

Audited Financial Statements

County of Androscoggin, Maine

December 31, 2016



*Proven Expertise and Integrity*

COUNTY OF ANDROSCOGGIN, MAINE

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DECEMBER 31, 2016

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## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
County of Androscoggin  
Auburn, 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 Androscoggin, Maine, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County of Androscoggin, 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.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the County of Androscoggin, Maine as of December 31, 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 45 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2017, on our consideration of the County of Androscoggin, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Androscoggin, Maine's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
August 11, 2017

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2016**

**(UNAUDITED)**

The following management's discussion and analysis of County of Androscoggin, Maine's financial performance provides an overview of the County's financial activities for the year ended December 31, 2016. Please read it in conjunction with the County's financial statements.

**Financial Statement Overview**

The County of Androscoggin'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.

The above mentioned financial statements have one column for the County's activity. The type of activity presented for the County of Androscoggin 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 district attorney, county commissioners, county treasurer, county buildings, jail, registry of deeds, registry of probate, sheriff, communications 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 Androscoggin, 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 Androscoggin can be divided into two categories: governmental funds and fiduciary funds.

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

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

The County of Androscoggin 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 surcharge fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

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

*Fiduciary Funds:* These funds are used to account for resources held for the benefit of parties outside the County of Androscoggin. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Fiduciary Net Position - 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, capital asset activity and other detailed budgetary information for the general fund.

### **Government-Wide Financial Analysis**

Our analysis below focuses on the net position and changes in net position of the County's governmental activities. The County's total net position decreased by \$88,149 from \$277,293 to \$189,144.

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 - decreased to a deficit balance of \$1,995,136 at the end of this year.

**Table 1**  
**County of Androscoggin, Maine**  
**Net Position**  
**December 31,**

	<b>2016</b>	<b>2015</b>
<b>Assets:</b>		
Current Assets	\$ 2,991,753	\$ 3,024,696
Capital Assets	1,785,702	1,592,900
Total Assets	4,777,455	4,617,596
<b>Deferred Outflows of Resources:</b>		
Deferred Outflows Related to Pensions	2,442,155	1,484,558
Total Deferred Outflows of Resources	2,442,155	1,484,558
<b>Liabilities:</b>		
Current Liabilities	538,891	688,438
Long-term Debt Outstanding	4,559,070	2,649,737
Total Liabilities	5,097,961	3,338,175
<b>Deferred Inflows of Resources:</b>		
Deferred Revenues	563,141	622,281
Deferred Inflows Related to Pensions	1,369,364	1,864,405
Total Deferred Inflows of Resources	1,932,505	2,486,686
<b>Net Position:</b>		
Net Investment in Capital Assets	1,543,700	1,449,442
Restricted	640,580	591,909
Unrestricted	(1,995,136)	(1,764,058)
Total Net Position	\$ 189,144	\$ 277,293

### Revenues and Expenses

Revenues for the County's governmental activities increased by 4.43%, while total expenses increased by 4.61%. The main increase in revenues was in other grants/contracts. The largest increase in expenses was in jail.

**Table 2**  
**County of Androscoggin, Maine**  
**Change in Net Position**  
**For The Years Ended December 31,**

	<u>2016</u>	<u>2015</u>
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for Services	\$ 1,354,528	\$ 1,701,935
Operating Grants and Contributions	1,721,206	1,507,794
<i>General Revenues:</i>		
Taxes	8,557,878	8,359,313
Other Grants/Contracts	615,638	136,775
Interest Income	5,248	8,069
Miscellaneous	63,483	81,891
Total Revenues	<u>12,317,981</u>	<u>11,795,777</u>
<b>Expenses</b>		
Superior Court	8,508	21,595
District Attorney	547,623	474,826
County Commissioners	224,328	261,044
County Treasurer	163,996	147,745
County Buildings	280,181	321,656
Jail (Support of Prisoners)	5,994,150	5,655,945
Human Resources	3,521	1,490
Registry of Deeds	155,494	308,964
Registry of Probate	149,445	136,678
Auditing	17,850	10,700
Sheriff	1,533,216	1,309,517
Extension Service	46,372	47,742
Employee Benefits	1,868,053	1,896,738
Soil Conservation	10,500	13,000
Communications	478,898	445,502
Insurances	38,648	74,986
Emergency Management Agency	201,636	190,542
Civil Process	182,962	159,497
Telecommunications	92,526	61,186
Contingency	-	6,245
Unclassified	368,131	274,436
Interest on Long-term Debt	26,286	29,131
Unallocated Depreciation (Note 4)	13,806	9,829
Total Expenses	<u>12,406,130</u>	<u>11,858,994</u>
Change in Net Position	(88,149)	(63,217)
Net Position - January 1	<u>277,293</u>	<u>340,510</u>
Net Position - December 31	<u>\$ 189,144</u>	<u>\$ 277,293</u>

## Financial Analysis of the County's Fund Statements

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

**Table 3**  
**County of Androscoggin, Maine**  
**Fund Balances - Governmental Funds**  
**December 31,**

	2016	2015
General Fund:		
Nonspendable	\$ 2,700	\$ 2,700
Restricted	107,383	107,372
Assigned	1,092,609	1,214,658
Unassigned	477,302	399,783
Total General Fund	\$ 1,679,994	\$ 1,724,513
 Jail Fund:		
Restricted	\$ 243,927	\$ 237,228
Total Jail Fund	\$ 243,927	\$ 237,228
 Deeds Surcharge Fund:		
Restricted	\$ 184,172	\$ 164,280
Total Deeds Surcharge Fund	\$ 184,172	\$ 164,280
 Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 105,098	\$ 83,029
Total Nonmajor Funds	\$ 105,098	\$ 83,029

The general fund total fund balance decreased by \$44,519 from the prior fiscal year. The jail fund total fund balance increased by \$6,699 from the prior fiscal year. The deeds surcharge fund total fund balance increased by \$19,892 from the prior fiscal year. The nonmajor funds total fund balances increased by \$22,069 from the prior fiscal year.

### Budgetary Highlights

The significant difference between the original and final budget for the general fund was the use of assigned fund balance.

The general fund actual revenues exceeded budgeted amounts by \$76,682. This was mostly a result of charges for services.

The general fund actual expenditures were under budget by \$396,177. All expenditure categories were under budget with the exception of human resources, auditing, civil process and communications.

### **Capital Asset and Debt Administration**

#### **Capital Assets**

As of December 31, 2016, the net book value of capital assets recorded by the County increased by \$192,802 over the prior year. This increase was due to capital additions of \$316,365 less current year depreciation expense of \$123,563.

