

Audited Financial Statements and
Other Supplemental Information

County of York, Maine

June 30, 2018



Proven Expertise and Integrity

COUNTY OF YORK, MAINE

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JUNE 30, 2018

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INDEPENDENT AUDITORS' REPORT

County Commissioners
County of York
Alfred, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the County of York, Maine, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County of York, Maine's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the County of York, Maine as of June 30, 2018, 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 50 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

States of America. In our opinion, the Schedule of Departmental Operations - General Fund and combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2019 on our consideration of County of York, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of York, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
January 14, 2019

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

(UNAUDITED)

The following management's discussion and analysis of the County of York, Maine's financial performance provides an overview of the County's financial activities for the year ended June 30, 2018. Please read this discussion and analysis in conjunction with the County's financial statements.

Financial Statement Overview

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

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

The County of York presents four columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The County's major governmental funds are the general fund, jail fund, deeds preservation fund and the Layman's fund. All other funds are shown as

nonmajor and are combined in the "Other Governmental Funds" column on these statements.

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of 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 and a Schedule of Contributions - Pension.

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the County's governmental activities. The County's total net position increased by \$1,426,714 from \$16,033,506 to \$17,460,220.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased to a balance of \$2,364,569 at the end of this year.

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

	<u>2018</u>	<u>2017</u>
Assets:		
Current Assets	\$ 9,220,952	\$ 8,736,022
Capital Assets	18,284,643	18,930,643
Total Assets	<u>27,505,595</u>	<u>27,666,665</u>
Deferred Outflows of Resources:		
Deferred Amount on Pensions	<u>2,531,384</u>	<u>3,518,807</u>
Total Deferred Outflows of Resources	<u>2,531,384</u>	<u>3,518,807</u>
Liabilities:		
Current Liabilities	2,909,691	3,425,367
Long-Term Debt Outstanding	<u>7,711,082</u>	<u>10,383,184</u>
Total Liabilities	<u>10,620,773</u>	<u>13,808,551</u>
Deferred Inflows of Resources:		
Deferred Amount on Pensions	<u>1,955,986</u>	<u>1,343,415</u>
Total Deferred Inflows of Resources	<u>1,955,986</u>	<u>1,343,415</u>
Net Position:		
Net Investment in Capital Assets	14,384,643	13,865,697
Restricted	711,008	822,765
Unrestricted	<u>2,364,569</u>	<u>1,345,044</u>
Total Net Position	<u>\$ 17,460,220</u>	<u>\$ 16,033,506</u>

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

	<u>2018</u>	<u>2017</u>
Revenues		
<i>Program revenues:</i>		
Charges for services	\$ 4,098,950	\$ 3,548,568
Operating grants and contributions	2,826,357	3,155,759
<i>General revenues:</i>		
Taxes	16,721,815	16,333,591
Investment income	33,747	13,713
Miscellaneous revenues	98,408	240,369
Total Revenues	<u>23,779,277</u>	<u>23,292,000</u>
Expenses		
Commissioners/governing body	57,529	62,349
Management/administration	1,149,602	995,671
Facilities repair & maintenance	651,698	603,791
Treasurer	7,697	7,461
District attorney	1,207,657	1,148,291
Deeds	694,713	1,084,573
Probate	620,904	573,986
Sheriff's/Police services	2,856,567	2,685,910
Communications/Dispatch	620,316	603,083
EMA	571,697	468,331
Juvenile fire prevention	30,218	29,622
Retirement benefits	449,636	908,250
Medical and dental insurance	758,934	937,773
Public agencies	122,496	120,904
Jail	10,116,002	10,734,968
Special projects and reserves	2,172,252	1,142,681
Unclassified	180,000	42,770
Contingency	-	24,768
Interest on long-term debt	84,645	173,381
Total Expenses	<u>22,352,563</u>	<u>22,348,563</u>
Change in Net Position	1,426,714	943,437
Net Position - July 1	<u>16,033,506</u>	<u>15,090,069</u>
Net Position - June 30	<u>\$ 17,460,220</u>	<u>\$ 16,033,506</u>

Revenues and Expenses

Revenues for the year ending June 30, 2018 increased over the previous year by 2.09%. All revenue items with the exception of operating grants and contributions and miscellaneous revenue increased over the prior year. Expenses increased from the prior year by 0.02%. Several expense categories had increases from the previous year including management/administration, facilities repair and maintenance, District Attorney, Probate, Sheriff's/police services, EMA, special projects and reserves which were offset by categories with decreases including deeds, retirement benefits, medical and dental insurance and the jail.

Financial Analysis of the County's Fund Statements

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

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

	2018	2017
General Fund:		
Nonspendable	\$ 60,814	\$ 167,260
Committed	1,258,296	1,120,192
Assigned	1,223,526	1,897,861
Unassigned	2,518,603	2,193,675
Total General Fund	\$ 5,061,239	\$ 5,378,988
Jail Fund:		
Nonspendable	\$ -	\$ 74,632
Assigned	812,715	212,715
Unassigned	333,367	(11,402)
Deeds Preservation:		
Restricted	375,716	495,862
Layman's Way:		
Assigned	513,079	-
Total Other Major Funds	\$ 2,034,877	\$ 771,807
Nonmajor Funds:		
Special Revenue Funds:		
Nonspendable	\$ -	\$ 16,000
Restricted	335,292	326,903
Unassigned	(23,991)	(94,643)
Total Nonmajor Funds	\$ 311,301	\$ 248,260

The general fund total fund balance decreased by \$317,749 from the prior fiscal year. This increase was due to positive budgetary balances with both revenues and expenditures that together exceeded the budgeted use of fund balance. Fund balances for the jail fund increased over the prior year by \$870,137. This increase was due to net transfers from the general fund which exceeded an operating deficit. The Deeds Preservation fund decreased by \$120,146. The Layman's Way fund increased to a balance of \$513,079 due to transfers from the general fund. The nonmajor fund balances increased by \$63,041 from the prior fiscal year.

