

Audited Financial Statements and
Other Supplemental Information

County of York, Maine

June 30, 2016



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COUNTY OF YORK, MAINE

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JUNE 30, 2016

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INDEPENDENT AUDITORS' REPORT

County Commissioners
County of York
Alfred, 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 York, Maine, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County of York, 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.

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

Opinion

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 York, Maine as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in 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 46 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The Schedule of Departmental Operations – General Fund and combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United

States of America. In our opinion, the Schedule of Departmental Operations – General Fund and combining and individual nonmajor fund financial statements 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 October 28, 2016 on our consideration of County of York, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of York, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
October 28, 2016

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

(UNAUDITED)

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

Financial Statement Overview

The County of York'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 pension information, 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 York is:

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

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 York, 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 York are categorized as one fund type: governmental 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 York presents four 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, jail fund and deeds preservation fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund and the 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 for the general fund and the actual expenditures for the current year.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Fiduciary Net Position – Fiduciary Funds.

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 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 \$1,450,275 from \$13,639,794 to \$15,090,069.

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 \$1,118,941 at the end of this year.

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

	<u>2016</u>	<u>2015</u>
Assets:		
Current Assets	\$ 8,761,011	\$ 9,626,923
Capital Assets	19,248,694	19,027,529
Total Assets	<u>28,009,705</u>	<u>28,654,452</u>
Deferred Outflows of Resources:		
Deferred Amount on Pensions	1,960,822	206,073
Total Deferred Outflows of Resources	<u>1,960,822</u>	<u>206,073</u>
Liabilities:		
Current Liabilities	4,069,195	4,618,646
Long-Term Debt Outstanding	8,938,424	8,751,388
Total Liabilities	<u>13,007,619</u>	<u>13,370,034</u>
Deferred Inflows of Resources:		
Deferred Revenue	44,948	-
Deferred Amount on Pensions	1,827,891	1,850,697
Total Deferred Inflows of Resources	<u>1,872,839</u>	<u>1,850,697</u>
Net Position:		
Net Investment in Capital Assets	12,843,127	11,297,270
Restricted	1,128,001	1,307,498
Unrestricted	1,118,941	1,035,026
Total Net Position	<u>\$ 15,090,069</u>	<u>\$ 13,639,794</u>

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

	<u>2016</u>	<u>2015</u>
Revenues		
<i>Program revenues:</i>		
Charges for services	\$ 3,814,760	\$ 3,329,097
Operating grants and contributions	3,062,356	3,128,997
<i>General revenues:</i>		
Taxes	16,055,668	15,938,388
Investment income	3,271	3,141
Miscellaneous revenues	205,248	292,154
Total Revenues	<u>23,141,303</u>	<u>22,691,777</u>
Expenses		
Commissioners/Governing body	59,738	65,496
Management/administration	945,598	980,167
Courthouse repair & maintenance	567,480	470,102
Treasurer	7,234	6,951
District attorney	1,084,508	1,030,665
Deeds	879,265	749,990
Probate	596,243	552,750
Sheriff's/police services	2,642,067	2,376,469
Communications/dispatch	604,810	544,553
EMA	462,362	397,489
Juvenile fire prevention	22,064	28,800
Retirement benefits	129,387	561,350
Medical and dental insurance	889,998	727,958
Public agencies	114,200	116,000
Jail	11,280,469	11,440,215
Special projects and reserves	1,157,342	889,192
Unclassified	7,807	14,462
Interest on long-term debt	240,456	331,585
Total Expenses	<u>21,691,028</u>	<u>21,284,194</u>
Change in Net Position	1,450,275	1,407,583
Net Position - July 1	<u>13,639,794</u>	<u>12,232,211</u>
Net Position - June 30	<u><u>\$ 15,090,069</u></u>	<u><u>\$ 13,639,794</u></u>

Revenues and Expenses

Revenues for the year ending June 30, 2016 increased over the previous year by 1.98%. All revenue items with the exception of operating grants and contributions and miscellaneous revenues increased over the prior year. Expenses increased from the prior year by 1.91%. The most significant increases were in special projects and reserves and sheriff/police services.

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 York, Maine
Fund Balances - Governmental Funds
June 30,

	2016	2015
General Fund:		
Nonspendable	\$ 213,839	\$ 72,261
Committed	1,291,790	1,005,106
Assigned	1,149,117	1,691,152
Unassigned	2,243,577	2,364,607
Total General Fund	\$ 4,898,323	\$ 5,133,126
Jail Fund:		
Unassigned	\$ (24,944)	\$ (58,594)
Deeds Preservation:		
Restricted	794,829	881,109
Total Other Major Funds	\$ 769,885	\$ 822,515
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 333,172	\$ 426,389
Unassigned	(13,891)	(49,261)
Total Nonmajor Funds	\$ 319,281	\$ 377,128

The general fund total fund balance decreased by \$234,803 from the prior fiscal year. Fund balances for the jail fund increased over the prior year by \$33,650. The Deeds surcharge fund decreased by \$86,280. The other nonmajor fund balances decreased by \$57,847 over the prior fiscal year.

Budgetary Highlights

There was no significant difference between the original and final budget for the general fund, with the exception of the movement of internal transfers.

Actual revenues were over the general fund budget by \$680,059. This was the result of several over-received revenues such as Deeds, Probate and intergovernmental revenue.

General fund actual expenditures were under budget by \$249,908 for the fiscal year. Most expenditure categories finished within budget. The overspent items are disclosed in the notes to financial statements.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2016, the net book value of capital assets recorded by the County increased by \$221,165 from the prior fiscal year. This was due to capital additions of \$1,321,091 less current year depreciation expense of \$1,099,926. Refer to Note 4 of Notes to Financial Statements for additional information.