**Table 4**  
**County of Androscoggin, Maine**  
**Capital Assets (Net of Depreciation)**  
**December 31,**

	<b>2016</b>	<b>2015</b>
Land	\$ 809,900	\$ 809,900
Construction in progress	82,656	25,834
Buildings and improvements	240,521	226,269
Vehicles	331,478	239,637
Machinery and equipment	301,475	269,949
Furniture and fixtures	19,672	21,311
<b>Total</b>	<b>\$ 1,785,702</b>	<b>\$ 1,592,900</b>

#### **Debt**

At December 31, 2016, the County had no bonds outstanding. Other long-term obligations included capital leases payable, accrued compensated absences and net pension liability. Refer to Note 6 of Notes to Financial Statements for more detailed information.

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

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

The County's unassigned fund balance has fallen below a level sufficient to sustain government operations for a period of approximately two months. The County is working to rebuild this balance to a sufficient level.

## **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Treasurer's Office at 2 Turner Street, Auburn, Maine 04210.

## COUNTY OF ANDROSCOGGIN, MAINE

STATEMENT OF NET POSITION  
DECEMBER 31, 2016

	Governmental Activities
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 2,804,015
Accounts receivable (net of allowance for uncollectibles)	27,632
Due from other governments	157,406
Prepaid items	2,700
Total current assets	<u>2,991,753</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	892,556
Depreciable assets, net of accumulated depreciation	893,146
Total noncurrent assets	<u>1,785,702</u>
<b>TOTAL ASSETS</b>	<u>4,777,455</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	2,442,155
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>2,442,155</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 7,219,610</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 2,145
Due to other governments	115,044
Current portion of long-term obligations	421,702
Total current liabilities	<u>538,891</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Capital leases payable	122,439
Net pension liability	4,436,631
Total noncurrent liabilities	<u>4,559,070</u>
<b>TOTAL LIABILITIES</b>	<u>5,097,961</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred revenues	563,141
Deferred inflows related to pensions	1,369,364
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>1,932,505</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,543,700
Restricted	640,580
Unrestricted	(1,995,136)
<b>TOTAL NET POSITION</b>	<u>189,144</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 7,219,610</u>

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

## COUNTY OF ANDROSCOGGIN, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Total Governmental Activities
Governmental Activities:					
Superior Court	\$ 8,508	\$ 35,370	\$ -	\$ -	\$ 26,862
District Attorney	547,623	218	-	-	(547,405)
County Commissioners	224,328	-	-	-	(224,328)
County Treasurer	163,996	-	-	-	(163,996)
County Buildings	280,181	8,750	-	-	(271,431)
Jail (Support of Prisoners)	5,994,150	63,765	1,465,394	-	(4,464,991)
Human Resources	3,521	-	-	-	(3,521)
Registry of Deeds	155,494	832,739	-	-	677,245
Registry of Probate	149,445	137,455	-	-	(11,990)
Auditing	17,850	-	-	-	(17,850)
Sheriff	1,533,216	39,182	-	-	(1,494,034)
Extension Service	46,372	-	-	-	(46,372)
Employee Benefits	1,868,053	-	-	-	(1,868,053)
Soil Conservation	10,500	-	-	-	(10,500)
Communications	478,898	-	-	-	(478,898)
Insurances	38,648	-	-	-	(38,648)
Emergency Management Agency	201,636	-	-	-	(201,636)
Civil Process	182,962	225,767	-	-	42,805
Telecommunications	92,526	-	-	-	(92,526)
Unclassified	368,131	11,282	255,812	-	(101,037)
Interest on Long-term Debt	26,286	-	-	-	(26,286)
Unallocated Depreciation (Note 4)*	13,806	-	-	-	(13,806)
Total Government	\$ 12,406,130	\$ 1,354,528	\$ 1,721,206	\$ -	(9,330,396)

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

STATEMENT B (CONTINUED)

COUNTY OF ANDROSCOGGIN, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Governmental Activities
Changes in net position:	
Net (expense) revenue	(9,330,396)
General revenues:	
Property taxes, levied for general purposes	8,557,878
Other grants/contracts	615,638
Interest income	5,248
Miscellaneous	63,483
Total general revenues	9,242,247
Change in net position	(88,149)
NET POSITION - JANUARY 1	277,293
NET POSITION - DECEMBER 31	\$ 189,144

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

## STATEMENT C

## COUNTY OF ANDROSCOGGIN, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2016

	General Fund	Jail Fund	Deeds Surcharge Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,551,207	\$ -	\$ 220,355	\$ 32,453	\$ 2,804,015
Accounts receivables (net of allowance for uncollectibles)	21,667	11	-	5,954	27,632
Due from other governments	59,174	98,232	-	-	157,406
Prepaid items	2,700	-	-	-	2,700
Due from other funds	36,183	807,057	-	66,691	909,931
<b>TOTAL ASSETS</b>	<b>\$ 2,670,931</b>	<b>\$ 905,300</b>	<b>\$ 220,355</b>	<b>\$ 105,098</b>	<b>\$ 3,901,684</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 2,145	\$ -	\$ -	\$ -	\$ 2,145
Accrued compensated absences	-	98,232	-	-	98,232
Due to other governments	115,044	-	-	-	115,044
Due to other funds	873,748	-	36,183	-	909,931
<b>TOTAL LIABILITIES</b>	<b>990,937</b>	<b>98,232</b>	<b>36,183</b>	<b>-</b>	<b>1,125,352</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenues	-	563,141	-	-	563,141
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>563,141</b>	<b>-</b>	<b>-</b>	<b>563,141</b>
<b>FUND BALANCES</b>					
Nonspendable	2,700	-	-	-	2,700
Restricted	107,383	243,927	184,172	105,098	640,580
Committed	-	-	-	-	-
Assigned	1,092,609	-	-	-	1,092,609
Unassigned	477,302	-	-	-	477,302
<b>TOTAL FUND BALANCES</b>	<b>1,679,994</b>	<b>243,927</b>	<b>184,172</b>	<b>105,098</b>	<b>2,213,191</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,670,931</b>	<b>\$ 905,300</b>	<b>\$ 220,355</b>	<b>\$ 105,098</b>	<b>\$ 3,901,684</b>

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

## COUNTY OF ANDROSCOGGIN, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2016

	Total Governmental Funds
Total Fund Balances	\$ 2,213,191
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	1,785,702
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	2,442,155
Long-term liabilities shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Capital leases payable	(242,002)
Accrued compensated absences	(168,976)
Net pension liability	(4,471,562)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(1,369,364)
Net position of governmental activities	\$ 189,144

