\$329,980 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, 2018. 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
Year ended June 30:	
2017	\$ 237,826
2018	181,305
2019	434,049
2020	171,907
2021	-
Thereafter	-

COUNTY OF SOMERSET, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 10 - 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, 2016, using the following methods and assumptions applied to all periods included in the measurement:

*Actuarial Cost Method*

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

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

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

*Asset Valuation Method*

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

*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, 2016 are as follows:

*Investment Rate of Return* - For the PLD Plan, 6.875% per annum, compounded annually; 7.125% was used for the period ended June 30, 2015.

COUNTY OF SOMERSET, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Actuarial Methods and Assumptions (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%; 2.55% was used for the period ended June 30, 2015.

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

Asset Class	PLD Plan	
	Target Allocation	Long-term Expected Real Rate of Return
US equities	20%	5.7%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real assets:		
Real estate	10%	5.2%
Infrastructure	10%	5.3%
Hard assets	5%	5.0%
Fixed income	25%	2.9%

COUNTY OF SOMERSET, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Actuarial Methods and Assumptions (Continued)**

*Discount Rate*

The discount rate used to measure the collective total pension liability was 6.875% for 2016. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability/(asset) as of June 30, 2016 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 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	\$ 4,950,761	\$ 2,982,710	\$ 1,129,860

**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, 2016 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, 2016 with the following exceptions.

*Differences between Expected and Actual Experience*

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized

COUNTY OF SOMERSET, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Changes in Net Pension Liability (Continued)**

as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For 2016, this was 4 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.

*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, 2016 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. 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.

COUNTY OF SOMERSET, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**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.mainebers.org](http://www.mainebers.org) or by contacting the System at (207) 512-3100.

NOTE 11 - DEFERRED COMPENSATION PLAN

**Plan Description**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457 through the Variable Annuity Life Insurance Company (VALIC), ING or other qualified plan. The plan is available to County employees as part of a collective bargaining agreement and/or County policy. The plan, available to all full-time employees, permits them to defer a portion of their salary, in addition to County contributions, until future years. Benefits begin vesting at the beginning of service. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency. The plan has provisions for employees to borrow or take plan assets.

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.

It is the opinion of the County's management that the County has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

**Funding Policy**

The contribution requirements of plan members and the County are established and may be amended by the Board of Commissioners. Effective January 1, 1994, employees who are not enrolled in the Maine Public Employees Retirement System (Maine PERS) shall at their discretion have a percentage of their annual base wage deposited into a 457 deferred compensation retirement plan through VALIC, ING or other qualified plan provider of comparable financial strength and on equal or better terms mutually acceptable to the union and the County.

COUNTY OF SOMERSET, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 11 - DEFERRED COMPENSATION PLAN (CONTINUED)

All employees who continue to participate in the Maine PERS, may participate in the 457 deferred compensation retirement plan on their own behalf according to the terms and conditions of the plan. The County shall not be required to match the amount equal to its cost toward the 457 plan. All employees must be employed for at least six (6) months before being eligible to participate in the 457 deferred compensation plan. Employees shall receive notice from the employer of the eligibility date and shall be responsible for their initial enrollment. If the employee does not enroll in the 457 plan within thirty (30) days after their date of eligibility, then the County shall not make the contributions retroactive back to the original date of hire.

Based on the collective bargaining agreement, the maximum contribution provided the County may range between six and one half percent (6.5%) and seven and one half percent (7.5%) excluding any overtime. The County's payroll for employees covered by this program was approximately \$2,179,378 for the year ended June 30, 2017. The County's contribution to the plan for the years ended June 30, 2017 and 2016 were \$159,646 and \$183,197, respectively.

NOTE 12 - EXPENDITURES OVER APPROPRIATIONS

The following expenditures exceeded appropriations at June 30, 2017:

County Commissioners	\$	7,900
County Buildings		8,269
	\$	<u>16,169</u>

NOTE 13 - RISK MANAGEMENT

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

COUNTY OF SOMERSET, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 14 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. In regards to the County's litigation with the State of Maine Board of Corrections, it is not possible to predict any financial impact at this time. The County has taken steps to minimize any such financial impact.

The County participates in a risk pool for its insurances. The County may be liable for any unfunded liability resulting from participation in this risk pool. Any amount of unfunded liability is not determined at this time.

The County participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the County's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

NOTE 15 - JAIL OPERATIONS

During its 2007 Fiscal Year, the State of Maine enacted legislation known as LD 2080 "An Act to Better Coordinate and Reduce the Cost of the delivery of State and County Correctional Services", located in Public Laws 2007, Chapter 653. This Act has in essence capped what Counties can assess their municipalities for taxes to fund their corrections budgets, and will also establish the annual growth limitations for future corrections expenditures. A Board of Overseers at the State of Maine has been appointed to supervise county correction operations.