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

	<u>2016</u>	<u>2015</u>
Land	\$ 741,856	\$ 741,856
Construction in progress	332,522	125,151
Buildings and building improvements	17,096,784	17,134,731
Land improvements	5,739	6,026
Furniture and fixtures	5,237	-
Machinery and equipment	456,549	508,980
Vehicles	610,007	510,785
Total	<u>\$ 19,248,694</u>	<u>\$ 19,027,529</u>

Debt

At June 30, 2016, the County had \$5.9 million in bonds outstanding versus \$6.9 million in 2015. This was a decrease of \$1.0 million. Other obligations include capital leases, accrued compensated time and net pension liability as shown in Note 6 of Notes to Financial Statements.

Currently Known Facts, Decisions, or Conditions

Economic Factors and Next Year's Budgets and Rates

The County has steadily maintained a sufficient unassigned fund balance to sustain government operations for a period of approximately two months, while also maintaining reserve accounts for future 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 45 Kennebunk Road, Alfred, Maine 04002.

COUNTY OF YORK, MAINE
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 5,752,398
Accounts receivable (net of allowance for uncollectibles)	254,925
Due from other governments	337,299
Taxes receivable	2,195,251
Inventory	1,365
Prepaid items	219,773
Total current assets	8,761,011
Noncurrent assets:	
Capital assets:	
Land, infrastructure, and other assets not being depreciated	1,074,378
Buildings and equipment, net of accumulated depreciation	18,174,316
Total noncurrent assets	19,248,694
TOTAL ASSETS	28,009,705
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on pensions	1,960,822
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,960,822
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 29,970,527
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 424,417
Accrued payroll	178,106
Due to other governments	656,674
Accrued payroll liabilities	1,440
TAN payable	1,467,937
Current portion of long-term obligations	1,340,621
Total current liabilities	4,069,195
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	4,900,000
Capital leases	164,946
Accrued compensated absences	533,984
Net pension liability	3,339,494
Total noncurrent liabilities	8,938,424
TOTAL LIABILITIES	13,007,619
DEFERRED INFLOWS OF RESOURCES	
Deferred revenue	44,948
Deferred amount on pensions	1,827,891
TOTAL DEFERRED INFLOWS OF RESOURCES	1,872,839
NET POSITION	
Net Investment in capital assets	12,843,127
Restricted	1,128,001
Unrestricted	1,118,941
TOTAL NET POSITION	15,090,069
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 29,970,527

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

STATEMENT B

COUNTY OF YORK, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Total Governmental Activities
Governmental activities:					
Commissioners/Governing Body	\$ 59,738	\$ -	\$ -	\$ -	\$ (59,738)
Management/administration	945,598	90,100	-	-	(855,498)
Courthouse repair & maintenance	567,480	-	-	-	(567,480)
Treasurer	7,234	-	-	-	(7,234)
District attorney	1,084,508	-	-	-	(1,084,508)
Deeds	879,265	2,334,792	-	-	1,455,527
Probate	596,243	386,565	-	-	(209,678)
Sheriff's/police services	2,642,067	7,120	-	-	(2,634,947)
Communications/dispatch	604,810	-	-	-	(604,810)
EMA	462,362	-	-	-	(462,362)
York County juvenile fire prevention	22,064	-	-	-	(22,064)
Retirement benefits	129,387	-	-	-	(129,387)
Medical and dental insurance	889,998	-	-	-	(889,998)
Public agencies	114,200	-	-	-	(114,200)
Unclassified	7,807	-	-	-	(7,807)
Jail	11,280,469	-	2,177,187	-	(9,103,282)
Special projects and reserves	1,157,342	996,183	430,090	-	268,931
Interest on long-term debt and tax anticipation note	240,456	-	-	-	(240,456)
Total government	<u>\$ 21,691,028</u>	<u>\$ 3,814,760</u>	<u>\$ 2,607,277</u>	<u>\$ -</u>	<u>(15,268,991)</u>

STATEMENT B (CONTINUED)
COUNTY OF YORK, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(15,268,991)</u>
General revenues:	
Property taxes, levied for general purposes	16,055,668
Intergovernmental revenue	455,079
Investment income	3,271
Other	205,248
Total general revenues	<u>16,719,266</u>
Change in net position	1,450,275
NET POSITION - JULY 1	<u>13,639,794</u>
NET POSITION - JUNE 30	<u><u>\$ 15,090,069</u></u>

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

STATEMENT C

COUNTY OF YORK, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Jail Fund	Deeds Preservation Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 4,801,501	\$ -	\$ 794,829	\$ 156,068	\$ 5,752,398
Accounts receivable (net of allowance for uncollectibles)	53,985	-	-	200,940	254,925
Due from other governments	313,078	24,221	-	-	337,299
Taxes receivable	2,195,251	-	-	-	2,195,251
Inventory	1,365	-	-	-	1,365
Prepaid items	212,474	7,299	-	-	219,773
Due from other funds	182,282	243,832	-	209,490	635,604
TOTAL ASSETS	\$ 7,759,936	\$ 275,352	\$ 794,829	\$ 566,498	\$ 9,396,615
LIABILITIES					
Accounts payable	\$ 204,205	\$ 217,417	\$ -	\$ 2,795	\$ 424,417
Accrued payroll	78,035	82,879	-	17,192	178,106
Due to other governments	656,674	-	-	-	656,674
Payroll related liabilities	1,440	-	-	-	1,440
Due to other funds	453,322	-	-	182,282	635,604
TAN payable	1,467,937	-	-	-	1,467,937
TOTAL LIABILITIES	2,861,613	300,296	-	202,269	3,364,178
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue	-	-	-	44,948	44,948
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	44,948	44,948
FUND BALANCES					
Nonspendable	213,839	-	-	-	213,839
Restricted	-	-	794,829	333,172	1,128,001
Committed	1,291,790	-	-	-	1,291,790
Assigned	1,149,117	-	-	-	1,149,117
Unassigned	2,243,577	(24,944)	-	(13,891)	2,204,742
TOTAL FUND BALANCES	4,898,323	(24,944)	794,829	319,281	5,987,489
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 7,759,936	\$ 275,352	\$ 794,829	\$ 566,498	\$ 9,396,615