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

## COUNTY OF ANDROSCOGGIN, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	General Fund	Jail Fund	Deeds Surcharge Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 8,557,878	\$ -	\$ -	\$ -	\$ 8,557,878
Intergovernmental Revenues	615,638	1,465,394	-	255,812	2,336,844
Charges for Services	1,235,016	63,765	50,797	4,950	1,354,528
Interest Income	5,163	-	-	85	5,248
Miscellaneous Revenues	33,190	30,293	-	-	63,483
<b>TOTAL REVENUES</b>	<b>10,446,885</b>	<b>1,559,452</b>	<b>50,797</b>	<b>260,847</b>	<b>12,317,981</b>
<b>EXPENDITURES</b>					
Current:					
Superior Court	8,508	-	-	-	8,508
District Attorney	545,411	-	-	-	545,411
County Commissioners	244,306	-	-	-	244,306
County Treasurer	168,578	-	-	-	168,578
County Buildings	367,148	-	-	-	367,148
Jail (Support of Prisoners)	-	5,968,713	-	-	5,968,713
Human Resources	3,521	-	-	-	3,521
Register of Deeds	159,454	-	-	-	159,454
Register of Probate	148,968	-	-	-	148,968
Auditing	17,850	-	-	-	17,850
Sheriff	1,538,691	-	-	-	1,538,691
Extension Service	46,372	-	-	-	46,372
Employee Benefits	1,699,122	-	-	-	1,699,122
Soil Conservation	10,500	-	-	-	10,500
Communications	478,898	-	-	-	478,898
Insurances	38,648	-	-	-	38,648
Emergency Management Agency	197,688	-	-	-	197,688
Civil Process	179,112	-	-	-	179,112
Telecommunications	95,773	-	-	-	95,773
Unclassified	-	-	30,905	339,388	370,293
Debt Service:					
TAN Interest	26,286	-	-	-	26,286
<b>TOTAL EXPENDITURES</b>	<b>5,974,834</b>	<b>5,968,713</b>	<b>30,905</b>	<b>339,388</b>	<b>12,313,840</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,472,051</b>	<b>(4,409,261)</b>	<b>19,892</b>	<b>(78,541)</b>	<b>4,141</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	4,415,960	-	100,610	4,516,570
Transfers (Out)	(4,516,570)	-	-	-	(4,516,570)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(4,516,570)</b>	<b>4,415,960</b>	<b>-</b>	<b>100,610</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(44,519)</b>	<b>6,699</b>	<b>19,892</b>	<b>22,069</b>	<b>4,141</b>
<b>FUND BALANCES - JANUARY 1</b>	<b>1,724,513</b>	<b>237,228</b>	<b>164,280</b>	<b>83,029</b>	<b>2,209,050</b>
<b>FUND BALANCES - DECEMBER 31</b>	<b>\$ 1,679,994</b>	<b>\$ 243,927</b>	<b>\$ 184,172</b>	<b>\$ 105,098</b>	<b>\$ 2,213,191</b>

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

## COUNTY OF ANDROSCOGGIN, 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 DECEMBER 31, 2016

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 4,141</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	316,365
Depreciation expense	<u>(123,563)</u>
	<u>192,802</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>957,597</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>139,265</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	
	<u>(237,809)</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>495,041</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	(17,617)
Net pension liability	<u>(1,621,569)</u>
	<u>(1,639,186)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ (88,149)</u></u>

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

## COUNTY OF ANDROSCOGGIN, MAINE

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
DECEMBER 31, 2016

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 374,142
Accounts receivable (net of allowance for uncollectibles)	<u>2,211,091</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,585,233</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$ 5,222
Due to other governments	5,212
Deposits held for others	<u>2,574,799</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 2,585,233</u></u>

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

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The County of Androscoggin was incorporated under the laws of the State of Maine. The County operates under the County Manager-Commissioner form of government and provides the following services: district attorney, county commissioners, county treasurer, county buildings, jail, registry of deeds, registry of probate, sheriff, communications and unclassified.

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 December 31, 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 ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 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. 77, "*Tax Abatement Disclosures*". The objective of the Statement is to improve disclosure of information about the nature and magnitude of tax abatements, making these transactions more transparent to financial statement users. As such, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 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.

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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. All activities of the County are categorized as governmental.

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

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

The net costs (by function) are normally covered by general revenues (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.

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus - Basic Financial Statements & Fund Financial Statements**

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

1. Governmental Funds:

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

Major Funds

- a. The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Jail Fund is another operating fund of the County that was established by state statutes. It is used to account for the revenues and expenditures of the jail.
- c. The Deeds Surcharge fund is a major special revenue fund. It is used to account for the revenues and expenditures for Deeds.

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 are reported using accounting principles similar to proprietary funds.

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

**Basis of Accounting**

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

1. Accrual

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

2. Modified Accrual

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

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Budget**

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

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

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

**Deposits and Investments**

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of twelve 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 Androscoggin has no formal investment policy but instead follows the State of Maine Statutes.

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 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".

**Allowance for Uncollectible Accounts**

The allowance for uncollectible accounts is estimated to be \$8,920 as of December 31, 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.

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

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimated useful lives are as follows:

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

**Long-term Obligations**

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

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

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

**Compensated Absences**

The County's policy regarding vacation is to permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded in the jail fund for the jail's portion as a liability but for all other it is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

**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

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

**Fund Balances**

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

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

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

**Committed** – This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the County. 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.

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

**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 item, deferred outflows related to pensions. This item is reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred revenues qualifies for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions qualifies 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 year was assessed based on the values obtained by the State of Maine for all real and personal property located in the County. Property taxes were to be paid in one installment with a due date of October 1, 2016. Interest will begin accruing at rate of 7% after 60 days from the due date.

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. All property taxes were collected prior to December 31, 2016.

**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 follows state statutes for the investment of funds, which 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 apply to all County funds.

**Deposits:**

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the County will not be able to recover its deposits. The County does not have a policy covering custodial credit risk for deposits. However, the County maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At December 31, 2016, the County's cash balance of \$3,178,157 was comprised of bank deposits amounting to \$3,460,743. Of these deposits, \$1,013,579 were insured by federal depository insurance and consequently not exposed to custodial credit risk. Of the remaining deposits, \$1,688,220 were collateralized with securities held by the financial institution in the County's name and \$758,944 were collateralized by an irrevocable stand-by letter of credit.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 273,992
Money market accounts	1,198,944
Savings accounts	10,142
Sweep accounts	1,757,310
ICS savings accounts	220,355
	<u>\$ 3,460,743</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 December 31, 2016, the County had \$0 of investments.