The Act has raised many accounting and auditing issues regarding both financial and budgetary reporting. It is the position of the County that it has addressed, to the best of its ability, these issues in its 2017 county and jail annual audit. At the present time issues such as the funding of accrued benefits; ownership and maintenance of correction assets; external funding of certain corrections operations; corrections capital/reserve funding and ownership; and the treatment of net asset balances (deficits) have not been specifically addressed in this Act. However, we have included a liability and offsetting receivable from the State of Maine for accrued compensated absences that are expected to be paid by the State. If the State decides not to cover these amounts, the jail will be liable for them. Any financial and/or other impact on the County and the Jail Department cannot be determined at the time of the issuance of this report.

COUNTY OF SOMERSET, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 16 - OTHER POSTEMPLOYMENT BENEFITS

Based on contracts that are currently in place at the County of Somerset, the County feels there is no or minimal financial obligation at the County level to provide current employees or retired employees with any other postemployment benefits.

NOTE 17 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the County's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

### Required Supplementary Information

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

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

## COUNTY OF SOMERSET, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1	\$ 2,226,150	\$ 2,226,150	\$ 2,226,150	\$ -
Resources (inflows):				
Taxes - municipalities	7,477,193	7,477,193	7,477,193	-
Intergovernmental:				
Emergency management agency	89,767	89,767	106,578	16,811
	89,767	89,767	106,578	16,811
Charges for services / fees:				
Register of deeds	460,000	460,000	478,475	18,475
Register of probate	50,000	50,000	68,248	18,248
District attorney	23,000	23,000	28,900	5,900
Court security contract	165,576	165,576	151,288	(14,288)
PSAP	144,834	144,834	144,685	(149)
Tech services	282,331	282,331	274,629	(7,702)
Sheriff	964,461	937,446	892,288	(45,158)
	2,090,202	2,063,187	2,038,513	(24,674)
Other revenues:				
Interest on investments	8,500	8,500	44,558	36,058
Miscellaneous	52,000	52,000	76,831	24,831
	60,500	60,500	121,389	60,889
Transfers in	-	14,918	29,451	14,533
Amounts available for appropriation	11,943,812	11,931,715	11,999,274	67,559

SCHEDULE 1 (CONTINUED)  
COUNTY OF SOMERSET, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Charges to appropriations (outflows):				
Court security	168,478	168,478	139,939	28,539
Emergency management agency	179,535	179,535	169,823	9,712
District attorney	422,544	422,544	409,521	13,023
County Commissioners	300,953	300,953	308,853	(7,900)
Human resources	22,000	22,000	19,500	2,500
Finance/treasurer	247,488	247,488	215,478	32,010
County buildings	154,476	154,476	162,745	(8,269)
Telecommunications	1,334,691	1,334,691	1,271,169	63,522
Register of deeds	245,593	245,593	227,299	18,294
Technical services	660,328	660,328	639,616	20,712
Sheriff	2,824,254	2,876,740	2,600,490	276,250
Register of probate	278,345	278,345	274,820	3,525
Donations/other	147,120	147,120	147,120	-
Debt service:				
Principal	1,515,000	1,515,000	1,515,000	-
Interest	734,193	1,264,416	733,769	530,647
Overlay/other	122,182	122,182	-	122,182
Transfers to other funds	355,481	355,481	355,481	-
Total charges to appropriations	<u>9,712,661</u>	<u>10,295,370</u>	<u>9,190,623</u>	<u>1,104,747</u>
Budgetary fund balance, June 30	<u>\$ 2,231,151</u>	<u>\$ 1,636,345</u>	<u>\$ 2,808,651</u>	<u>\$ 1,172,306</u>
Utilization of unassigned fund balance	<u>\$ -</u>	<u>\$ 594,806</u>	<u>\$ -</u>	<u>\$ (594,806)</u>

See accompanying independent auditor's report and notes to financial statements.

COUNTY OF SOMERSET, MAINE

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan:</u>				
Proportion of the net pension liability (asset)	0.56%	0.48%	0.48%	0.46%
Proportionate share of the net pension liability (asset)	\$ 2,982,710	\$ 1,544,419	\$ 743,794	\$ 1,408,532
Covered-employee payroll	\$ 1,877,423	\$ 2,555,661	\$ 2,510,362	\$ 2,091,962
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	158.87%	60.43%	29.63%	67.33%
Plan fiduciary net position as a percentage of the total pension liability	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 auditor's report and notes to financial statements.

COUNTY OF SOMERSET, MAINE

SCHEDULE OF CONTRIBUTIONS  
LAST 10 FISCAL YEARS\*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan:</u>				
Contractually required contribution	\$ 329,980	\$ 167,224	\$ 199,000	\$ 163,173
Contributions in relation to the contractually required contribution	<u>(329,980)</u>	<u>(167,224)</u>	<u>(199,000)</u>	<u>(163,173)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 3,471,670	\$ 1,877,423	\$ 2,555,661	\$ 2,510,362
Contributions as a percentage of covered-employee payroll	9.50%	8.91%	7.79%	6.50%

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

See accompanying independent auditor's report and notes to financial statements.