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

COUNTY OF YORK, MAINE

RECONCILIATION OF THE GENERAL FUND BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2016

	Total Governmental Funds
Total Fund Balances	\$ 5,987,489
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	19,248,694
Deferred outflows of resources are not financial resources and therefore are not reported in the funds	1,960,822
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	(5,900,000)
Capital leases payable	(505,567)
Accrued compensated absences	(533,984)
Net pension liability	(3,339,494)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds	(1,827,891)
Net position of governmental activities	\$ 15,090,069

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

COUNTY OF YORK, MAINE

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

	General Fund	Jail Fund	Deeds Preservation Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 16,055,668	\$ -	\$ -	\$ -	\$ 16,055,668
Charges for services	2,697,413	-	121,164	996,183	3,814,760
Intergovernmental revenues	455,079	2,177,187	-	430,090	3,062,356
Miscellaneous revenues	92,002	70,549	337	45,631	208,519
TOTAL REVENUES	19,300,162	2,247,736	121,501	1,471,904	23,141,303
EXPENDITURES					
Current:					
Commissioners/Governing Body	59,738	-	-	-	59,738
Management/administration	933,974	-	-	-	933,974
Courthouse repair & maintenance	470,356	-	-	-	470,356
Treasurer	7,234	-	-	-	7,234
District attorney	1,080,125	-	-	-	1,080,125
Deeds	670,282	-	207,781	-	878,063
Probate	595,224	-	-	-	595,224
Sheriff's/police services	2,570,456	-	-	-	2,570,456
Communications/dispatch	604,810	-	-	-	604,810
EMA	392,167	-	-	-	392,167
York County Juvenile Fire Prevention	22,064	-	-	-	22,064
Retirement benefits	379,085	-	-	-	379,085
Medical and dental insurance	889,998	-	-	-	889,998
Public agencies	114,200	-	-	-	114,200
Unclassified	7,807	-	-	-	7,807
Program expenditures	-	10,437,701	-	1,518,517	11,956,218
Debt service:					
Principal	1,283,028	-	-	-	1,283,028
Interest	240,456	-	-	-	240,456
Capital outlay	1,001,580	-	-	-	1,001,580
TOTAL EXPENDITURES	11,322,584	10,437,701	207,781	1,518,517	23,486,583
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	7,977,578	(8,189,965)	(86,280)	(46,613)	(345,280)
OTHER FINANCING SOURCES (USES)					
Transfers in	277,261	8,386,815	-	(11,234)	8,652,842
Transfers (out)	(8,489,642)	(163,200)	-	-	(8,652,842)
TOTAL OTHER FINANCING SOURCES (USES)	(8,212,381)	8,223,615	-	(11,234)	-
NET CHANGE IN FUND BALANCES	(234,803)	33,650	(86,280)	(57,847)	(345,280)
FUND BALANCES - JULY 1	\$ 5,133,126	(58,594)	881,109	377,128	6,332,769
FUND BALANCES - JUNE 30	\$ 4,898,323	\$ (24,944)	\$ 794,829	\$ 319,281	\$ 5,987,489

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

COUNTY OF YORK, MAINE

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

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (345,280)</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	1,321,091
Depreciation expense	<u>(1,099,926)</u>
	<u>221,165</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>1,754,749</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>1,324,692</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	170,536
Net pension liability	<u>(1,698,393)</u>
	<u>(1,527,857)</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>22,806</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 1,450,275</u></u>

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

COUNTY OF YORK, MAINE

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

	Agency Funds				Total
	Inmate Benefit Fund	Inmate Cash	Work Release	District Attorney	
ASSETS					
Cash and cash equivalents	\$ 261,259	\$ 32,525	\$ 5,060	\$ 27,181	\$ 326,025
Investments	<u>274,772</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>274,772</u>
TOTAL ASSETS	<u><u>\$ 536,031</u></u>	<u><u>\$ 32,525</u></u>	<u><u>\$ 5,060</u></u>	<u><u>\$ 27,181</u></u>	<u><u>\$ 600,797</u></u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deposits held for others	<u>536,031</u>	<u>32,525</u>	<u>5,060</u>	<u>27,181</u>	<u>600,797</u>
TOTAL LIABILITIES	<u><u>\$ 536,031</u></u>	<u><u>\$ 32,525</u></u>	<u><u>\$ 5,060</u></u>	<u><u>\$ 27,181</u></u>	<u><u>\$ 600,797</u></u>

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

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The County of York 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, 2016, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

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

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

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Government-Wide and Fund Financial Statements

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

Both the government-wide and fund financial statements categorize primary activities as governmental. The County categorizes all activities as governmental.

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column, and (b) is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. All costs are charged directly to the corresponding department.

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

Measurement Focus - Basic Financial Statements & Fund Financial Statements

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

1. Governmental Funds:

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

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 York County Jail.
- c. The Deeds Preservation Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Nonmajor Funds

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

2. Fiduciary Funds:

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

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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 York, 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 reviews the proposed budget and may increase, decrease or alter the estimated budget based on certain guidelines or restrictions. Statutes require the budget committee to hold a public hearing in the County on the proposed

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

Inventories

Inventories of supplies are considered to be expenditures at the time of purchase and are not included in the general fund balance sheet, with the exception of certain products bought in bulk. Inventories are recorded at first in – first out at cost.

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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).

Allowance for Uncollectible Accounts

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

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. 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.

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. The County has no 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, capital leases payable, compensated absences and net pension liability.

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

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

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

allowed by contract and/or statute, plus any applicable additional salary related payments.

As of June 30, 2016, the liability for any unpaid compensated absences was \$533,984.

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 investments 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 their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that 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.

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 County Commissioners. Please refer to the budgeting process for the authority for committing items within the budget.

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

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

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

Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred revenue qualifies for reporting in this category. This item is reported in both the statements of net position and governmental

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Property taxes for the transitional year budget was and will be carried as receivables for any unpaid balances. The full amount of the current year assessment will be recognized in the current financial statements.