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

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.

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2016 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 36,183	\$ 873,748
Jail Fund	807,057	-
Deeds Surcharge Fund	-	36,183
Nonmajor Special Revenue Funds	66,691	-
	<u>\$ 909,931</u>	<u>\$ 909,931</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2016:

	Balance, 1/1/16	Additions	Disposals	Balance, 12/31/16
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 809,900	\$ -	\$ -	\$ 809,900
Construction in progress	25,834	82,656	(25,834)	82,656
Total	<u>835,734</u>	<u>82,656</u>	<u>(25,834)</u>	<u>892,556</u>
Depreciated assets:				
Buildings/improvements	11,508,262	25,834	-	11,534,096
Vehicles	459,654	139,029	-	598,683
Machinery/equipment	549,951	94,680	-	644,631
Furniture/fixtures	30,053	-	-	30,053
	<u>12,547,920</u>	<u>259,543</u>	<u>-</u>	<u>12,807,463</u>
Less accumulated depreciation	<u>(11,790,754)</u>	<u>(123,563)</u>	<u>-</u>	<u>(11,914,317)</u>
	<u>757,166</u>	<u>135,980</u>	<u>-</u>	<u>893,146</u>
Net capital assets	<u>\$ 1,592,900</u>	<u>\$ 218,636</u>	<u>\$ (25,834)</u>	<u>\$ 1,785,702</u>

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Current year depreciation

Jail	\$ 25,437
District Attorney	2,261
Sheriff's Department	82,059
County-wide	13,806
Total depreciation expense	<u>\$ 123,563</u>

NOTE 5 - SHORT-TERM DEBT

On January 4, 2016, the County issued a tax anticipation note to provide liquidity for governmental operations financed by property taxes, which are collected in annual payments due October 1. The note, a line of credit, allowed principal draws up to \$5,000,000 at 0.77% interest with a maturity date of December 31, 2016. Short-term debt activity for the year ended December 31, 2016 is as follows:

	<u>Balance 1/1/16</u>	<u>Draws</u>	<u>Repayments</u>	<u>Balance 12/31/16</u>
Tax anticipation note	\$ -	\$ 5,000,000	\$ (5,000,000)	\$ -
Totals	<u>\$ -</u>	<u>\$ 5,000,000</u>	<u>\$ (5,000,000)</u>	<u>\$ -</u>

On December 31, 2016, the note was paid in full. Interest expense for the note was \$26,286.

NOTE 6 - LONG-TERM DEBT

The General Fund of the County is used to pay for all long-term debt. A summary of long-term debt for the year ended December 31, 2016 is as follows:

	<u>Balance, 1/1/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, 12/31/16</u>	<u>Current Portion</u>
Capital leases payable	\$ 143,458	\$ 237,809	\$ (139,265)	\$ 242,002	\$ 119,563
Accrued compensated absences	244,915	22,293	-	267,208	267,208
Net pension liability	2,849,993	1,621,569	-	4,471,562	34,931
Totals	<u>\$ 3,238,366</u>	<u>\$ 1,881,671</u>	<u>\$ (139,265)</u>	<u>\$ 4,980,772</u>	<u>\$ 421,702</u>

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The County has entered into multiple lease agreements as lessees for financing the acquisition of various equipment and vehicles. Those leases qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of future minimum lease payments as of the date of their inception in the government-wide financial statements.

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

2017	\$ 127,076
2018	85,735
2019	21,315
2020	<u>21,224</u>
Total minimum lease payments	255,350
Less: amount representing interest	<u>(13,348)</u>
Present value of future minimum lease payments	<u><u>\$ 242,002</u></u>

NOTE 7 - NONSPENDABLE FUND BALANCES

At December 31, 2016, the County had the following nonspendable fund balances:

General Fund:	
Prepaid Items	<u><u>\$ 2,700</u></u>

NOTE 8 - RESTRICTED FUND BALANCES

At December 31, 2016, the County had the following restricted fund balances:

General Fund:	
JISS	\$ 6,319
MCJA 12- Week Training	1,064
Contingency	<u>100,000</u>
Subtotal General Fund	107,383
Jail Fund	243,927
Deeds Surcharge Fund	184,172
Nonmajor Special Revenue Funds (See Schedule D)	<u>105,098</u>
	<u><u>\$ 640,580</u></u>

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 9 - ASSIGNED FUND BALANCES

At December 31, 2016, the County had the following assigned fund balances:

General Fund:		
Jail	\$	3
Treasurer Computer		422
DA - Educational Staff Training		351
Communication Reserve		113,440
Electronic Monitoring		6,629
Building Imp Account		351,757
Dive Team Equipment		820
Bank Computer		5
Asset Forfeiture		3,232
Office Equipment		21,383
2017 Commitment Offset		100,000
Sheriff Union Negotiations		25,000
County Capital Reserves		399,884
Encumbrances		69,683
	\$	<u>1,092,609</u>

NOTE 10 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

**Plan Description**

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

**Benefits Provided**

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 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 employees hired after June 30, 1997 are part of the following plans: law enforcement and corrections officer employees are part of the PLD's special plan "2C" and are required to contribute 8.0% of their annual salary, while all other employees are part of the PLD's plan "AC" and are required to contribute 8.0% of their annual salary. Prior to July 1, 1997, all County employees were part of the PLD's special plan "1C". Employees in that group are also required to contribute 8.0% of their annual salary. The County is required to contribute at an actuarially determined rate of 9.1% of special plan "2C" members' covered payroll, 9.5% of the plan "AC" members' covered payroll and 14.2% of special plan "1C" members' covered payroll. The contribution rates of plan members and the County are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The County's contribution to the MainePERS PLD Consolidated Plan for the year ended December 31, 2016 was \$509,966.

As of June 30, 2016, the County had an individual un-pooled pension liability of \$83,151. This individual un-pooled pension liability has an amortization period of 2 years, beginning July 1, 2015. The County currently adds a portion of this liability as a cost to the current contributions due. The County's contributions for the plan year ended June 30, 2016 have been adjusted accordingly and reflect the total contributions due for service after applying the cost of this liability.