COUNTY OF SOMERSET, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2017

**Changes of Assumptions**

There was a change in the investment rate of return assumption this year from 7.125% to 6.875%. Annual salary increases, including inflation, changed from 3.50% - 9.50% to 2.75% - 9.00%, for the PLD Consolidated Plan. There was also a change in the cost of living benefit increase from 2.55% to 2.20%. Finally, the mortality rates for active members, nondisabled retirees and recipients of disability benefits, were determined using the RP2014 Total Dataset Healthy Annuitant Mortality Table and the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, compared to the RP2000 Tables projected forward and the Revenue Ruling 96-7 Disabled Mortality Table used in the prior year.

## 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.

- 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
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

COUNTY OF SOMERSET, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2017

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 325,423	\$ -	\$ 325,423
Accounts receivable (net of allowance for uncollectibles)	54,080	150	54,230
Due from other funds	245,169	319,463	564,632
<b>TOTAL ASSETS</b>	<u>\$ 624,672</u>	<u>\$ 319,613</u>	<u>\$ 944,285</u>
<b>LIABILITIES</b>			
Accrued payroll	\$ 190	\$ -	\$ 190
Due to other funds	30,325	-	30,325
<b>TOTAL LIABILITIES</b>	<u>30,515</u>	<u>-</u>	<u>30,515</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	413,100	-	413,100
Committed	18,324	319,613	337,937
Assigned	166,394	-	166,394
Unassigned	(3,661)	-	(3,661)
<b>TOTAL FUND BALANCES</b>	<u>594,157</u>	<u>319,613</u>	<u>913,770</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 624,672</u>	<u>\$ 319,613</u>	<u>\$ 944,285</u>

See accompanying independent auditor's report and notes to financial statements.

SCHEDULE B

COUNTY OF SOMERSET, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Charges for services	\$ 55,724	\$ -	\$ 55,724
Intergovernmental revenues	116,155	-	116,155
Other	112,827	6,000	118,827
<b>TOTAL REVENUES</b>	<b>284,706</b>	<b>6,000</b>	<b>290,706</b>
<b>EXPENDITURES</b>			
Sheriff	102,402	-	102,402
Jail	80,103	-	80,103
Other	53,847	-	53,847
Capital outlay	-	347,859	347,859
<b>TOTAL EXPENDITURES</b>	<b>236,352</b>	<b>347,859</b>	<b>584,211</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>48,354</b>	<b>(341,859)</b>	<b>(293,505)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	51,752	367,891	419,643
Transfers (out)	(34,553)	(26,970)	(61,523)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>17,199</b>	<b>340,921</b>	<b>358,120</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>65,553</b>	<b>(938)</b>	<b>64,615</b>
<b>FUND BALANCES - JULY 1</b>	<b>528,604</b>	<b>320,551</b>	<b>849,155</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 594,157</b>	<b>\$ 319,613</b>	<b>\$ 913,770</b>

See accompanying independent auditor's 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 expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

COUNTY OF SOMERSET, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2017

	Probate Surcharge 200	Deeds Surcharge 204	Legal Reserve 205	Accrued Comp 208	Education Reserve 210	Blu Tag Tracking Program 211	Salary Adjust 212
<b>ASSETS</b>							
Cash and cash equivalents	\$ 31,987	\$ 288,721	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	290	2,832	-	-	-	469	-
Due from other funds	-	4,715	1,586	69,711	2,586	13,106	-
<b>TOTAL ASSETS</b>	<b>\$ 32,277</b>	<b>\$ 296,268</b>	<b>\$ 1,586</b>	<b>\$ 69,711</b>	<b>\$ 2,586</b>	<b>\$ 13,575</b>	<b>\$ -</b>
<b>LIABILITIES</b>							
Accrued payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	1,903	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>1,903</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	30,374	296,268	-	-	-	-	-
Committed	-	-	1,586	-	2,586	13,575	-
Assigned	-	-	-	69,711	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>30,374</b>	<b>296,268</b>	<b>1,586</b>	<b>69,711</b>	<b>2,586</b>	<b>13,575</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 32,277</b>	<b>\$ 296,268</b>	<b>\$ 1,586</b>	<b>\$ 69,711</b>	<b>\$ 2,586</b>	<b>\$ 13,575</b>	<b>\$ -</b>