Program Revenues

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

Encumbrance Accounting

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

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.

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the County will not be able to recover its deposits. The County does not have a policy covering custodial credit risk for deposits. However, the County maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2016, the County's cash and cash equivalents amounting to \$6,078,423 were comprised of deposits of \$6,055,598. Of these deposits, \$750,000 was insured by federal depository insurance and consequently not exposed to custodial credit risk, and \$5,305,598 was collateralized with securities held by the financial institution in the County's name or fully covered by the Securities Investor Protection Corporation (SIPC).

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 5,710,267
Savings accounts	45,331
Repurchase agreements	300,000
	<u>\$ 6,055,598</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, 2016, the County had \$274,772 of investments. These investments were in mutual funds. The maturity of these is not applicable. These investments were fully covered by the Securities Investor Protection Corporation (SIPC).

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.

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

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

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 182,282	\$ 453,322
Jail Fund	243,832	-
Nonmajor Special Revenue Funds	209,490	182,282
	<u>\$ 635,604</u>	<u>\$ 635,604</u>

NOTE 4 - CAPITAL ASSETS

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

	Balance, 7/1/15	Additions	Disposals	Balance, 6/30/16
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 741,856	\$ -	\$ -	\$ 741,856
Art work and historical treasures	125,151	207,371	-	332,522
Totals	<u>867,007</u>	<u>207,371</u>	<u>-</u>	<u>1,074,378</u>
Depreciated assets:				
Buildings and building improvements	29,027,340	867,817	-	29,895,157
Land improvements	138,149	-	-	138,149
Furniture & fixtures	14,109	5,237	-	19,346
Machinery & equipment	1,727,979	48,511	-	1,776,490
Vehicles	1,514,139	192,155	-	1,706,294
	<u>32,421,716</u>	<u>1,113,720</u>	<u>-</u>	<u>33,535,436</u>
Less accumulated depreciation	<u>(14,261,194)</u>	<u>(1,099,926)</u>	<u>-</u>	<u>(15,361,120)</u>
	<u>18,160,522</u>	<u>13,794</u>	<u>-</u>	<u>18,174,316</u>
Net capital assets	<u>\$ 19,027,529</u>	<u>\$ 221,165</u>	<u>\$ -</u>	<u>\$ 19,248,694</u>

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Current period depreciation:

EMA	\$ 70,195
Management / administration	11,624
Courthouse repair / maintenance	97,124
Jail	842,768
Probate	1,019
District attorney	4,383
Deeds	1,202
Sheriff / police services	71,611
	<u>\$ 1,099,926</u>

NOTE 5 - SHORT-TERM DEBT

The County issues tax anticipation notes to cover anticipated cash flows during the year. Tax anticipation note activity for the year ended June 30, 2016 was as follows:

	<u>Balance 7/1/15</u>	<u>Draws</u>	<u>Repayments</u>	<u>Balance 6/30/16</u>
Tax anticipation notes	\$ 1,569,010	\$ -	\$ (101,073)	\$ 1,467,937
Totals	<u>\$ 1,569,010</u>	<u>\$ -</u>	<u>\$ (101,073)</u>	<u>\$ 1,467,937</u>

Interest expense for short-term debt activity during the year totaled \$26,500.

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2016:

	<u>Balance, 7/1/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, 6/30/16</u>	<u>Current Year Portion</u>
Bonds payable	\$ 6,900,000	\$ -	\$ (1,000,000)	\$ 5,900,000	\$ 1,000,000
Capital leases payable	830,259	-	(324,692)	505,567	340,621
Accrued compensated absences	704,520	-	(170,536)	533,984	-
Net pension liability	1,641,101	2,178,798	(480,405)	3,339,494	-
Totals	<u>\$ 10,075,880</u>	<u>\$ 2,178,798</u>	<u>\$ (1,975,633)</u>	<u>\$ 6,939,551</u>	<u>\$ 1,340,621</u>

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The following is a summary of the outstanding bonds payable:

\$6,000,000 2003 Capital Improvement Bond payable to TD Bank. Annual principal payments of \$300,000. Interest rate varies from 2.0% - 3.8% per annum. Maturity in December of 2022.	\$ 2,100,000
\$3,600,000 2011 Bond payable to Maine Municipal Bond Bank. Annual principal payments of \$400,000. Interest rate varies from 0.5% - 5.39% per annum. Maturity in November of 2020.	2,000,000
\$3,000,000 2011 Bond payable to Maine Municipal Bond Bank. Annual principal payments of \$300,000. Interest rate varies from .5% - 5.5% per annum. Maturity in November of 2021.	1,800,000
Total Bonds Payable	<u><u>\$ 5,900,000</u></u>

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

Year Ending June 30,	Principal	Interest	Total
2017	\$ 1,000,000	\$ 139,926	\$ 1,139,926
2018	1,000,000	95,854	1,095,854
2019	1,000,000	62,894	1,062,894
2020	1,000,000	50,825	1,050,825
2021	1,000,000	60,175	1,060,175
2022-2026	900,000	13,900	913,900
	<u><u>\$ 5,900,000</u></u>	<u><u>\$ 423,574</u></u>	<u><u>\$ 6,323,574</u></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, 2016 was \$213,956.