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

At December 31, 2016, the District reported a liability of \$4,471,562 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2016, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The District's proportion of the net pension liabilities were based on a projection of the District's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2016, the District's proportion was 0.841578%, which was a decrease of 0.051707% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the District recognized net pension revenue of \$168,931. At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 54,205	\$ 287,606
Changes of assumptions	479,363	-
Net difference between projected and actual earnings on pension plan investments	1,652,390	687,702
Changes in proportion and differences between contributions and proportionate share of contributions	-	394,056
Contributions subsequent to the measurement date	256,197	-
Total	<u>\$ 2,442,155</u>	<u>\$ 1,369,364</u>

\$256,197 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 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:

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan
Year ended June 30:	
2017	\$ 34,931
2018	16,958
2019	506,989
2020	257,716
2021	-
Thereafter	-

**Actuarial Methods and Assumptions**

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

*Actuarial Cost Method*

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

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

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

*Asset Valuation Method*

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

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Amortization*

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

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

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

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

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

*Cost of Living Benefit Increases* - 2.20%; 2.55% was used for the period ended June 30, 2015.

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

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

*Discount Rate*

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

The following table shows how the collective net pension liability/(asset) as of June 30, 2016 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.875% for the PLD Consolidated Plan.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.875%	6.875%	7.875%
County's proportionate share of the net pension liability	\$ 7,421,988	\$ 4,471,562	\$ 1,693,842

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Changes in Net Pension Liability**

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2016 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2016 with the following exceptions.

*Differences between Expected and Actual Experience*

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

*Differences between Projected and Actual Investment Earnings on Pension Plan Investments*

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

*Changes in Assumptions*

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2016 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the Actuarial Methods and Assumptions section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

**Pension Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2016 Comprehensive Annual Financial Report available online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

NOTE 11 - 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 annual audit report.

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

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 12 - LETTER OF CREDIT

At December 31, 2016, the County has an outstanding irrevocable standby letter of credit issued by the Federal Home Loan Bank of Pittsburgh serving as collateral for its deposits held at TD, Bank, N.A. This letter of credit, which expires at the close of business on February 16, 2017, authorizes one draw only up to the amount of \$1,200,000. There were no draws for the year ended December 31, 2016.

NOTE 13 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County either carries commercial insurance or participates in a public entity and self-insured risk pool sponsored by the Maine County Commissioners Association Self-Funded Risk Management Pool.

Based on the coverage provided by the insurance purchased, the County is not aware of any material actual or potential claim liabilities which should be recorded at December 31, 2016. The amount of settlements has not exceeded insurance coverage for each of the past three years and there were no significant reductions in insurance coverage from that of the prior year.

NOTE 14 - CONTINGENCIES

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

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.

## 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

SCHEDULE 1

COUNTY OF ANDROSCOGGIN, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, January 1	\$ 1,724,513	1,724,513	\$ 1,724,513	\$ -
Resources (Inflows):				
Taxes - Municipalities	8,557,878	8,557,878	8,557,878	-
Intergovernmental Revenues	604,506	604,506	615,638	11,132
Charges for Services	1,172,319	1,172,319	1,235,016	62,697
Interest Income	3,000	3,000	5,163	2,163
Miscellaneous	-	-	33,190	33,190
Transfers from Other Funds	32,500	32,500	-	(32,500)
Amounts Available for Appropriation	<u>12,094,716</u>	<u>12,094,716</u>	<u>12,171,398</u>	<u>76,682</u>
Charges to Appropriations (Outflows):				
Superior Court	14,200	14,200	8,508	5,692
District Attorney	541,775	547,959	545,411	2,548
County Commissioners	279,538	279,836	244,306	35,530
County Treasurer	171,489	171,571	168,578	2,993
County Buildings	383,706	405,316	367,148	38,168
Human Resources	2,100	2,100	3,521	(1,421)
Registry of Deeds	183,194	183,194	159,454	23,740
Registry of Probate	147,635	155,971	148,968	7,003
Auditing	12,000	12,000	17,850	(5,850)
Sheriff	1,472,679	1,570,651	1,538,691	31,960
Extension Service	46,372	46,372	46,372	-
Employee Benefits	1,760,621	1,760,621	1,699,122	61,499
Soil Conservation	14,000	14,000	10,500	3,500
Communications	468,025	468,258	478,898	(10,640)
Insurances	126,000	126,000	38,648	87,352
Emergency Management Agency	202,737	202,737	197,688	5,049
Civil Process	168,404	168,603	179,112	(10,509)
Telecommunications	110,916	111,211	95,773	15,438
Contingency	100,000	100,000	-	100,000
Debt Service:				
TAN Interest	30,000	30,000	26,286	3,714
Transfers to Other Funds	4,516,981	4,516,981	4,516,570	411
Total Charges to Appropriations	<u>10,752,372</u>	<u>10,887,581</u>	<u>10,491,404</u>	<u>396,177</u>
Budgetary Fund Balance, December 31	<u>\$ 1,342,344</u>	<u>\$ 1,207,135</u>	<u>\$ 1,679,994</u>	<u>\$ 472,859</u>
Utilization of Restricted Fund Balance	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
Utilization of Assigned Fund Balance	282,169	417,378	-	(417,378)
	<u>\$ 382,169</u>	<u>\$ 517,378</u>	<u>\$ -</u>	<u>\$ (517,378)</u>

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

## COUNTY OF ANDROSCOGGIN, MAINE

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

	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>		
Proportion of the net pension liability	0.84%	0.89%
Proportionate share of the net pension liability	\$ 4,471,562	\$ 2,849,993
Covered-employee payroll	\$ 4,285,185	\$ 3,923,173
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	104.35%	72.65%
Plan fiduciary net position as a percentage of the total pension liability	81.61%	88.30%

\* 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 ANDROSCOGGIN, MAINE

SCHEDULE OF CONTRIBUTIONS  
LAST 10 FISCAL YEARS\*

	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>		
Contractually required contribution	\$ 509,966	\$ 430,266
Contributions in relation to the contractually required contribution	<u>(509,966)</u>	<u>(430,266)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 4,398,335	\$ 4,044,026
Contributions as a percentage of covered- employee payroll	11.59%	10.64%