COUNTY OF SOMERSET, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	Federal Incentive 215	Inmate Welfare 222	Alternative Sentencing Program	Skowhegan Fair 258	Stone- garden 266	ATV Spec Detail 269
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	12,262	225	-	4,650	1,458
Due from other funds	2,261	27,528	3,150	8,844	6,022	450
<b>TOTAL ASSETS</b>	<b>\$ 2,261</b>	<b>\$ 39,790</b>	<b>\$ 3,375</b>	<b>\$ 8,844</b>	<b>\$ 10,672</b>	<b>\$ 1,908</b>
<b>LIABILITIES</b>						
Accrued payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	2,261	39,790	3,375	8,844	10,672	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	1,908
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>2,261</b>	<b>39,790</b>	<b>3,375</b>	<b>8,844</b>	<b>10,672</b>	<b>1,908</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 2,261</b>	<b>\$ 39,790</b>	<b>\$ 3,375</b>	<b>\$ 8,844</b>	<b>\$ 10,672</b>	<b>\$ 1,908</b>

COUNTY OF SOMERSET, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	Fees for Service 271	Federal Drug 272	Sheriff Drug 273	Vending Machine 298	MCCA Claims 299	District Attorney 320
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Due from other funds	577	1,806	31,001	243	1,004	-
<b>TOTAL ASSETS</b>	<u>\$ 577</u>	<u>\$ 1,806</u>	<u>\$ 31,001</u>	<u>\$ 243</u>	<u>\$ 1,004</u>	<u>\$ -</u>
<b>LIABILITIES</b>						
Accrued payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	243	-	-
Committed	577	-	-	-	-	-
Assigned	-	1,806	31,001	-	1,004	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>577</u>	<u>1,806</u>	<u>31,001</u>	<u>243</u>	<u>1,004</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 577</u>	<u>\$ 1,806</u>	<u>\$ 31,001</u>	<u>\$ 243</u>	<u>\$ 1,004</u>	<u>\$ -</u>

COUNTY OF SOMERSET, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	Sheriff Pro Svc. Exp. 325	MEMA Redund 803	Pandemic Flu 805	Distracted Driver Grant	Citz Corp Council 808	EMA Certif. 809
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	4,147	-	-
Due from other funds	19,720	540	1,489	-	3,478	36
<b>TOTAL ASSETS</b>	<u>\$ 19,720</u>	<u>\$ 540</u>	<u>\$ 1,489</u>	<u>\$ 4,147</u>	<u>\$ 3,478</u>	<u>\$ 36</u>
<b>LIABILITIES</b>						
Accrued payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	4,107	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,107</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	3,478	36
Committed	-	-	-	-	-	-
Assigned	19,720	540	1,489	40	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>19,720</u>	<u>540</u>	<u>1,489</u>	<u>40</u>	<u>3,478</u>	<u>36</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 19,720</u>	<u>\$ 540</u>	<u>\$ 1,489</u>	<u>\$ 4,147</u>	<u>\$ 3,478</u>	<u>\$ 36</u>

COUNTY OF SOMERSET, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	County Certif 812	LEPC 818	LEPC Awareness 822	Homeland Security 827	Inmate Garden	EMA Exercise 830
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 4,715	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	9,096	-
Due from other funds	283	28	750	1,318	-	513
<b>TOTAL ASSETS</b>	<u>\$ 283</u>	<u>\$ 4,743</u>	<u>\$ 750</u>	<u>\$ 1,318</u>	<u>\$ 9,096</u>	<u>\$ 513</u>
<b>LIABILITIES</b>						
Accrued payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	8,469	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,469</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	283	4,743	-	1,318	627	513
Committed	-	-	-	-	-	-
Assigned	-	-	750	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>283</u>	<u>4,743</u>	<u>750</u>	<u>1,318</u>	<u>627</u>	<u>513</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 283</u>	<u>\$ 4,743</u>	<u>\$ 750</u>	<u>\$ 1,318</u>	<u>\$ 9,096</u>	<u>\$ 513</u>

COUNTY OF SOMERSET, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2017

	HSGP Planner 831	Homeland Security 2015 833	EMPG 834	Prime For Life	Hazard Mitigation Grant	MMA Safety 845	OUI Grant 860
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	3,000	-	-	2,756
Due from other funds	-	32	18,156	-	-	20,237	-
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 32</b>	<b>\$ 18,156</b>	<b>\$ 3,000</b>	<b>\$ -</b>	<b>\$ 20,237</b>	<b>\$ 2,756</b>
<b>LIABILITIES</b>							
Accrued payroll	\$ -	\$ -	\$ -	\$ 190	\$ -	\$ -	\$ -
Due to other funds	110	-	-	1,533	3,551	-	986
<b>TOTAL LIABILITIES</b>	<b>110</b>	<b>-</b>	<b>-</b>	<b>1,723</b>	<b>3,551</b>	<b>-</b>	<b>986</b>
<b>FUND BALANCES (DEFICITS)</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	1,277	-	-	1,770
Committed	-	-	-	-	-	-	-
Assigned	-	32	18,156	-	-	20,237	-
Unassigned	(110)	-	-	-	(3,551)	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>(110)</b>	<b>32</b>	<b>18,156</b>	<b>1,277</b>	<b>(3,551)</b>	<b>20,237</b>	<b>1,770</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ -</b>	<b>\$ 32</b>	<b>\$ 18,156</b>	<b>\$ 3,000</b>	<b>\$ -</b>	<b>\$ 20,237</b>	<b>\$ 2,756</b>