Budgetary Highlights

The difference between the original and final budget for the general fund was amounts utilized from assigned and/or committed fund balance.

Actual revenues were over the general fund budget by \$573,726. This was the result of several over-received revenue categories such as charges for services, interest on investments, other revenues and transfers from other funds.

General fund actual expenditures were under budget by \$488,960 for the fiscal year. Most expenditure categories finished within budget with the exception of transfers to other funds. The overspent items are disclosed in the notes to financial statements.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2018, the net book value of capital assets recorded by the County decreased by \$646,000 from the prior fiscal year. This was due to capital additions of \$592,879 exceeded by current year depreciation expense of \$1,238,879. Refer to Note 4 of Notes to Financial Statements for additional information.

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

	<u>2018</u>	<u>2017</u>
Land	\$ 741,856	\$ 741,856
Art work and historical treasures	501,425	332,522
Buildings and building improvements	15,317,414	16,189,575
Land improvements	5,165	5,452
Furniture and fixtures	9,201	4,489
Machinery and equipment	856,474	952,564
Vehicles	853,108	704,185
Total	<u>\$ 18,284,643</u>	<u>\$ 18,930,643</u>

Debt

At June 30, 2018, the County had \$3.9 million in bonds outstanding versus \$4.9 million in 2016. This was a decrease of \$1.0 million. Other obligations include accrued compensated absences and net pension liability as shown in Note 6 of Notes to Financial Statements.

Currently Known Facts, Decisions, or Conditions

Economic Factors and Next Year's Budgets and Rates

Currently, the County's unassigned fund balance is within the criteria of their fund balance policy. It has increased to \$2,518,603 for the year ended June 30, 2018 from \$2,406,390 for the same period in 2017. The County continues to maintain reserve accounts for future capital and program needs.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Finance Department at 45 Kennebunk Road, Alfred, Maine 04002.

COUNTY OF YORK, MAINE
STATEMENT OF NET POSITION
JUNE 30, 2018

STATEMENT A

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 8,631,877
Accounts receivable (net of allowance for uncollectibles)	446,059
Due from other governments	82,202
Inventory	1,493
Prepaid items	59,321
Total current assets	<u>9,220,952</u>
Noncurrent assets:	
Capital assets:	
Land, infrastructure, and other assets not being depreciated	1,243,281
Buildings and equipment, net of accumulated depreciation	17,041,362
Total noncurrent assets	<u>18,284,643</u>
TOTAL ASSETS	<u>27,505,595</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	2,531,384
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,531,384</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 30,036,979</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 669,629
Accrued payroll	302,103
Due to other governments	728,353
Accrued payroll liabilities	113,450
Current portion of long-term obligations	1,096,156
Total current liabilities	<u>2,909,691</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	2,900,000
Accrued compensated absences	544,883
Net pension liability	4,266,199
Total noncurrent liabilities	<u>7,711,082</u>
TOTAL LIABILITIES	<u>10,620,773</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	1,955,986
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,955,986</u>
NET POSITION	
Net Investment in capital assets	14,384,643
Restricted	711,008
Unrestricted	2,364,569
TOTAL NET POSITION	<u>17,460,220</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 30,036,979</u>

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

STATEMENT B

COUNTY OF YORK, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Total Governmental Activities
Governmental activities:					
Commissioners/governing Body	\$ 57,529	\$ -	\$ -	\$ -	\$ (57,529)
Management/administration	1,149,602	-	-	-	(1,149,602)
Facilities repair & maintenance	651,698	-	-	-	(651,698)
Treasurer	7,697	-	-	-	(7,697)
District attorney	1,207,657	-	-	-	(1,207,657)
Deeds	694,713	2,460,233	-	-	1,765,520
Probate	620,904	333,159	-	-	(287,745)
Sheriff's/Police services	2,856,567	6,632	-	-	(2,849,935)
Communications/Dispatch	620,316	-	-	-	(620,316)
EMA	571,697	-	-	-	(571,697)
York County juvenile fire prevention	30,218	-	-	-	(30,218)
Retirement benefits	449,636	-	-	-	(449,636)
Medical and dental insurance	758,934	-	-	-	(758,934)
Public agencies	122,496	-	-	-	(122,496)
Unclassified	180,000	-	-	-	(180,000)
Jail	10,116,002	57,871	2,100,433	-	(7,957,698)
Special projects and reserves	2,172,252	1,241,055	473,331	-	(457,866)
Interest on long-term debt and tax anticipation note	84,645	-	-	-	(84,645)
Total government	<u>\$ 22,352,563</u>	<u>\$ 4,098,950</u>	<u>\$ 2,573,764</u>	<u>\$ -</u>	<u>(15,679,849)</u>

STATEMENT B (CONTINUED)
COUNTY OF YORK, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(15,679,849)</u>
General revenues:	
Property taxes, levied for general purposes	16,721,815
Intergovernmental revenue	252,593
Investment income	33,747
Other	98,408
Total general revenues	<u>17,106,563</u>
Change in net position	1,426,714
NET POSITION - JULY 1	<u>16,033,506</u>
NET POSITION - JUNE 30	<u><u>\$ 17,460,220</u></u>