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

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

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2016

**Changes of Assumptions**

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

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

## Other Supplementary Information

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

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

COUNTY OF ANDROSCOGGIN, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
<b>SUPERIOR COURT</b>					
Witness fees	\$ 14,000	\$ -	\$ 14,000	\$ 8,475	\$ 5,525
Other expenditures	200	-	200	33	167
<b>Total</b>	<b>14,200</b>	<b>-</b>	<b>14,200</b>	<b>8,508</b>	<b>5,692</b>
<b>DISTRICT ATTORNEY</b>					
Personnel	339,858	-	339,858	337,998	1,860
Telephone	9,700	-	9,700	13,526	(3,826)
Utilities	15,411	-	15,411	8,552	6,859
Contracted services	29,284	-	29,284	32,198	(2,914)
Office supplies/printing	31,600	-	31,600	28,510	3,090
Software/hardware	33,780	-	33,780	32,692	1,088
Court lease	66,477	-	66,477	71,474	(4,997)
Other expenditures	3,365	6,184	9,549	9,321	228
Joint District Attorney	12,300	-	12,300	11,140	1,160
<b>Total</b>	<b>541,775</b>	<b>6,184</b>	<b>547,959</b>	<b>545,411</b>	<b>2,548</b>
<b>COUNTY COMMISSIONERS</b>					
Personnel	185,160	-	185,160	130,290	54,870
Contracted services	75,000	-	75,000	77,595	(2,595)
Telephone	1,520	-	1,520	6,982	(5,462)
Office supplies/printing	2,450	-	2,450	3,644	(1,194)
Dues	12,108	-	12,108	14,053	(1,945)
Furniture/fixtures	-	-	-	7,597	(7,597)
Other expenditures	3,300	298	3,598	4,145	(547)
<b>Total</b>	<b>279,538</b>	<b>298</b>	<b>279,836</b>	<b>244,306</b>	<b>35,530</b>
<b>COUNTY TREASURER</b>					
Personnel	148,176	-	148,176	149,249	(1,073)
Software/hardware	9,750	-	9,750	9,704	46
Office supplies/printing	3,200	-	3,200	3,104	96
Other expenditures	10,363	82	10,445	6,521	3,924
<b>Total</b>	<b>171,489</b>	<b>82</b>	<b>171,571</b>	<b>168,578</b>	<b>2,993</b>

COUNTY OF ANDROSCOGGIN, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
<b>COUNTY BUILDINGS</b>					
Personnel	119,106	-	119,106	120,029	(923)
Fuel oil	4,000	-	4,000	18,729	(14,729)
Cleaning	36,000	-	36,000	37,394	(1,394)
Grounds/snow removal	14,000	-	14,000	11,498	2,502
Repairs	22,500	-	22,500	24,805	(2,305)
Utilities	102,230	-	102,230	37,128	65,102
Building and improvements	70,000	-	70,000	82,627	(12,627)
Furniture/fixtures	13,000	-	13,000	11,136	1,864
Other expenditures	2,870	21,610	24,480	23,802	678
<b>Total</b>	<b>383,706</b>	<b>21,610</b>	<b>405,316</b>	<b>367,148</b>	<b>38,168</b>
<b>HUMAN RESOURCES</b>					
Human resources	2,100	-	2,100	3,521	(1,421)
<b>Total</b>	<b>2,100</b>	<b>-</b>	<b>2,100</b>	<b>3,521</b>	<b>(1,421)</b>
<b>REGISTRY OF DEEDS</b>					
Personnel	155,834	-	155,834	135,362	20,472
Microfilming	17,500	-	17,500	16,160	1,340
Office supplies/printing	6,735	-	6,735	6,103	632
Telephone	1,400	-	1,400	966	434
Other expenditures	1,725	-	1,725	863	862
<b>Total</b>	<b>183,194</b>	<b>-</b>	<b>183,194</b>	<b>159,454</b>	<b>23,740</b>
<b>REGISTRY OF PROBATE</b>					
Personnel	108,485	-	108,485	105,977	2,508
Advertising	10,000	-	10,000	9,647	353
Attorney fees	10,375	-	10,375	10,680	(305)
Software/hardware	3,250	-	3,250	2,360	890
Office supplies/printing	7,750	-	7,750	7,263	487
Insurance	1,525	-	1,525	1,835	(310)
Telephone	750	-	750	396	354
Other expenditures	5,500	8,336	13,836	10,810	3,026
<b>Total</b>	<b>147,635</b>	<b>8,336</b>	<b>155,971</b>	<b>148,968</b>	<b>7,003</b>

COUNTY OF ANDROSCOGGIN, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
<b>AUDITING</b>					
Audit services	12,000	-	12,000	17,850	(5,850)
Total	12,000	-	12,000	17,850	(5,850)
<b>SHERIFF</b>					
Personnel	1,134,850	85,000	1,219,850	1,219,844	6
Gas/oil/grease	60,000	-	60,000	45,400	14,600
Clothing/uniforms	15,000	-	15,000	12,598	2,402
Motor vehicles	88,861	-	88,861	87,657	1,204
Telephone/teletype	24,564	-	24,564	24,007	557
Automotive supplies	9,000	-	9,000	8,522	478
Software/hardware	37,994	-	37,994	36,695	1,299
Office supplies/printing	13,350	-	13,350	13,608	(258)
Training/education	7,500	-	7,500	5,460	2,040
Repairs	43,100	-	43,100	38,246	4,854
Other expenditures	38,460	12,972	51,432	46,654	4,778
Total	1,472,679	97,972	1,570,651	1,538,691	31,960
<b>EXTENSION SERVICE</b>					
Twin County Extension	46,372	-	46,372	46,372	-
Total	46,372	-	46,372	46,372	-
<b>EMPLOYEE BENEFITS</b>					
Health/dental insurance	1,238,327	-	1,238,327	1,195,856	42,471
Unemployment compensation	10,000	-	10,000	1,559	8,441
Retirement	258,124	-	258,124	258,407	(283)
Social Security	236,228	-	236,228	225,358	10,870
Death benefit	17,942	-	17,942	17,942	-
Total	1,760,621	-	1,760,621	1,699,122	61,499

COUNTY OF ANDROSCOGGIN, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
<b>COMMUNICATIONS</b>					
Personnel	430,533	-	430,533	455,078	(24,545)
Telephone/teletype	10,232	-	10,232	7,162	3,070
Repairs	5,800	-	5,800	4,032	1,768
Software/hardware	4,000	-	4,000	573	3,427
Office supplies/printing	1,050	-	1,050	446	604
Other expenditures	16,410	233	16,643	11,607	5,036
Total	<u>468,025</u>	<u>233</u>	<u>468,258</u>	<u>478,898</u>	<u>(10,640)</u>
<b>SOIL CONSERVATION</b>					
Androscoggin Soil Conservation	14,000	-	14,000	10,500	3,500
Total	<u>14,000</u>	<u>-</u>	<u>14,000</u>	<u>10,500</u>	<u>3,500</u>
<b>INSURANCES</b>					
Auto/liability	126,000	-	126,000	38,648	87,352
Total	<u>126,000</u>	<u>-</u>	<u>126,000</u>	<u>38,648</u>	<u>87,352</u>
<b>EMERGENCY MANAGEMENT AGENCY</b>					
Personnel	173,322	-	173,322	174,242	(920)
Telephone	7,656	-	7,656	7,131	525
Utilities	8,648	-	8,648	6,019	2,629
Office supplies/printing	3,250	-	3,250	3,114	136
Vehicle expenditures	3,025	-	3,025	2,008	1,017
Repairs	2,100	-	2,100	439	1,661
Other expenditures	4,736	-	4,736	4,735	1
Total	<u>202,737</u>	<u>-</u>	<u>202,737</u>	<u>197,688</u>	<u>5,049</u>