COUNTY OF SOMERSET, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2017

	Speed Enforcement 862	Underage Drinking 865	Drug Free Community 867	COPS Fast 868	Byrne JAG Grant 870	Sheriff's Dept Grant 871	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 325,423
Accounts receivable (net of allowance for uncollectibles)	9,988	-	-	-	-	2,907	54,080
Due from other funds	-	1,661	17	2,316	4	1	245,169
<b>TOTAL ASSETS</b>	<u>\$ 9,988</u>	<u>\$ 1,661</u>	<u>\$ 17</u>	<u>\$ 2,316</u>	<u>\$ 4</u>	<u>\$ 2,908</u>	<u>\$ 624,672</u>
<b>LIABILITIES</b>							
Accrued payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 190
Due to other funds	7,955	-	-	-	-	1,711	30,325
<b>TOTAL LIABILITIES</b>	<u>7,955</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,711</u>	<u>30,515</u>
<b>FUND BALANCES (DEFICITS)</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	2,033	1,661	17	2,316	4	1,197	413,100
Committed	-	-	-	-	-	-	18,324
Assigned	-	-	-	-	-	-	166,394
Unassigned	-	-	-	-	-	-	(3,661)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>2,033</u>	<u>1,661</u>	<u>17</u>	<u>2,316</u>	<u>4</u>	<u>1,197</u>	<u>594,157</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 9,988</u>	<u>\$ 1,661</u>	<u>\$ 17</u>	<u>\$ 2,316</u>	<u>\$ 4</u>	<u>\$ 2,908</u>	<u>\$ 624,672</u>

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

COUNTY OF SOMERSET, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	Probate Surcharge 200	Deeds Surcharge 204	Legal Reserve 205	Accrued Comp 208	Education Reserve 210	Blu Tag Tracking Program 211	Salary Adjust 212
<b>REVENUES</b>							
Charges for services	\$ 3,560	\$ 28,027	\$ -	\$ -	\$ -	\$ 6,032	\$ -
Intergovernmental revenues	-	-	-	-	-	-	-
Other	18	1,912	-	-	-	-	-
<b>TOTAL REVENUES</b>	<u>3,578</u>	<u>29,939</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,032</u>	<u>-</u>
<b>EXPENDITURES</b>							
Sheriff	-	-	-	-	-	6,934	-
Jail	-	-	-	-	-	-	-
Other	135	1,608	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>135</u>	<u>1,608</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,934</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>3,443</u>	<u>28,331</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(902)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	51,752	-	-	-
Transfers (out)	-	-	-	-	-	-	(15,001)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,752</u>	<u>-</u>	<u>-</u>	<u>(15,001)</u>
<b>NET CHANGE IN FUND BALANCES</b>	3,443	28,331	-	51,752	-	(902)	(15,001)
<b>FUND BALANCES (DEFICITS) - JULY 1</b>	<u>26,931</u>	<u>267,937</u>	<u>1,586</u>	<u>17,959</u>	<u>2,586</u>	<u>14,477</u>	<u>15,001</u>
<b>FUND BALANCES (DEFICITS) - JUNE 30</b>	<u>\$ 30,374</u>	<u>\$ 296,268</u>	<u>\$ 1,586</u>	<u>\$ 69,711</u>	<u>\$ 2,586</u>	<u>\$ 13,575</u>	<u>\$ -</u>

## COUNTY OF SOMERSET, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	Federal Incentive 215	Inmate Welfare 222	Alternative Sentencing Program	Skowhegan Fair 258	Stone- garden 266	ATV Spec Detail 269
<b>REVENUES</b>						
Charges for services	\$ -	\$ -	\$ -	\$ 16,774	\$ -	\$ -
Intergovernmental revenues	-	-	-	-	21,784	3,234
Other	-	70,049	3,375	-	-	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>70,049</b>	<b>3,375</b>	<b>16,774</b>	<b>21,784</b>	<b>3,234</b>
<b>EXPENDITURES</b>						
Sheriff	-	-	-	18,745	11,874	2,840
Jail	-	79,695	-	-	-	-
Other	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>79,695</b>	<b>-</b>	<b>18,745</b>	<b>11,874</b>	<b>2,840</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>(9,646)</b>	<b>3,375</b>	<b>(1,971)</b>	<b>9,910</b>	<b>394</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>(9,646)</b>	<b>3,375</b>	<b>(1,971)</b>	<b>9,910</b>	<b>394</b>
<b>FUND BALANCES (DEFICITS) - JULY 1</b>	<b>2,261</b>	<b>49,436</b>	<b>-</b>	<b>10,815</b>	<b>762</b>	<b>1,514</b>
<b>FUND BALANCES (DEFICITS) - JUNE 30</b>	<b>\$ 2,261</b>	<b>\$ 39,790</b>	<b>\$ 3,375</b>	<b>\$ 8,844</b>	<b>\$ 10,672</b>	<b>\$ 1,908</b>