The County has entered into various lease agreements for equipment. These leases qualify as capital leases for accounting purposes, and therefore, have been recorded in the government-wide financial statements at the present value of future minimum lease payments as of the date of inception. The value of the assets capitalized under these lease agreements as of June 30, 2016 was \$4,879,448. The following is a schedule of future minimum lease payments under the capital leases and the present value of the minimum lease payments at June 30:

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 - LONG-TERM DEBT (CONTINUED)

2017	\$ 360,540
2018	168,666
2019	-
2020	-
2021	-
Total minimum lease payments	<u>529,206</u>
Less: amount representing interest	<u>(23,639)</u>
Present value of future minimum lease payments	<u><u>\$ 505,567</u></u>

NOTE 7 - NONSPENDABLE FUND BALANCES

At June 30, 2016, the County had the following nonspendable fund balances:

General fund:	
Prepaid items	\$ 212,474
Inventory	<u>1,365</u>
	<u><u>\$ 213,839</u></u>

NOTE 8 - RESTRICTED FUND BALANCES

At June 30, 2016, the County had the following restricted fund balances:

Deeds preservation fund	\$ 794,829
Nonmajor special revenue funds (Schedule B)	<u>333,172</u>
	<u><u>\$ 1,128,001</u></u>

NOTE 9 - COMMITTED FUND BALANCES

At June 30, 2016, the County had the following committed fund balances:

General fund:	
EMA vehicle	\$ 142,038
SO vehicle	2,107
Major capital projects	295,736
UAAL reserve	51,909
Insurance fund	<u>800,000</u>
	<u><u>\$ 1,291,790</u></u>

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 10 - ASSIGNED FUND BALANCES

At June 30, 2016, the County had the following assigned fund balances:

General fund:		
Capital improvement	\$	241,167
New government building		20,000
Wellness equipment		33,507
Ergonomics		4,769
Tech upgrade		169,512
Personnel record storage		454
Special projects		78,000
Special projects / grant match		120,000
Payroll liabilities		481,708
	\$	<u>1,149,117</u>

NOTE 11 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

County employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.maineopers.org or by contacting the System at 1-800-451-9800.

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

retirement age is 60 or 65. 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. All County plan members are required to contribute 7.5% of their annual covered salary and the County is required to contribute at an actuarially determined rate. The current rate is 8.9% of covered payroll for all County employees in plan "AC" (14.0% for law enforcement employees in special plan "1C" (future only from January 1, 2009) and 8.9% for corrections officers and certain law enforcement employees in special plan "2C"). 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, 2016 was \$500,173.

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

At June 30, 2016, the County reported a liability of \$3,339,494 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2015, 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, 2015, the County's proportion was 1.046710%, which was a decrease of 0.019763% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized net pension revenue of \$79,162. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 134,837	\$ 428,902
Changes of assumptions	295,122	-
Net difference between projected and actual earnings on pension plan investments	1,030,690	1,282,991
Changes in proportion and differences between contributions and proportionate share of contributions	-	115,998
Contributions subsequent to the measurement date	500,173	-
Total	\$ 1,960,822	\$ 1,827,891

\$500,173 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, 2017. 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	\$ (197,803)
2018	(197,803)
2019	(229,307)
2020	257,673
2021	-
Thereafter	-

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2015 and 2014, using the following methods and assumptions applied to all periods included in the measurement:

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 an open basis over a period of fifteen years.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2015 and June 30, 2014 are as follows:

Investment Rate of Return - For the PLD Plan, 7.125% per annum for the year ended June 30, 2015 and 7.25% per annum for the year ended June 30, 2014, compounded annually.

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

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

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Cost of Living Benefit Increases - 2.55% per annum for the year ended June 30, 2015 and 3.12% for the year ended June 30, 2014.

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, 2015 are summarized in the following table:

Asset Class	PLD Plan	
	Target Allocation	Long-term Expected Real Rate of Return
US equities	20%	5.20%
Non-US equities	20%	5.50%
Private equity	10%	7.60%
Real assets:		
Real estate	10%	3.70%
Infrastructure	10%	4.00%
Hard assets	5%	4.80%
Fixed income	25%	0.70%

Discount Rate

The discount rate used to measure the collective total pension liability was 7.125% for 2015 and 7.25% for 2014. 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, 2015 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 7.125% for the PLD Consolidated Plan.

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	6.125%	7.125%	8.125%
County's proportionate share of the net pension liability	\$ 6,653,261	\$ 3,339,494	\$ 197,838

Changes in Net Pension Liability

Changes in net pension liability are recognized in pension expense for the year ended June 30, 2015 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. For 2015 and 2014, this was 4 years for the PLD Consolidated Plan.

Differences between Projected and Actual Investment Earnings

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

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. For the PLD Plan, the discount rate was decreased from 7.25% to 7.125% and the cost of living benefit increase assumption was changed from 3.12% to 2.55%.

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

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

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2015 Comprehensive Annual Financial Report available online at www.maineopers.org or by contacting the System at 1-800-451-9800.

NOTE 12 - DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The plan is available to County employees as part of a collective bargaining agreement and/or County policy. The deferred compensation is not available to employees until termination, retirement, death, or financial hardship, unforeseen emergency.

Participants' rights under the plan are equal to those of the County's in an amount equal to the fair market value of the deferred amount for each participant. All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries.

It is in 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.

The plan permits the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan has provisions for employees to borrow or take plan assets. The plan is being maintained by The Equitable Life Assurance Society of the United States.

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.

Under the plan the County is required to contribute on behalf of each participant a pre-determined percentage determined by contract of the participants' earnings for the plan year or up to 10%.

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 13 - EXPENDITURES OVER APPROPRIATIONS

The following expenditures were over appropriations at June 30, 2016:

Management / administration	\$	47,083
Courthouse repair and maintenance		43,448
Commissioners		79
Treasurer		20
EMA		6,775
Transfers		70,827
	\$	<u>168,232</u>

NOTE 14 - DEFICIT FUND BALANCES

The following fund balances have a deficit fund balance as of June 30, 2016:

Major funds:		
Jail fund	\$	24,944
Nonmajor special revenue funds:		
MDEA Task Force		1,132
HS Program Grant		6,779
Local emergency planning commission		145
Seabrook stipend		5,835
	\$	<u>38,835</u>

NOTE 15 - 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 either carries commercial insurance or is in a risk pool. Specific insurance related to these categories includes general, police and public officials' liability coverage, workers compensation, and automobile insurance. The County is liable for deductibles ranging up to \$10,000 for settlements exceeding the limits of coverage, which range from \$400,000 to \$3,000,000. The amount of settlements has not exceeded insurance coverage for each of the past three years.

NOTE 16 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the County's financial position.