COUNTY OF ANDROSCOGGIN, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
<b>CIVIL PROCESS</b>					
Personnel	138,054	-	138,054	155,822	(17,768)
Gas/oil/grease	10,150	-	10,150	4,762	5,388
Repairs	4,400	-	4,400	4,171	229
Software/hardware	2,600	-	2,600	1,855	745
Office supplies/printing	7,600	-	7,600	7,324	276
Other expenditures	5,600	199	5,799	5,178	621
Total	<u>168,404</u>	<u>199</u>	<u>168,603</u>	<u>179,112</u>	<u>(10,509)</u>
<b>TELECOMMUNICATIONS</b>					
Personnel	40,012	-	40,012	25,545	14,467
Telephone	640	-	640	365	275
Repairs	10,158	-	10,158	8,703	1,455
Communications	58,169	-	58,169	58,192	(23)
Other expenditures	1,937	295	2,232	2,968	(736)
Total	<u>110,916</u>	<u>295</u>	<u>111,211</u>	<u>95,773</u>	<u>15,438</u>
<b>CONTINGENCY</b>					
Contingency	100,000	-	100,000	-	100,000
Total	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
<b>DEBT SERVICE</b>					
TAN interest	30,000	-	30,000	26,286	3,714
Total	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>26,286</u>	<u>3,714</u>
<b>TRANSFERS TO OTHER FUNDS</b>					
Jail fund	4,416,371	-	4,416,371	4,415,960	411
Special revenue funds	100,610	-	100,610	100,610	-
Total	<u>4,516,981</u>	<u>-</u>	<u>4,516,981</u>	<u>4,516,570</u>	<u>411</u>
<b>TOTAL</b>	<u>\$ 10,752,372</u>	<u>\$ 135,209</u>	<u>\$ 10,887,581</u>	<u>\$ 10,491,404</u>	<u>\$ 396,177</u>

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

COUNTY OF ANDROSCOGGIN, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2016

	Special Revenue Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 32,453	\$ 32,453
Accounts receivable (net of allowance for uncollectibles)	5,954	5,954
Due from other funds	66,691	66,691
<b>TOTAL ASSETS</b>	<u>\$ 105,098</u>	<u>\$ 105,098</u>
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>		
Restricted	105,098	105,098
<b>TOTAL FUND BALANCES</b>	<u>105,098</u>	<u>105,098</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 105,098</u>	<u>\$ 105,098</u>

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

## COUNTY OF ANDROSCOGGIN, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Special Revenue Funds</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES		
Intergovernmental	\$ 255,812	\$ 255,812
Charges for services	4,950	4,950
Interest income	85	85
TOTAL REVENUES	<u>260,847</u>	<u>260,847</u>
EXPENDITURES		
Program expenses	<u>339,388</u>	<u>339,388</u>
TOTAL EXPENDITURES	<u>339,388</u>	<u>339,388</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(78,541)</u>	<u>(78,541)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	100,610	100,610
Transfers (out)	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>100,610</u>	<u>100,610</u>
NET CHANGE IN FUND BALANCES	22,069	22,069
FUND BALANCES, JANUARY 1	<u>83,029</u>	<u>83,029</u>
FUND BALANCES, DECEMBER 31	<u>\$ 105,098</u>	<u>\$ 105,098</u>

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

## Special Revenue Funds

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

COUNTY OF ANDROSCOGGIN, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2016

	Chemical Emergency Response	Probate Surcharge	DARE	Victim Advocate Grant	Victim Advocate STOP Grant
<b>ASSETS</b>					
Cash and cash equivalents	\$ 22,311	\$ 8,374	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	4,584	-
Due from other funds	-	4,950	37	16,734	18,823
<b>TOTAL ASSETS</b>	<u>\$ 22,311</u>	<u>\$ 13,324</u>	<u>\$ 37</u>	<u>\$ 21,318</u>	<u>\$ 18,823</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted	22,311	13,324	37	21,318	18,823
<b>TOTAL FUND BALANCES</b>	<u>22,311</u>	<u>13,324</u>	<u>37</u>	<u>21,318</u>	<u>18,823</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 22,311</u>	<u>\$ 13,324</u>	<u>\$ 37</u>	<u>\$ 21,318</u>	<u>\$ 18,823</u>

COUNTY OF ANDROSCOGGIN, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2016

	MDEA Agent Contract	Homeland Security	Misc Sheriff Grants	Alcohol Enforcement	Traffic Safety	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,768	\$ -	\$ 32,453
Accounts receivable (net of allowance for uncollectibles)	1,370	-	-	-	-	5,954
Due from other funds	3,121	13,569	8,286	-	1,171	66,691
<b>TOTAL ASSETS</b>	<u>\$ 4,491</u>	<u>\$ 13,569</u>	<u>\$ 8,286</u>	<u>\$ 1,768</u>	<u>\$ 1,171</u>	<u>\$ 105,098</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>						
Restricted	4,491	13,569	8,286	1,768	1,171	105,098
<b>TOTAL FUND BALANCES</b>	<u>4,491</u>	<u>13,569</u>	<u>8,286</u>	<u>1,768</u>	<u>1,171</u>	<u>105,098</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 4,491</u>	<u>\$ 13,569</u>	<u>\$ 8,286</u>	<u>\$ 1,768</u>	<u>\$ 1,171</u>	<u>\$ 105,098</u>

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

COUNTY OF ANDROSCOGGIN, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Chemical Emergency Response	Probate Surcharge	DARE	Victim Advocate Grant	Victim Advocate STOP Grant
REVENUES					
Intergovernmental	\$ 129,500	\$ -	\$ -	\$ 49,945	\$ -
Charges for services	-	4,950	-	-	-
Interest income	42	38	-	-	-
TOTAL REVENUES	<u>129,542</u>	<u>4,988</u>	<u>-</u>	<u>49,945</u>	<u>-</u>
EXPENDITURES					
Program expenses	135,291	2,814	-	96,226	37,176
TOTAL EXPENDITURES	<u>135,291</u>	<u>2,814</u>	<u>-</u>	<u>96,226</u>	<u>37,176</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,749)</u>	<u>2,174</u>	<u>-</u>	<u>(46,281)</u>	<u>(37,176)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	44,611	55,999
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,611</u>	<u>55,999</u>
NET CHANGE IN FUND BALANCES	(5,749)	2,174	-	(1,670)	18,823
FUND BALANCES, JANUARY 1	<u>28,060</u>	<u>11,150</u>	<u>37</u>	<u>22,988</u>	<u>-</u>
FUND BALANCES, DECEMBER 31	<u>\$ 22,311</u>	<u>\$ 13,324</u>	<u>\$ 37</u>	<u>\$ 21,318</u>	<u>\$ 18,823</u>