COUNTY OF SOMERSET, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	Fees for Service 271	Federal Drug 272	Sheriff Drug 273	Vending Machine 298	MCCA Claims 299	District Attorney 320
<b>REVENUES</b>						
Charges for services	\$ 1,331	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-	-	-
Other	-	-	36,741	-	-	-
<b>TOTAL REVENUES</b>	<u>1,331</u>	<u>-</u>	<u>36,741</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>						
Sheriff	2,094	113	15,813	-	-	-
Jail	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>2,094</u>	<u>113</u>	<u>15,813</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(763)</u>	<u>(113)</u>	<u>20,928</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	(2,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,000)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(763)	(113)	20,928	-	-	(2,000)
<b>FUND BALANCES (DEFICITS) - JULY 1</b>	<u>1,340</u>	<u>1,919</u>	<u>10,073</u>	<u>243</u>	<u>1,004</u>	<u>2,000</u>
<b>FUND BALANCES (DEFICITS) - JUNE 30</b>	<u>\$ 577</u>	<u>\$ 1,806</u>	<u>\$ 31,001</u>	<u>\$ 243</u>	<u>\$ 1,004</u>	<u>\$ -</u>

COUNTY OF SOMERSET, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	Sheriff Pro Svc. Exp. 325	MEMA Redund 803	Pandemic Flu 805	Distracted Driver Grant	Citz Corp Council 808	EMA Certif. 809
REVENUES						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	129	4,825	-	-
Other	-	-	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>129</u>	<u>4,825</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Sheriff	-	-	-	4,785	-	-
Jail	-	-	-	-	-	-
Other	-	-	1,270	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>1,270</u>	<u>4,785</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(1,141)</u>	<u>40</u>	<u>-</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	-	-	(1,141)	40	-	-
FUND BALANCES (DEFICITS) - JULY 1	<u>19,720</u>	<u>540</u>	<u>2,630</u>	<u>-</u>	<u>3,478</u>	<u>36</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 19,720</u>	<u>\$ 540</u>	<u>\$ 1,489</u>	<u>\$ 40</u>	<u>\$ 3,478</u>	<u>\$ 36</u>

## COUNTY OF SOMERSET, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	County Certif 812	LEPC 818	LEPC Awareness 822	Homeland Security 827	Inmate Garden	EMA Exercise 830
REVENUES						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	233	-	4,095	18,668	1,035	-
Other	-	2	-	-	-	-
TOTAL REVENUES	<u>233</u>	<u>2</u>	<u>4,095</u>	<u>18,668</u>	<u>1,035</u>	<u>-</u>
EXPENDITURES						
Sheriff	-	-	-	-	-	-
Jail	-	-	-	-	408	-
Other	233	17	4,095	18,668	-	-
TOTAL EXPENDITURES	<u>233</u>	<u>17</u>	<u>4,095</u>	<u>18,668</u>	<u>408</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(15)</u>	<u>-</u>	<u>-</u>	<u>627</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	-	(15)	-	-	627	-
FUND BALANCES (DEFICITS) - JULY 1	<u>283</u>	<u>4,758</u>	<u>750</u>	<u>1,318</u>	<u>-</u>	<u>513</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 283</u>	<u>\$ 4,743</u>	<u>\$ 750</u>	<u>\$ 1,318</u>	<u>\$ 627</u>	<u>\$ 513</u>

## COUNTY OF SOMERSET, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	HSGP Planner 831	Homeland Security 2015 833	EMPG 834	Prime For Life	Hazard Mitigation Grant	MMA Safety 845	OUI Grant 860
<b>REVENUES</b>							
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	165	15,528	3,525	12,309	-	7,037	3,809
Other	-	-	-	-	-	730	-
<b>TOTAL REVENUES</b>	<b>165</b>	<b>15,528</b>	<b>3,525</b>	<b>12,309</b>	<b>-</b>	<b>7,767</b>	<b>3,809</b>
<b>EXPENDITURES</b>							
Sheriff	-	-	-	11,032	-	-	3,409
Jail	-	-	-	-	-	-	-
Other	275	15,528	276	-	3,551	8,191	-
<b>TOTAL EXPENDITURES</b>	<b>275</b>	<b>15,528</b>	<b>276</b>	<b>11,032</b>	<b>3,551</b>	<b>8,191</b>	<b>3,409</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(110)</b>	<b>-</b>	<b>3,249</b>	<b>1,277</b>	<b>(3,551)</b>	<b>(424)</b>	<b>400</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	(16,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16,000)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(110)</b>	<b>-</b>	<b>3,249</b>	<b>1,277</b>	<b>(3,551)</b>	<b>(16,424)</b>	<b>400</b>
<b>FUND BALANCES (DEFICITS) - JULY 1</b>	<b>-</b>	<b>32</b>	<b>14,907</b>	<b>-</b>	<b>-</b>	<b>36,661</b>	<b>1,370</b>
<b>FUND BALANCES (DEFICITS) - JUNE 30</b>	<b>\$ (110)</b>	<b>\$ 32</b>	<b>\$ 18,156</b>	<b>\$ 1,277</b>	<b>\$ (3,551)</b>	<b>\$ 20,237</b>	<b>\$ 1,770</b>