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 16 - CONTINGENCIES (CONTINUED)

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 17 - 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 2016 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. The funding status and future of the relationship between the State and the jail remains uncertain at the present time.

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 YORK, MAINE

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

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,133,126	\$ 5,133,126	\$ 5,133,126	\$ -
Resources (Inflows):				
Taxes - municipalities	16,055,668	16,055,668	16,055,668	-
Intergovernmental:				
EMPG 50% EMA reimbursement	184,196	184,196	238,133	53,937
Other state revenues	-	-	161,985	161,985
Other intergovernmental revenues	40,000	40,000	54,961	14,961
	<u>224,196</u>	<u>224,196</u>	<u>455,079</u>	<u>230,883</u>
Charges for services:				
Register of Deeds	1,945,000	1,945,000	2,213,628	268,628
Register of Probate	350,000	350,000	386,565	36,565
Sheriff	8,300	8,300	7,120	(1,180)
Prerelease center	72,500	72,500	84,100	11,600
IT reimbursement	12,000	12,000	6,000	(6,000)
	<u>2,387,800</u>	<u>2,387,800</u>	<u>2,697,413</u>	<u>309,613</u>
Miscellaneous:				
Interest on investments	2,000	2,000	3,271	1,271
Other revenues	64,500	64,500	88,731	24,231
	<u>66,500</u>	<u>66,500</u>	<u>92,002</u>	<u>25,502</u>
Transfers in from other funds	<u>163,200</u>	<u>163,200</u>	<u>277,261</u>	<u>114,061</u>
Amounts Available for Appropriation	<u>24,030,490</u>	<u>24,030,490</u>	<u>24,710,549</u>	<u>680,059</u>

SCHEDULE 1 (CONTINUED)
COUNTY OF YORK, MAINE

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

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Charges to Appropriations (Outflows):				
Commissioners/Governing Body	59,659	59,659	59,738	(79)
Management/administration	886,891	886,891	933,974	(47,083)
Courthouse repair & maintenance	426,908	426,908	470,356	(43,448)
Treasurer	7,214	7,214	7,234	(20)
District attorney	1,152,834	1,120,834	1,080,125	40,709
Deeds	676,079	676,079	670,282	5,797
Probate	609,668	609,668	595,224	14,444
Sheriff's/police services	2,570,474	2,570,474	2,570,456	18
Communications/dispatch	606,845	606,845	604,810	2,035
EMA	378,392	385,392	392,167	(6,775)
York County Juvenile Fire Prevention	28,800	28,800	22,064	6,736
Retirement benefits	398,700	398,700	379,085	19,615
Medical and dental insurance	904,000	904,000	889,998	14,002
Public agencies	114,200	114,200	114,200	-
Unclassified	92,000	92,000	7,807	84,193
Contingency	50,000	50,000	-	50,000
Debt service:				
Principal	1,283,028	1,283,028	1,283,028	-
Interest	253,947	253,947	240,456	13,491
Capital outlay	167,100	1,168,680	1,001,580	167,100
Transfers to Other funds	8,386,815	8,418,815	8,489,642	(70,827)
Total Charges to Appropriations	<u>19,053,554</u>	<u>20,062,134</u>	<u>19,812,226</u>	<u>249,908</u>
Budgetary Fund Balance, June 30	<u>\$ 4,976,936</u>	<u>\$ 3,968,356</u>	<u>\$ 4,898,323</u>	<u>\$ 929,967</u>
Paid from assigned / committed fund balance	<u>\$ 156,190</u>	<u>\$ 1,164,770</u>	<u>\$ -</u>	<u>\$ (1,164,770)</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,898,323</u>	<u>\$ 4,898,323</u>

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

COUNTY OF YORK, MAINE

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan:</u>			
Proportion of the net pension liability	1.05%	1.07%	1.11%
Proportionate share of the net pension liability	\$ 3,339,494	\$ 1,641,101	\$ 3,431,160
Covered-employee payroll	\$ 4,895,906	\$ 4,437,860	\$ 3,747,793
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	68.21%	36.98%	91.55%
Plan fiduciary net position as a percentage of the total pension liability	88.27%	94.10%	87.50%

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

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

COUNTY OF YORK, MAINE

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan:</u>			
Contractually required contribution	\$ 500,173	\$ 427,858	\$ 371,853
Contributions in relation to the contractually required contribution	<u>(500,173)</u>	<u>(427,858)</u>	<u>(371,853)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	
Covered-employee payroll	\$ 4,895,906	\$ 4,437,860	\$ 3,747,793
Contributions as a percentage of covered- employee payroll	10.22%	9.64%	9.92%

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

COUNTY OF YORK, MAINE

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

Changes of Assumptions

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

Other Supplementary Information

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

- Schedule of Departmental Operations – General Fund
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds

COUNTY OF YORK, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive/(Negative)
Commissioners/Gov. Body					
Wages	\$ 48,821	\$ -	\$ 48,821	\$ 48,781	\$ 40
Taxes/benefits	4,438	-	4,438	4,279	159
Travel	4,000	-	4,000	5,167	(1,167)
Other	2,400	-	2,400	1,511	889
	<u>59,659</u>	<u>-</u>	<u>59,659</u>	<u>59,738</u>	<u>(79)</u>
Management/administration					
Wages	657,639	-	657,639	650,307	7,332
Taxes/benefits	71,552	-	71,552	71,451	101
Legal	50,000	-	50,000	89,097	(39,097)
Contracted services	25,000	-	25,000	13,296	11,704
Dues and memberships	16,000	-	16,000	17,088	(1,088)
Equipment	30,000	-	30,000	58,311	(28,311)
Postage/office supplies	8,100	-	8,100	9,792	(1,692)
Telephone	10,000	-	10,000	7,470	2,530
Insurance	4,000	-	4,000	3,509	491
Other	14,600	-	14,600	13,653	947
	<u>886,891</u>	<u>-</u>	<u>886,891</u>	<u>933,974</u>	<u>(47,083)</u>
Courthouse repair/maintenance					
Wages	164,012	-	164,012	167,745	(3,733)
Taxes/benefits	20,246	-	20,246	23,299	(3,053)
Electricity	65,000	-	65,000	89,309	(24,309)
Property and casualty	25,000	-	25,000	20,791	4,209
Electrical repairs	20,000	-	20,000	15,898	4,102
Heating repairs	20,000	-	20,000	27,714	(7,714)
Plowing/sanding/mowing	38,450	-	38,450	29,772	8,678
Contracted services	15,000	-	15,000	26,867	(11,867)
Cleaning supplies	10,000	-	10,000	8,570	1,430
Propane/heating fuel	10,000	-	10,000	5,225	4,775
General repairs	10,000	-	10,000	11,051	(1,051)
Minor equipment	7,000	-	7,000	23,208	(16,208)
Other	22,200	-	22,200	20,907	1,293
	<u>426,908</u>	<u>-</u>	<u>426,908</u>	<u>470,356</u>	<u>(43,448)</u>