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

COUNTY OF YORK, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Jail Fund	Deeds Preservation Fund	Layman's Way	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 8,076,668	\$ -	\$ 460,879	\$ -	\$ 94,330	\$ 8,631,877
Accounts receivable (net of allowance for uncollectibles)	80,085	24,633	-	-	341,341	446,059
Due from other governments	82,202	-	-	-	-	82,202
Inventory	1,493	-	-	-	-	1,493
Prepaid items	59,321	-	-	-	-	59,321
Due from other funds	359,136	1,573,462	-	527,363	248,214	2,708,175
TOTAL ASSETS	\$ 8,658,905	\$ 1,598,095	\$ 460,879	\$ 527,363	\$ 683,885	\$ 11,929,127
LIABILITIES						
Accounts payable	\$ 256,195	\$ 300,539	\$ 85,163	\$ 14,284	\$ 13,448	\$ 669,629
Accrued payroll	150,629	151,474	-	-	-	302,103
Due to other governments	728,353	-	-	-	-	728,353
Payroll related liabilities	113,450	-	-	-	-	113,450
Due to other funds	2,349,039	-	-	-	359,136	2,708,175
TOTAL LIABILITIES	3,597,666	452,013	85,163	14,284	372,584	4,521,710
FUND BALANCES (DEFICITS)						
Nonspendable	60,814	-	-	-	-	60,814
Restricted	-	-	375,716	-	335,292	711,008
Committed	1,258,296	-	-	-	-	1,258,296
Assigned	1,223,526	812,715	-	513,079	-	2,549,320
Unassigned	2,518,603	333,367	-	-	(23,991)	2,827,979
TOTAL FUND BALANCES (DEFICITS)	5,061,239	1,146,082	375,716	513,079	311,301	7,407,417
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 8,658,905	\$ 1,598,095	\$ 460,879	\$ 527,363	\$ 683,885	\$ 11,929,127

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

COUNTY OF YORK, MAINE

RECONCILIATION OF THE GENERAL FUND BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2018

	Total Governmental Funds
Total Fund Balances	\$ 7,407,417
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	18,284,643
Deferred outflows of resources are not financial resources and therefore are not reported in the funds	2,531,384
Long-term liabilities shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bonds payable	(3,900,000)
Accrued compensated absences	(641,039)
Net pension liability	(4,266,199)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds	(1,955,986)
Net position of governmental activities	\$ 17,460,220

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

COUNTY OF YORK, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Jail Fund	Deeds Preservation Fund	Layman's Way	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 16,721,815	\$ -	\$ -	\$ -	\$ -	\$ 16,721,815
Charges for services	2,672,799	57,871	127,225	-	1,241,055	4,098,950
Intergovernmental revenues	252,593	2,100,433	-	-	473,331	2,826,357
Miscellaneous revenues	74,937	22,598	2,480	-	32,140	132,155
TOTAL REVENUES	19,722,144	2,180,902	129,705	-	1,746,526	23,779,277
EXPENDITURES						
Current:						
Commissioners/Governing Body	57,529	-	-	-	-	57,529
Management/Administration	999,958	-	-	-	-	999,958
Facilities repair & maintenance	545,776	-	-	-	-	545,776
Treasurer	7,697	-	-	-	-	7,697
District attorney	1,202,526	-	-	-	-	1,202,526
Deeds	662,635	-	-	-	-	662,635
Probate	619,885	-	-	-	-	619,885
Sheriff's/Police services	2,734,980	-	-	-	-	2,734,980
Communications/Dispatch	620,316	-	-	-	-	620,316
EMA	497,146	-	-	-	-	497,146
York County Juvenile Fire Prevention	30,218	-	-	-	-	30,218
Retirement benefits	449,636	-	-	-	-	449,636
Medical and dental insurance	758,934	-	-	-	-	758,934
Public agencies	122,496	-	-	-	-	122,496
Unclassified	180,000	-	-	-	-	180,000
Program expenditures	-	9,609,875	249,851	226,038	1,696,363	11,782,127
Debt service:						
Principal	1,164,946	-	-	-	-	1,164,946
Interest	84,645	-	-	-	-	84,645
Capital outlay	249,465	-	-	-	-	249,465
TOTAL EXPENDITURES	10,988,788	9,609,875	249,851	226,038	1,696,363	22,770,915
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	8,733,356	(7,428,973)	(120,146)	(226,038)	50,163	1,008,362
OTHER FINANCING SOURCES (USES)						
Transfers in	430,510	8,662,310	-	775,000	12,878	9,880,698
Transfers (out)	(9,481,615)	(363,200)	-	(35,883)	-	(9,880,698)
TOTAL OTHER FINANCING SOURCES (USES)	(9,051,105)	8,299,110	-	739,117	12,878	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(317,749)	870,137	(120,146)	513,079	63,041	1,008,362
FUND BALANCES (DEFICITS) - JULY 1	5,378,988	275,945	495,862	-	248,260	6,399,055
FUND BALANCES (DEFICITS) - JUNE 30	\$ 5,061,239	\$ 1,146,082	\$ 375,716	\$ 513,079	\$ 311,301	\$ 7,407,417

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

COUNTY OF YORK, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 1,008,362</u>
<p>Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:</p>	
Capital asset acquisitions	592,879
Depreciation expense	<u>(1,238,879)</u>
	<u>(646,000)</u>
<p>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</p>	
	<u>(987,423)</u>
<p>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</p>	
	<u>1,164,946</u>
<p>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:</p>	
Accrued compensated absences	(69,225)
Net pension liability	<u>1,568,625</u>
	<u>1,499,400</u>
<p>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</p>	
	<u>(612,571)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 1,426,714</u></u>

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

COUNTY OF YORK, MAINE

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2018

	Agency Funds				Total
	Inmate Benefit Fund	Inmate Cash	Work Release	District Attorney	
ASSETS					
Cash and cash equivalents	\$ 165,434	\$ 30,452	\$ 5,043	\$ 22,291	\$ 223,220
Investments	281,309	-	-	-	281,309
TOTAL ASSETS	\$ 446,743	\$ 30,452	\$ 5,043	\$ 22,291	\$ 504,529
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deposits held for others	446,743	30,452	5,043	22,291	504,529
TOTAL LIABILITIES	\$ 446,743	\$ 30,452	\$ 5,043	\$ 22,291	\$ 504,529

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

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

Implementation of New Accounting Standards

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

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

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

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

agreements in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. As such, this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Management has determined the impact of this Statement is not material to the financial statements.

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

Statement No. 86, "Certain Debt Extinguishment Issues." The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

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

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

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

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

unrestricted net position. The County first utilizes restricted resources to finance qualifying activities.