## COUNTY OF SOMERSET, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	Speed Enforcement 862	Underage Drinking 865	Drug Free Community 867	COPS Fast 868	Byrne JAG Grant 870	Sheriff's Dept Grant 871	Total
REVENUES							
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,724
Intergovernmental revenues	14,677	-	-	-	-	5,102	116,155
Other	-	-	-	-	-	-	112,827
TOTAL REVENUES	<u>14,677</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,102</u>	<u>284,706</u>
EXPENDITURES							
Sheriff	12,471	-	40	-	-	12,252	102,402
Jail	-	-	-	-	-	-	80,103
Other	-	-	-	-	-	-	53,847
TOTAL EXPENDITURES	<u>12,471</u>	<u>-</u>	<u>40</u>	<u>-</u>	<u>-</u>	<u>12,252</u>	<u>236,352</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,206</u>	<u>-</u>	<u>(40)</u>	<u>-</u>	<u>-</u>	<u>(7,150)</u>	<u>48,354</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	51,752
Transfers (out)	-	-	-	-	-	(1,552)	(34,553)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,552)</u>	<u>17,199</u>
NET CHANGE IN FUND BALANCES	2,206	-	(40)	-	-	(8,702)	65,553
FUND BALANCES (DEFICITS) - JULY 1	<u>(173)</u>	<u>1,661</u>	<u>57</u>	<u>2,316</u>	<u>4</u>	<u>9,899</u>	<u>528,604</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 2,033</u>	<u>\$ 1,661</u>	<u>\$ 17</u>	<u>\$ 2,316</u>	<u>\$ 4</u>	<u>\$ 1,197</u>	<u>\$ 594,157</u>

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

## Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of capital facilities, equipment or vehicles other than those financed by proprietary or trust funds.

COUNTY OF SOMERSET, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2017

	County Building 300	Sheriff Office Reserve 301	SCJ Capital 304	Technology Reserve 310	EMA Capital 315
<b>ASSETS</b>					
Accounts receivables (net of allowance for uncollectibles)	\$ -	\$ 150	\$ -	\$ -	\$ -
Due from other funds	6,325	39,718	116,295	33,337	48,092
<b>TOTAL ASSETS</b>	<u>\$ 6,325</u>	<u>\$ 39,868</u>	<u>\$ 116,295</u>	<u>\$ 33,337</u>	<u>\$ 48,092</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	6,325	39,868	116,295	33,337	48,092
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>6,325</u>	<u>39,868</u>	<u>116,295</u>	<u>33,337</u>	<u>48,092</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 6,325</u>	<u>\$ 39,868</u>	<u>\$ 116,295</u>	<u>\$ 33,337</u>	<u>\$ 48,092</u>

COUNTY OF SOMERSET, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2017

	SCJ Security 380	SCJ Building 384	SCJ Contingency 386	SCJ Vehicle 388	SCJ Computers & Software	District Attorney Vehicles	Total
<b>ASSETS</b>							
Accounts receivables (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150
Due from other funds	2,894	11,331	10,000	49,720	1,409	342	319,463
<b>TOTAL ASSETS</b>	<u>\$ 2,894</u>	<u>\$ 11,331</u>	<u>\$ 10,000</u>	<u>\$ 49,720</u>	<u>\$ 1,409</u>	<u>\$ 342</u>	<u>\$ 319,613</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	2,894	11,331	10,000	49,720	1,409	342	319,613
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>2,894</u>	<u>11,331</u>	<u>10,000</u>	<u>49,720</u>	<u>1,409</u>	<u>342</u>	<u>319,613</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 2,894</u>	<u>\$ 11,331</u>	<u>\$ 10,000</u>	<u>\$ 49,720</u>	<u>\$ 1,409</u>	<u>\$ 342</u>	<u>\$ 319,613</u>