COUNTY OF YORK, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive/(Negative)
Treasurer					
Wages	6,670	-	6,670	6,688	(18)
Taxes/benefits	544	-	544	546	(2)
	<u>7,214</u>	<u>-</u>	<u>7,214</u>	<u>7,234</u>	<u>(20)</u>
District Attorney					
Wages	782,728	-	782,728	749,271	33,457
Taxes/benefits	72,206	-	72,206	68,547	3,659
General repairs/maintenance	82,000	-	82,000	86,648	(4,648)
Telephone	35,000	-	35,000	26,822	8,178
Travel	22,000	-	22,000	30,836	(8,836)
Contracted services	20,000	-	20,000	15,443	4,557
Office supplies	15,000	-	15,000	16,295	(1,295)
Equipment	17,500	-	17,500	28,022	(10,522)
Witness fees	14,000	-	14,000	2,599	11,401
Postage	12,500	-	12,500	12,603	(103)
Other	47,900	-	47,900	43,039	4,861
Interfund transfers	32,000	(32,000)	-	-	-
	<u>1,152,834</u>	<u>(32,000)</u>	<u>1,120,834</u>	<u>1,080,125</u>	<u>40,709</u>
Deeds					
Wages	483,304	-	483,304	497,005	(13,701)
Taxes/benefits	43,775	-	43,775	46,225	(2,450)
Records management	90,000	-	90,000	90,000	-
Postage	16,000	-	16,000	12,208	3,792
Office supplies	10,000	-	10,000	6,447	3,553
Equipment	18,200	-	18,200	6,067	12,133
Telephone	5,000	-	5,000	4,122	878
Insurance	3,000	-	3,000	2,772	228
Travel	2,000	-	2,000	1,115	885
Other	4,800	-	4,800	4,321	479
	<u>676,079</u>	<u>-</u>	<u>676,079</u>	<u>670,282</u>	<u>5,797</u>

COUNTY OF YORK, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive/(Negative)
Probate					
Wages	400,519	-	400,519	418,792	(18,273)
Taxes/benefits	37,899	-	37,899	39,867	(1,968)
Professional fees	80,000	-	80,000	53,189	26,811
Advertising	48,000	-	48,000	34,674	13,326
Postage	17,000	-	17,000	17,322	(322)
Equipment	8,900	-	8,900	9,905	(1,005)
Telephone	4,000	-	4,000	3,119	881
Other	13,350	-	13,350	18,356	(5,006)
	<u>609,668</u>	<u>-</u>	<u>609,668</u>	<u>595,224</u>	<u>14,444</u>
Sheriff/police services					
Wages	1,861,316	-	1,861,316	1,850,053	11,263
Taxes/benefits	260,348	-	260,348	256,990	3,358
Gas and oil	130,000	-	130,000	63,646	66,354
Insurances	71,500	-	71,500	55,658	15,842
Telephone	35,000	-	35,000	28,454	6,546
Vehicle repair	40,000	-	40,000	44,814	(4,814)
Uniforms/safety equipment	20,000	-	20,000	38,580	(18,580)
Equipment	41,500	-	41,500	167,016	(125,516)
Professional services	20,000	-	20,000	10,209	9,791
Software	12,000	-	12,000	11,138	862
Training	11,000	-	11,000	17,967	(6,967)
Minor equipment	12,300	-	12,300	5,473	6,827
Other	55,510	-	55,510	20,458	35,052
	<u>2,570,474</u>	<u>-</u>	<u>2,570,474</u>	<u>2,570,456</u>	<u>18</u>
Communications/dispatch					
Contracted services	25,000	-	25,000	25,477	(477)
Software/repairs	6,000	-	6,000	4,982	1,018
Sanford contract	575,845	-	575,845	574,351	1,494
	<u>606,845</u>	<u>-</u>	<u>606,845</u>	<u>604,810</u>	<u>2,035</u>

COUNTY OF YORK, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive/(Negative)
EMA Department					
Wages	199,288	-	199,288	197,996	1,292
Taxes/benefits	20,779	-	20,779	24,468	(3,689)
Rental of land	35,000	-	35,000	33,000	2,000
Contracted services	18,000	-	18,000	20,900	(2,900)
Insurances	13,200	-	13,200	9,340	3,860
Rental of other equipment	7,500	-	7,500	7,439	61
Telephone	10,000	-	10,000	14,052	(4,052)
Office/other supplies	10,100	-	10,100	9,852	248
Medical testing	7,000	-	7,000	5,783	1,217
Gas and oil	6,500	-	6,500	1,587	4,913
Travel	8,500	-	8,500	12,505	(4,005)
Vehicle repair	7,000	-	7,000	9,731	(2,731)
Equipment	4,275	-	4,275	8,005	(3,730)
Meals and lodging	4,000	-	4,000	1,392	2,608
Other	27,250	7,000	34,250	36,117	(1,867)
	<u>378,392</u>	<u>7,000</u>	<u>385,392</u>	<u>392,167</u>	<u>(6,775)</u>
York County Juvenile Fire					
Contracted	28,800	-	28,800	22,064	6,736
	<u>28,800</u>	<u>-</u>	<u>28,800</u>	<u>22,064</u>	<u>6,736</u>
Retirement benefits					
ICMA 457 deferred comp	100,700	-	100,700	110,570	(9,870)
Maine State retirement	298,000	-	298,000	268,515	29,485
	<u>398,700</u>	<u>-</u>	<u>398,700</u>	<u>379,085</u>	<u>19,615</u>
Medical/dental insurance					
Health insurance	800,000	-	800,000	782,887	17,113
Dental insurance	49,500	-	49,500	42,049	7,451
H.S.A / F.S.A. employer contr	53,500	-	53,500	65,062	(11,562)
Other Employee benefits	1,000	-	1,000	-	1,000
	<u>904,000</u>	<u>-</u>	<u>904,000</u>	<u>889,998</u>	<u>14,002</u>