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

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

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

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

Measurement Focus - Basic Financial Statements & Fund Financial Statements

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

1. Governmental Funds:

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

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Funds

- a. The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Jail Fund is used to account for the operations of the York County Jail.
- c. The Deeds Preservation Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- d. The Layman's Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Nonmajor Funds

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

2. Fiduciary Funds:

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

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

The emphasis in fund financial statements is on the major funds in governmental activities categories. Nonmajor funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenses of

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Budget

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

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

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Deposits and Investments

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

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

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

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

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Receivables include amounts due from governmental agencies and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$536,950 for the year ended June 30, 2018. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2018.

Inventories and Prepaid Items

Inventories of supplies are considered to be expenditures at the time of purchase and are not included in the general fund balance sheet, with the exception of certain products bought in bulk. Inventories are valued and recorded at cost which approximates market, using the first-in/first-out (FIFO) method.

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

Interfund Receivables and Payables

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

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds (if applicable).

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

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The County has no recorded infrastructure.

Estimated useful lives are as follows:

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

Long-term Obligations

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

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

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

Compensated Absences

In accordance with GASB Statement No. 16 Accounting for Compensated Absences, vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the County will compensate the employees for the benefits

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the foreseeable future.

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

As of June 30, 2018, the liability for any unpaid compensated absences was \$641,039.

Pensions

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

Net Position

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

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources

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

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

Revenue Recognition - Property Taxes - Modified Accrual Basis

The County's property tax for the current period was voted on the assessed value for all real and personal property located in the County. Property taxes for the current year budget was and will be carried as receivables for any unpaid balances. The full amount of the current year assessment will be recognized in the current financial statements.

Program Revenues

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

Encumbrance Accounting

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

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

The County's investment policies, which follow state statutes, authorize the County to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. These investment policies apply to all County funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the County will not be able to recover its deposits. The County does not have a policy covering custodial credit risk for deposits. However, the County maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2018, the County's cash and cash equivalents amounting to \$8,855,097 were comprised of deposits of \$8,852,790 and cash equivalents of \$51. Of these deposits, \$8,131,442 was fully insured by federal depository insurance and consequently not exposed to custodial credit risk. The remaining deposits of \$721,348 was collateralized with securities held by the financial institution in the County's name. The cash equivalents of \$51 were covered by the Securities Investor Protection Corporation (SIPC).

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 1,224,622
Savings accounts	48,480
Money market accounts	147,084
Repurchase agreements	7,432,604
Cash equivalents	51
	<u>\$ 8,852,841</u>

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments:

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

At June 30, 2018, the County had \$281,309 of investments. These investments were in mutual funds. The maturity of these is not applicable. These investments were covered by the Securities Investor Protection Corporation (SIPC).

Fair Value Hierarchy

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The County has the following recurring fair value measurements as June 30, 2018:

	June 30, 2018 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Equity securities:				
Mutual funds and exchange traded funds	\$ 281,309	\$ 281,309	\$ -	\$ -
Total equity securities	281,309	281,309	-	-
Total investments by fair value level	281,309	\$ 281,309	\$ -	\$ -
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	51			
Total cash equivalents measured at the NAV	51			
Total investments and cash equivalents measured at fair value	\$ 281,360			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The County has no Level 2 or 3 investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2018 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

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

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The County does not have an investment policy on credit risk.

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

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

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

	<u>Receivables</u> <u>(Due from)</u>	<u>Payables</u> <u>(Due to)</u>
General Fund	\$ 359,136	\$ 2,349,039
Jail Fund	1,573,462	-
Layman's Way	527,363	-
Nonmajor Special Revenue Funds	248,214	359,136
	<u>\$ 2,708,175</u>	<u>\$ 2,708,175</u>

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - CAPITAL ASSETS

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

	Balance, 7/1/17	Additions	Disposals	Balance, 6/30/18
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 741,856	\$ -	\$ -	\$ 741,856
Art work and historical treasures	332,522	168,903	-	501,425
Totals	<u>1,074,378</u>	<u>168,903</u>	<u>-</u>	<u>1,243,281</u>
Depreciated assets:				
Buildings and building improvements	29,928,420	69,647	-	29,998,067
Land improvements	138,149	-	-	138,149
Furniture & fixtures	19,346	5,460	-	24,806
Machinery & equipment	2,378,658	45,340	(9,563)	2,414,435
Vehicles	1,784,449	303,529	(257,358)	1,830,620
	<u>34,249,022</u>	<u>423,976</u>	<u>(266,921)</u>	<u>34,406,077</u>
Less accumulated depreciation	(16,392,757)	(1,238,879)	266,921	(17,364,715)
	<u>17,856,265</u>	<u>(814,903)</u>	<u>-</u>	<u>17,041,362</u>
Net capital assets	<u>\$ 18,930,643</u>	<u>\$ (646,000)</u>	<u>\$ -</u>	<u>\$ 18,284,643</u>
<u>Current period depreciation:</u>				
EMA				\$ 74,551
Management/Administration				49,050
Courthouse repair & maintenance				105,922
Jail				849,541
Probate				1,019
District attorney				5,131
Deeds				32,078
Sheriff's/Police services				121,587
				<u>\$ 1,238,879</u>

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 - SHORT-TERM DEBT

The County issued interim fiscal year tax anticipation notes of up to \$7,000,000 to cover anticipated cash flows. Interest was charged at an annual rate of 1.73% with a maturity date of March 1, 2018. Tax anticipation note activity for the year ended June 30, 2018 was as follows:

	Balance, 7/1/17	Draws	Repayments	Balance 6/30/18
Tax anticipation notes	\$ 495,280	\$ -	\$ (495,280)	\$ -

Interest expense for short-term debt activity during the year totaled \$4,132.