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

COUNTY OF SOMERSET, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	County Building 300	Sheriff Office Reserve 301	SCJ Capital 304	Technology Reserve 310	EMA Capital 315
REVENUES					
Other income	\$ -	\$ 150	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>150</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Capital outlay	49,712	179,631	24,440	83,405	-
TOTAL EXPENDITURES	<u>49,712</u>	<u>179,631</u>	<u>24,440</u>	<u>83,405</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(49,712)</u>	<u>(179,481)</u>	<u>(24,440)</u>	<u>(83,405)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	31,001	202,173	4,973	104,172	-
Transfers (out)	-	-	(8,300)	(18,670)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>31,001</u>	<u>202,173</u>	<u>(3,327)</u>	<u>85,502</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(18,711)	22,692	(27,767)	2,097	-
FUND BALANCES, JULY 1	<u>25,036</u>	<u>17,176</u>	<u>144,062</u>	<u>31,240</u>	<u>48,092</u>
FUND BALANCES, JUNE 30	<u>\$ 6,325</u>	<u>\$ 39,868</u>	<u>\$ 116,295</u>	<u>\$ 33,337</u>	<u>\$ 48,092</u>

## COUNTY OF SOMERSET, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	SCJ Security 380	SCJ Building 384	SCJ Contingency 386	SCJ Vehicle 388	SCJ Computers & Software	District Attorney Vehicles	Total
REVENUES							
Other income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,850	\$ 6,000
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,850</u>	<u>6,000</u>
EXPENDITURES							
Capital outlay	-	-	-	-	91	10,580	347,859
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91</u>	<u>10,580</u>	<u>347,859</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(91)</u>	<u>(4,730)</u>	<u>(341,859)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	19,000	1,500	5,072	367,891
Transfers (out)	-	-	-	-	-	-	(26,970)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,000</u>	<u>1,500</u>	<u>5,072</u>	<u>340,921</u>
NET CHANGE IN FUND BALANCES	-	-	-	19,000	1,409	342	(938)
FUND BALANCES, JULY 1	<u>2,894</u>	<u>11,331</u>	<u>10,000</u>	<u>30,720</u>	<u>-</u>	<u>-</u>	<u>320,551</u>
FUND BALANCES, JUNE 30	<u>\$ 2,894</u>	<u>\$ 11,331</u>	<u>\$ 10,000</u>	<u>\$ 49,720</u>	<u>\$ 1,409</u>	<u>\$ 342</u>	<u>\$ 319,613</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 SOMERSET, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
JUNE 30, 2017

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures Equipment & Vehicles	Infrastructure	Total
County Commissioners	\$ -	\$ -	\$ 11,904	\$ -	\$ 11,904
County Jail	350,000	29,417,447	2,187,346	306,990	32,261,783
County Treasurer	-	-	38,084	-	38,084
Courthouse	-	469,629	52,227	-	521,856
District Attorney	-	-	33,398	-	33,398
Emergency Management	-	390,696	545,987	-	936,683
Register of Deeds	-	-	86,906	-	86,906
Sheriff	-	-	1,686,410	-	1,686,410
Telecommunications	-	-	430,890	-	430,890
County-wide	229,200	555,788	962,583	-	1,747,571
<b>Total General Capital Assets</b>	<b>579,200</b>	<b>30,833,560</b>	<b>6,035,735</b>	<b>306,990</b>	<b>37,755,485</b>
<b>Less: Accumulated Depreciation</b>	<b>-</b>	<b>(6,488,506)</b>	<b>(4,397,060)</b>	<b>(61,398)</b>	<b>(10,946,964)</b>
<b>Net General Capital Assets</b>	<b>\$ 579,200</b>	<b>\$ 24,345,054</b>	<b>\$ 1,638,675</b>	<b>\$ 245,592</b>	<b>\$ 26,808,521</b>

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

COUNTY OF SOMERSET, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED JUNE 30, 2017

	General Capital Assets 7/1/16	Additions	Deletions	General Capital Assets 6/30/17
County Commissioners	\$ 11,904	\$ -	\$ -	\$ 11,904
County Jail	32,261,783	-	-	32,261,783
County Treasurer	38,084	-	-	38,084
Courthouse	497,416	24,440	-	521,856
District Attorney	33,398	-	-	33,398
Emergency Management	936,683	-	-	936,683
Register of Deeds	86,906	-	-	86,906
Sheriff	1,561,432	202,938	(77,960)	1,686,410
Telecommunications	430,890	-	-	430,890
County-wide	<u>1,535,140</u>	<u>212,431</u>	<u>-</u>	<u>1,747,571</u>
 Total General Capital Assets	 37,393,636	 439,809	 (77,960)	 37,755,485
 Less: Accumulated Depreciation	 <u>(9,730,727)</u>	 <u>(1,277,487)</u>	 <u>61,250</u>	 <u>(10,946,964)</u>
 Net General Capital Assets	 <u>\$ 27,662,909</u>	 <u>\$ (837,678)</u>	 <u>\$ (16,710)</u>	 <u>\$ 26,808,521</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

County Commissioners  
County of Somerset  
Skowhegan, 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 Somerset, Maine as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County of Somerset, Maine's basic financial statements, and have issued our report thereon dated August 31, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Somerset, 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 Somerset, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Somerset, 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 Somerset, 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  
August 31, 2017