COUNTY OF YORK, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive/(Negative)
Public agencies					
Southern Maine Reg	30,000	-	30,000	30,000	-
York County Soil	7,200	-	7,200	7,200	-
York County Extension	77,000	-	77,000	77,000	-
	<u>114,200</u>	<u>-</u>	<u>114,200</u>	<u>114,200</u>	<u>-</u>
Unclassified					
Pre release center	-	-	-	7,807	(7,807)
Payroll liabilities	92,000	-	92,000	-	92,000
	<u>92,000</u>	<u>-</u>	<u>92,000</u>	<u>7,807</u>	<u>84,193</u>
Debt service					
Principal	1,283,028	-	1,283,028	1,283,028	-
Interest	213,947	-	213,947	213,956	(9)
Tan interest	40,000	-	40,000	26,500	13,500
	<u>1,536,975</u>	<u>-</u>	<u>1,536,975</u>	<u>1,523,484</u>	<u>13,491</u>
Capital outlay					
Major capital projects	63,000	-	63,000	-	63,000
Building repairs - capital	103,000	-	103,000	-	103,000
Equipment tech upgrade	-	1,001,580	1,001,580	1,001,580	-
Real estate tax	1,100	-	1,100	-	1,100
	<u>167,100</u>	<u>1,001,580</u>	<u>1,168,680</u>	<u>1,001,580</u>	<u>167,100</u>
Contingency	50,000	-	50,000	-	50,000
	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Transfers					
Jail	8,386,815	-	8,386,815	8,386,815	-
Special revenues	-	32,000	32,000	102,827	(70,827)
	<u>8,386,815</u>	<u>32,000</u>	<u>8,418,815</u>	<u>8,489,642</u>	<u>(70,827)</u>
Totals	<u>\$ 19,053,554</u>	<u>\$ 1,008,580</u>	<u>\$ 20,062,134</u>	<u>\$ 19,812,226</u>	<u>\$ 249,908</u>

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

COUNTY OF YORK, MAINE

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

	Fund	7/1/2015 Balance	Revenues			Expenditures	Transfers	6/30/2016 Balance
			Charges for Services	Intergovernmental	Other			
EMA Admin support fund	1030	\$ -	\$ -	\$ -	\$ -	\$ 26,933	\$ 26,933	\$ -
District Attorney:								
Victim of crimes act	2110	-	-	49,875	-	83,888	34,013	-
VWA Advocate - Biddeford	2112	-	-	35,597	-	42,448	6,851	-
Admin/supervision	2120	82,730	116,135	-	-	55,495	-	143,370
Domestic violence prosecution	2150	-	-	30,881	-	30,881	-	-
Probate:								
Probate preservation	2310	4,039	13,059	-	-	8,535	-	8,563
Sheriff:								
Civil process	2500	21,227	434,320	-	-	436,941	-	18,606
RSU 57 resource officer	2510	30,433	98,063	-	-	87,068	(33,072)	8,356
Arundel contract officer	2514	(4,035)	78,488	-	-	76,860	2,407	-
Waterboro contract officer	2516	22,009	-	102,065	21,131	103,209	(41,996)	-
Reimbursable Sheriff services	2520	-	42,427	-	-	47,001	4,574	-
Jag Byrne grant LLBEG	2525	14,426	-	26,728	-	26,023	-	15,131
MDEA Task Force support	2535	-	-	21,087	-	22,219	-	(1,132)
Cops Hiring Program - Limington	2537	(38,225)	98,160	-	-	87,984	28,049	-
COPS Hiring Prog - Acton/Shapleigh/Parsonsfield	2539	79,489	115,531	-	-	158,546	(36,474)	-
Ride team	2543	-	-	14,581	-	14,581	-	-
Seatbelt enforcement	2550	2,519	-	-	-	-	(2,519)	-
Speed enforcement program	2554	-	-	8,083	-	8,041	-	42
NAMI grant	2558	6,857	-	-	-	-	-	6,857
Sheriff forfeiture	2590	104,120	-	6,617	-	-	-	110,737
Jail:								
State criminal alien assist	2630	-	-	9,173	-	-	-	9,173
RSAT	2640	-	-	10,892	-	10,892	-	-
EMA:								
York county operations	2710	17,783	-	-	-	11,543	-	6,240
Hazmat professional development	2715	20,643	-	-	-	14,546	-	6,097
HS program grant	2720	20,114	-	81,021	-	107,914	-	(6,779)
Predisaster mitigation grant	2729	-	-	14,045	-	14,045	-	-
Local emergency planning com	2750	(145)	-	19,445	-	19,445	-	(145)
Seabrook stipend	2780	(6,856)	-	-	24,500	23,479	-	(5,835)
Total Special Revenue General Reserves		\$ 377,128	\$ 996,183	\$ 430,090	\$ 45,631	\$ 1,518,517	\$ (11,234)	\$ 319,281

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 York
Alfred, 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 York, Maine, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County of York, Maine's basic financial statements, and have issued our report thereon dated October 28, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of York, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of York, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District'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 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.

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

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 organization's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
October 28, 2016