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2018:

	Balance, 7/1/17	Additions	Deletions	Balance, 6/30/18	Current Year Portion
Bonds payable	\$ 4,900,000	\$ -	\$ (1,000,000)	\$ 3,900,000	\$ 1,000,000
Capital leases payable	164,946	-	(164,946)	-	-
Accrued compensated absences	571,814	69,225	-	641,039	96,156
Net pension liability	5,834,824	-	(1,568,625)	4,266,199	-
Totals	<u>\$ 11,471,584</u>	<u>\$ 69,225</u>	<u>\$ (2,733,571)</u>	<u>\$ 8,807,238</u>	<u>\$ 1,096,156</u>

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The following is a summary of the outstanding bonds payable:

\$6,000,000 2003 Capital Improvement Bond payable to TD Bank. Annual principal payments of \$300,000. Interest rate varies from 2.0% - 3.8% per annum. Maturity in December of 2022.	\$ 1,500,000
\$3,600,000 2011 Bond payable to Maine Municipal Bond Bank. Annual principal payments of \$400,000. Interest rate varies from 0.5% - 5.39% per annum. Maturity in November of 2020.	1,200,000
\$3,000,000 2011 Bond payable to Maine Municipal Bond Bank. Annual principal payments of \$300,000. Interest rate varies from .5% - 5.5% per annum. Maturity in November of 2021.	<u>1,200,000</u>
Total Bonds Payable	<u><u>\$ 3,900,000</u></u>

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

Year Ending June 30,	Principal	Interest	Total
2019	\$ 1,000,000	\$ 62,894	\$ 1,062,894
2020	1,000,000	50,825	1,050,825
2021	1,000,000	38,525	1,038,525
2022	600,000	24,150	624,150
2023	300,000	11,400	311,400
	<u>\$ 3,900,000</u>	<u>\$ 187,794</u>	<u>\$ 4,087,794</u>

NOTE 7 - NONSPENDABLE FUND BALANCES

At June 30, 2018, the County had the following nonspendable fund balances:

General fund:	
Prepaid items	\$ 59,321
Inventory	1,493
	<u>\$ 60,814</u>

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 - RESTRICTED FUND BALANCES

At June 30, 2018, the County had the following restricted fund balances:

Deeds preservation fund	\$ 375,716
Nonmajor special revenue funds (Schedule B)	335,292
	<u>\$ 711,008</u>

NOTE 9 - COMMITTED FUND BALANCES

At June 30, 2018, the County had the following committed fund balances:

General fund:	
EMA vehicle	\$ 121,979
SO vehicle	67,478
Major capital projects	264,202
UAAL reserve	19,909
Insurance fund	784,728
	<u>\$ 1,258,296</u>

NOTE 10 - ASSIGNED FUND BALANCES

At June 30, 2018, the County had the following assigned fund balances:

General fund:	
Capital improvement	\$ 213,865
New government building	44,347
Wellness equipment	50,462
Ergonomics	605
Tech upgrade	107,287
Personnel record storage	454
Employee training and development	13,831
Special projects	17,366
Special projects/grant match	25,000
EMA/facilities garage	275,000
Payroll liabilities	475,309
Jail fund	812,715
Layman's Way fund	513,079
	<u>\$ 2,036,241</u>

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

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

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 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 2.45%. During the year ended June 30, 2017, the retirement system consisted of 299 participating employers.

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. All County plan members are required to contribute 8.0% of their annual covered salary and the County is required to contribute at an actuarially determined rate. The current rate is 9.5% of covered payroll for all County employees in plan "AC" (14.2% for law enforcement employees in special plan "1C" (future only from January 1, 2009) and 9.1% for corrections officers and certain law enforcement employees in special plan "2C"). The contribution rates of plan members and the County are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The County's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2018 was \$609,865.

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

At June 30, 2018, the County reported a liability of \$4,266,199 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2017, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The County's proportion of the net pension liabilities were based on a projection of the County's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2017, the County's proportion was 1.041966%, which was an increase of 0.05619% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$31,369. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 204,960
Changes of assumptions	363,027	-
Net difference between projected and actual earnings on pension plan investments	1,470,255	1,587,565
Changes in proportion and differences between contributions and proportionate share of contributions	88,237	163,461
Contributions subsequent to the measurement date	609,865	-
Total	\$ 2,531,384	\$ 1,955,986

\$609,865 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Plan
Plan year ended June 30:	
2018	\$ (128,735)
2019	356,105
2020	28,622
2021	(290,460)
2022	-
Thereafter	-

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2017, using the following methods and assumptions applied to all periods included in the measurement:

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Cost Method

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

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

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

Asset Valuation Method

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

Amortization

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

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

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

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

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Mortality Rates - For active member and non-disabled retirees, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used for FY2016. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used. RP2000 Combined Mortality projected forward to 2015 using Scale AA; for active members and non-disabled retirees, ages are set back 2 years; for disabled recipients the Revenue Ruling 96-7 Disabled Mortality Table for Males & Females is used.

Cost of Living Benefit Increases - 2.20%.

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2017 are summarized in the following table. Assets for the defined benefit plan are comingled for investment purposes.

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

Discount Rate

The discount rate used to measure the collective total pension liability was 6.875% for 2017. The projection of cash flows used to determine the discount rate

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2017 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.875% for the PLD Consolidated Plan.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.875%	6.875%	7.875%
County's proportionate share of the net pension liability	\$ 8,559,306	\$ 4,266,199	\$ 1,034,155

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2017 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2017 with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For 2017, this was 4 years for the PLD Consolidated Plan.

Differences between Projected and Actual Investment Earnings on Pension Plan Investments

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2017 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the Actuarial Methods and Assumptions section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

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

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

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2017 Comprehensive Annual Financial Report available online at www.maineopers.org or by contacting the System at 1-800-451-9800.

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 - DEFERRED COMPENSATION PLAN

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

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

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

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

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

Under the plan the County is required to contribute on behalf of each participant a pre-determined percentage determined by contract of the participants' earnings for the plan year or up to 10%. For the twelve months ended June 30, 2018, the County's contributions to the plan totaled \$122,941.