COUNTY OF ANDROSCOGGIN, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	MDEA Agent Contract	Homeland Security	Misc Sheriff Grants	Alcohol Enforcement	Traffic Safety	Total
REVENUES						
Intergovernmental	\$ 34,477	\$ -	\$ 30,070	\$ -	\$ 11,820	\$ 255,812
Charges for services	-	-	-	-	-	4,950
Interest income	-	-	-	5	-	85
TOTAL REVENUES	<u>34,477</u>	<u>-</u>	<u>30,070</u>	<u>5</u>	<u>11,820</u>	<u>260,847</u>
EXPENDITURES						
Program expenses	34,380	-	21,944	-	11,557	339,388
TOTAL EXPENDITURES	<u>34,380</u>	<u>-</u>	<u>21,944</u>	<u>-</u>	<u>11,557</u>	<u>339,388</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>97</u>	<u>-</u>	<u>8,126</u>	<u>5</u>	<u>263</u>	<u>(78,541)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	100,610
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,610</u>
NET CHANGE IN FUND BALANCES	97	-	8,126	5	263	22,069
FUND BALANCES, JANUARY 1	<u>4,394</u>	<u>13,569</u>	<u>160</u>	<u>1,763</u>	<u>908</u>	<u>83,029</u>
FUND BALANCES, DECEMBER 31	<u>\$ 4,491</u>	<u>\$ 13,569</u>	<u>\$ 8,286</u>	<u>\$ 1,768</u>	<u>\$ 1,171</u>	<u>\$ 105,098</u>

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

## Agency Funds

Agency funds are used to account for assets held by the County of Androscoggin, Maine as an agent for individuals, private organizations or other governmental units. This fund has been established for the provisions of the Inmate Benefit Account, the Restitution Account and the Extradition Account.

## COUNTY OF ANDROSCOGGIN, MAINE

COMBINING SCHEDULE OF FIDUCIARY NET POSITION - AGENCY FUNDS  
DECEMBER 31, 2016

	Inmate Benefit Account	Restitution Account	Extradition Account	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 348,557	\$ 12,156	\$ 13,429	\$ 374,142
Accounts receivable (net of allowance for uncollectibles)	-	2,211,091	-	2,211,091
<b>TOTAL ASSETS</b>	<b><u>\$ 348,557</u></b>	<b><u>\$ 2,223,247</u></b>	<b><u>\$ 13,429</u></b>	<b><u>\$ 2,585,233</u></b>
<b>LIABILITIES</b>				
Accounts payable	\$ 5,222	\$ -	\$ -	\$ 5,222
Due to other governments	5,212	-	-	5,212
Deposits held for others	338,123	2,223,247	13,429	2,574,799
<b>TOTAL LIABILITIES</b>	<b><u>\$ 348,557</u></b>	<b><u>\$ 2,223,247</u></b>	<b><u>\$ 13,429</u></b>	<b><u>\$ 2,585,233</u></b>

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

## COUNTY OF ANDROSCOGGIN, MAINE

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION  
AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Inmate Benefit Account	Restitution Account	Extradition Account	Total
<b>ADDITIONS</b>				
Charges for services	\$ -	\$ -	\$ 37,504	\$ 37,504
Other	179,518	1,068,979	-	1,248,497
<b>TOTAL ADDITIONS</b>	<u>179,518</u>	<u>1,068,979</u>	<u>37,504</u>	<u>1,286,001</u>
<b>DELETIONS</b>				
Program charges	186,183	456,650	32,420	675,253
<b>TOTAL DELETIONS</b>	<u>186,183</u>	<u>456,650</u>	<u>32,420</u>	<u>675,253</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN DEPOSITS HELD FOR OTHERS</b>	(6,665)	612,329	5,084	610,748
<b>DEPOSITS HELD FOR OTHERS, JANUARY 1</b>	<u>344,788</u>	<u>1,610,918</u>	<u>8,345</u>	<u>1,964,051</u>
<b>DEPOSITS HELD FOR OTHERS, DECEMBER 31</b>	<u>\$ 338,123</u>	<u>\$ 2,223,247</u>	<u>\$ 13,429</u>	<u>\$ 2,574,799</u>

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

## General Capital Assets

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

COUNTY OF ANDROSCOGGIN, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
DECEMBER 31, 2016

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures Equipment & Vehicles	Total
Jail	\$ -	\$ 9,002,678	\$ 261,323	\$ 9,264,001
Sheriff's Department	-	-	853,822	853,822
District Attorney	-	-	11,302	11,302
County-wide	892,556	2,531,418	146,920	3,570,894
Total General Capital Assets	892,556	11,534,096	1,273,367	13,700,019
Less: Accumulated Depreciation	-	(11,293,575)	(620,742)	(11,914,317)
Net General Capital Assets	<u>\$ 892,556</u>	<u>\$ 240,521</u>	<u>\$ 652,625</u>	<u>\$ 1,785,702</u>

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

COUNTY OF ANDROSCOGGIN, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED DECEMBER 31, 2016

	General Capital Assets 1/1/16	Additions	Disposals	General Capital Assets 12/31/16
Jail	\$ 9,264,001	\$ -	-	\$ 9,264,001
Sheriff's Department	714,793	139,029	-	853,822
District Attorney	11,302	-	-	11,302
County-wide	3,393,558	177,336	-	3,570,894
Total General Capital Assets	<u>13,383,654</u>	<u>316,365</u>	-	<u>13,700,019</u>
Less: Accumulated Depreciation	<u>(11,790,754)</u>	<u>(123,563)</u>	-	<u>(11,914,317)</u>
Net General Capital Assets	<u>\$ 1,592,900</u>	<u>\$ 192,802</u>	<u>\$ -</u>	<u>\$ 1,785,702</u>

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



*Proven Expertise and Integrity*

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

Board of Commissioners  
County of Androscoggin  
Auburn, 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 Androscoggin, Maine, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County of Androscoggin, Maine's basic financial statements and have issued our report thereon dated August 11, 2017.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*RHR Smith & Company*

Buxton, Maine  
August 11, 2017