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 - EXPENDITURES OVER APPROPRIATIONS

The following expenditures were over appropriations at June 30, 2018:

Management/Administration	\$	41,812
Facilities repair & maintenance		34,775
Treasurer		115
Probate		7,138
EMA		51,321
York County Juvenile Fire Prevention		464
Medical and dental insurance		20,934
Public agencies		796
	\$	<u>157,355</u>

NOTE 14 - DEFICIT FUND BALANCES

The following fund balances have a deficit fund balance as of June 30, 2018:

Nonmajor special revenue funds:		
Parsonsfield contract officer	\$	8,686
FY '16 HSGP		10,239
Seabrook stipend		5,066
	\$	<u>23,991</u>

NOTE 15 - 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 self-insured risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations, and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2018.

The County's participation in the public entity risk pool is limited to the Maine Municipal Association - Worker Compensation Trust Fund ("Fund"). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain lower costs for worker's compensation coverage and develop a comprehensive loss control program. The County pays an annual premium

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 - RISK MANAGEMENT (CONTINUED)

to the fund for its worker's compensation coverage. The County's agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies' reinsurance contracts, coverage for claims in excess of \$1,000,000.

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 as of June 30, 2018. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 16 - CONTINGENCIES

With regard to litigation, the County is currently the plaintiff in a breach of contract action. The County paid \$404,878 to the defendants under the contract and seeks damages in that amount, plus interest, costs and attorney's fees. There is no counterclaim against the County by the defendants. The Superior Court granted Summary Judgement to the defendant on grounds that the six year statute of limitations had expired prior to the County filing suit. The County has appealed the Superior Court's determination to the Maine Law Court. Oral arguments were held before the Court on December 11, 2018. The Law Court's decision is pending. While no guarantee has been made about the outcome of this or any case, in the opinion of Legal Counsel for the County, there is a reasonable likelihood of a favorable outcome on this claim. As of June 30, 2018, management believes that settlement amounts, if any, will not have a material adverse effect on the County's financial position.

With regard to 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.

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 17 - JAIL OPERATIONS

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

The Act has raised many accounting and auditing issues regarding both financial and budgetary reporting. It is the position of the County that it has addressed, to the best of its ability, these issues in its 2018 county and jail annual audit. At the present time issues such as the funding of accrued benefits; ownership and maintenance of correction assets; external funding of certain corrections operations; corrections capital/reserve funding and ownership; and the treatment of net asset balances (deficits) have not been specifically addressed in this Act. However, we have included a liability and offsetting receivable from the State of Maine for accrued compensated absences that are expected to be paid by the State. If the State decides not to cover these amounts, the jail will be liable for them. Any financial and/or other impact on the County and the Jail Department cannot be determined at the time of the issuance of this report. The funding status and future of the relationship between the State and the jail remains uncertain at the present time.

NOTE 18 - COMPARATIVE DATA/RECLASSIFICATIONS

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

Required Supplementary Information

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

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

COUNTY OF YORK, MAINE

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

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,378,988	\$ 5,378,988	\$ 5,378,988	\$ -
Resources (Inflows):				
Taxes - municipalities	16,721,815	16,721,815	16,721,815	-
Intergovernmental:				
EMPG 50% EMA reimbursement	222,913	222,913	252,593	29,680
Other intergovernmental revenues	25,000	25,000	-	(25,000)
	<u>247,913</u>	<u>247,913</u>	<u>252,593</u>	<u>4,680</u>
Charges for services:				
Register of Deeds	2,020,000	2,020,000	2,333,008	313,008
Register of Probate	350,000	350,000	333,159	(16,841)
Sheriff	6,000	6,000	6,632	632
	<u>2,376,000</u>	<u>2,376,000</u>	<u>2,672,799</u>	<u>296,799</u>
Miscellaneous:				
Interest on investments	2,000	2,000	33,747	31,747
Rent income	30,000	30,000	34,275	4,275
Other revenues	18,000	18,000	6,915	(11,085)
	<u>50,000</u>	<u>50,000</u>	<u>74,937</u>	<u>24,937</u>
Transfers in from other funds	<u>183,200</u>	<u>183,200</u>	<u>430,510</u>	<u>247,310</u>
Amounts Available for Appropriation	<u>24,957,916</u>	<u>24,957,916</u>	<u>25,531,642</u>	<u>573,726</u>

SCHEDULE 1 (CONTINUED)
COUNTY OF YORK, MAINE

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

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Charges to Appropriations (Outflows):				
Commissioners/Governing Body	62,040	62,040	57,529	4,511
Management/Administration	958,146	958,146	999,958	(41,812)
Facilities repair & maintenance	511,001	511,001	545,776	(34,775)
Treasurer	7,582	7,582	7,697	(115)
District attorney	1,239,005	1,239,005	1,202,526	36,479
Deeds	675,699	675,699	662,635	13,064
Probate	612,747	612,747	619,885	(7,138)
Sheriff's/Police services	2,765,939	2,765,939	2,734,980	30,959
Communications/Dispatch	627,344	627,344	620,316	7,028
EMA	445,825	445,825	497,146	(51,321)
York County Juvenile Fire Prevention	29,754	29,754	30,218	(464)
Retirement benefits	452,220	452,220	449,636	2,584
Medical and dental insurance	738,000	738,000	758,934	(20,934)
Public agencies	121,700	121,700	122,496	(796)
Unclassified	180,000	180,000	180,000	-
Contingency	50,000	50,000	-	50,000
Debt service:				
Principal	1,164,946	1,164,946	1,164,946	-
Interest	107,720	107,720	84,645	23,075
Capital outlay	-	249,465	249,465	-
Transfers to Other funds	8,982,310	8,982,310	9,481,615	(499,305)
Total Charges to Appropriations	19,731,978	19,981,443	20,470,403	(488,960)
 Budgetary Fund Balance, June 30	 \$ 5,225,938	 \$ 4,976,473	 \$ 5,061,239	 \$ 84,766
 Paid from assigned/committed fund balance	 \$ 153,050	 \$ 402,515	 \$ -	 \$ (402,515)
 Fund Balance, June 30			 \$ 5,061,239	

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

COUNTY OF YORK, MAINE

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>				
Proportion of the net pension liability	1.04%	1.10%	1.05%	1.07%
Proportionate share of the net pension liability	\$ 4,266,199	\$ 5,834,824	\$ 3,339,494	\$ 1,641,101
Covered-employee payroll	\$ 4,996,958	\$ 4,895,906	\$ 4,437,860	\$ 3,747,793
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	85.38%	119.18%	75.25%	43.79%
Plan fiduciary net position as a percentage of the total pension liability	86.40%	81.61%	88.27%	94.10%

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

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>				
Contractually required contribution	\$ 609,865	\$ 534,054	\$ 515,304	\$ 427,858
Contributions in relation to the contractually required contribution	<u>(609,865)</u>	<u>(534,054)</u>	<u>(515,304)</u>	<u>(427,858)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 5,440,470	\$ 4,996,958	\$ 4,895,906	\$ 4,437,860
Contributions as a percentage of covered-employee payroll	11.21%	10.69%	10.53%	9.64%

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

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 Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds

COUNTY OF YORK, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive/(Negative)
Commissioners/Governing Body					
Wages	\$ 51,125	\$ -	\$ 51,125	\$ 49,866	\$ 1,259
Taxes/benefits	4,515	-	4,515	3,623	892
Travel	4,000	-	4,000	2,484	1,516
Other	2,400	-	2,400	1,556	844
	<u>62,040</u>	<u>-</u>	<u>62,040</u>	<u>57,529</u>	<u>4,511</u>
Management/Administration					
Wages	718,149	-	718,149	723,792	(5,643)
Taxes/benefits	76,197	-	76,197	78,701	(2,504)
Legal	50,000	-	50,000	87,667	(37,667)
Contracted services	20,000	-	20,000	15,087	4,913
Dues and memberships	18,000	-	18,000	14,116	3,884
Equipment	41,350	-	41,350	41,032	318
Postage/office supplies	8,500	-	8,500	8,851	(351)
Telephone	8,000	-	8,000	8,894	(894)
Insurance	3,600	-	3,600	3,503	97
Other	14,350	-	14,350	18,315	(3,965)
	<u>958,146</u>	<u>-</u>	<u>958,146</u>	<u>999,958</u>	<u>(41,812)</u>
Facilities repair & maintenance					
Wages	205,330	-	205,330	218,628	(13,298)
Taxes/benefits	25,771	-	25,771	29,934	(4,163)
Electricity	80,000	-	80,000	91,848	(11,848)
Property and casualty	22,000	-	22,000	20,760	1,240
Electrical repairs	20,000	-	20,000	21,504	(1,504)
Heating repairs	23,000	-	23,000	28,558	(5,558)
Plowing/sanding/mowing	16,000	-	16,000	16,630	(630)
Contracted services	25,000	-	25,000	31,860	(6,860)
Cleaning supplies	9,000	-	9,000	11,675	(2,675)
Propane/heating fuel	7,000	-	7,000	9,904	(2,904)
General repairs	15,000	-	15,000	11,301	3,699
Minor equipment	15,000	-	15,000	12,754	2,246
Other	47,900	-	47,900	40,420	7,480
	<u>511,001</u>	<u>-</u>	<u>511,001</u>	<u>545,776</u>	<u>(34,775)</u>

COUNTY OF YORK, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive/(Negative)
Treasurer					
Wages	7,009	-	7,009	7,116	(107)
Taxes/benefits	573	-	573	581	(8)
	<u>7,582</u>	<u>-</u>	<u>7,582</u>	<u>7,697</u>	<u>(115)</u>
District Attorney					
Wages	891,588	-	891,588	876,634	14,954
Taxes/benefits	83,767	-	83,767	80,512	3,255
General repairs/maintenance	80,000	-	80,000	76,951	3,049
Telephone	31,000	-	31,000	27,766	3,234
Travel	30,000	-	30,000	24,422	5,578
Contracted services	18,000	-	18,000	26,722	(8,722)
Office supplies	17,000	-	17,000	16,681	319
Equipment	23,700	-	23,700	13,050	10,650
Witness fees	9,500	-	9,500	2,281	7,219
Postage	12,500	-	12,500	14,635	(2,135)
Other	41,950	-	41,950	42,872	(922)
	<u>1,239,005</u>	<u>-</u>	<u>1,239,005</u>	<u>1,202,526</u>	<u>36,479</u>
Deeds					
Wages	503,997	-	503,997	504,880	(883)
Taxes/benefits	47,802	-	47,802	47,837	(35)
Records management	80,000	-	80,000	81,600	(1,600)
Postage	13,000	-	13,000	8,827	4,173
Office supplies	7,000	-	7,000	3,997	3,003
Equipment	10,500	-	10,500	1,951	8,549
Telephone	4,000	-	4,000	4,322	(322)
Insurance	2,800	-	2,800	2,768	32
Travel	2,000	-	2,000	473	1,527
Other	4,600	-	4,600	5,980	(1,380)
	<u>675,699</u>	<u>-</u>	<u>675,699</u>	<u>662,635</u>	<u>13,064</u>

COUNTY OF YORK, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive/(Negative)
Probate					
Wages	414,611	-	414,611	425,449	(10,838)
Taxes/benefits	39,037	-	39,037	42,083	(3,046)
Professional fees	68,649	-	68,649	73,466	(4,817)
Advertising	40,000	-	40,000	37,709	2,291
Postage	20,000	-	20,000	16,847	3,153
Equipment	10,500	-	10,500	7,438	3,062
Telephone	4,000	-	4,000	3,321	679
Other	15,950	-	15,950	13,572	2,378
	<u>612,747</u>	<u>-</u>	<u>612,747</u>	<u>619,885</u>	<u>(7,138)</u>
 Sheriff's/Police services					
Wages	1,941,607	-	1,941,607	1,896,492	45,115
Taxes/benefits	278,224	-	278,224	263,420	14,804
Gas and oil	80,000	-	80,000	76,846	3,154
Insurances	50,748	-	50,748	44,446	6,302
Telephone	26,000	-	26,000	22,829	3,171
Vehicle repair	40,000	-	40,000	47,032	(7,032)
Uniforms/safety equipment	25,000	-	25,000	30,894	(5,894)
Equipment	213,500	-	213,500	219,986	(6,486)
Professional services	20,000	-	20,000	9,236	10,764
Software	15,000	-	15,000	8,305	6,695
Training	11,000	-	11,000	62,089	(51,089)
Minor equipment	12,300	-	12,300	6,763	5,537
Other	52,560	-	52,560	46,642	5,918
	<u>2,765,939</u>	<u>-</u>	<u>2,765,939</u>	<u>2,734,980</u>	<u>30,959</u>
 Communications/Dispatch					
Sanford contract	595,144	-	595,144	591,007	4,137
Contracted services	26,500	-	26,500	23,852	2,648
Other	5,700	-	5,700	5,457	243
	<u>627,344</u>	<u>-</u>	<u>627,344</u>	<u>620,316</u>	<u>7,028</u>

COUNTY OF YORK, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive/(Negative)
EMA Department					
Wages	248,979	-	248,979	270,101	(21,122)
Taxes/benefits	33,821	-	33,821	37,101	(3,280)
Rental of land	35,000	-	35,000	30,000	5,000
Contracted services	20,000	-	20,000	5,980	14,020
Insurances	12,000	-	12,000	9,326	2,674
Rental of other equipment	7,500	-	7,500	6,450	1,050
Telephone	14,000	-	14,000	19,778	(5,778)
Office/other supplies	10,100	-	10,100	12,430	(2,330)
Internet services	10,000	-	10,000	2,544	7,456
Meals and lodging	4,000	-	4,000	591	3,409
Travel	9,000	-	9,000	9,973	(973)
Vehicle repair	7,000	-	7,000	8,808	(1,808)
Equipment	11,875	-	11,875	49,865	(37,990)
Repairs and maintenance	6,500	-	6,500	15,057	(8,557)
Other	16,050	-	16,050	19,142	(3,092)
	<u>445,825</u>	<u>-</u>	<u>445,825</u>	<u>497,146</u>	<u>(51,321)</u>
York County Juvenile Fire					
Wages	26,408	-	26,408	26,012	396
Taxes/benefits/other	3,346	-	3,346	4,206	(860)
	<u>29,754</u>	<u>-</u>	<u>29,754</u>	<u>30,218</u>	<u>(464)</u>
Retirement benefits					
ICMA 457 deferred comp	127,220	-	127,220	122,941	4,279
Maine State retirement	325,000	-	325,000	326,695	(1,695)
	<u>452,220</u>	<u>-</u>	<u>452,220</u>	<u>449,636</u>	<u>2,584</u>
Medical/dental insurance					
Health insurance	688,000	-	688,000	710,802	(22,802)
Dental insurance	50,000	-	50,000	48,132	1,868
	<u>738,000</u>	<u>-</u>	<u>738,000</u>	<u>758,934</u>	<u>(20,934)</u>

COUNTY OF YORK, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive/(Negative)
Public agencies					
Southern Maine Planning	30,000	-	30,000	30,000	-
York County Soil	7,200	-	7,200	7,996	(796)
York County Extension	84,500	-	84,500	84,500	-
	<u>121,700</u>	<u>-</u>	<u>121,700</u>	<u>122,496</u>	<u>(796)</u>
Unclassified					
Payroll liabilities	180,000	-	180,000	180,000	-
	<u>180,000</u>	<u>-</u>	<u>180,000</u>	<u>180,000</u>	<u>-</u>
Debt service					
Principal	1,164,946	-	1,164,946	1,164,946	-
Interest	107,720	(25,000)	82,720	82,720	-
Tan interest	-	25,000	25,000	1,925	23,075
	<u>1,272,666</u>	<u>-</u>	<u>1,272,666</u>	<u>1,249,591</u>	<u>23,075</u>
Capital outlay					
Major capital projects	-	31,534	31,534	31,534	-
Technology upgrades	-	56,858	56,858	56,858	-
Other reserve activity	-	161,073	161,073	161,073	-
	<u>-</u>	<u>249,465</u>	<u>249,465</u>	<u>249,465</u>	<u>-</u>
Contingency	50,000	-	50,000	-	50,000
	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Transfers					
Jail	8,662,310	-	8,662,310	8,662,310	-
Recovery center	250,000	-	250,000	775,000	(525,000)
Special revenues	70,000	-	70,000	44,305	25,695
	<u>8,982,310</u>	<u>-</u>	<u>8,982,310</u>	<u>9,481,615</u>	<u>(499,305)</u>
Totals	<u>\$ 19,731,978</u>	<u>\$ 249,465</u>	<u>\$ 19,981,443</u>	<u>\$ 20,470,403</u>	<u>\$ (488,960)</u>

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

COUNTY OF YORK, MAINE

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

	Fund	7/1/17 Fund Balance	Revenues			Expenditures	Transfers	6/30/18 Fund Balance
			Charges for Services	Intergovernmental	Other			
District Attorney:								
Victim of crimes act	2110	\$ -	\$ -	\$ 54,987	\$ -	\$ 80,578	\$ 25,591	\$ -
VWA Advocate - Biddeford	2112	-	-	29,636	-	47,752	18,116	-
Admin/supervision	2120	132,834	143,951	-	-	68,531	(52,211)	156,043
Domestic violence prosecution	2150	-	-	24,445	-	56,656	32,211	-
Impaired driving prosecutor	2155	(205)	-	1,118	-	1,511	598	-
Probate:								
Probate preservation	2310	15,713	13,435	-	-	6,031	-	23,117
Sheriff:								
Civil process	2500	48,144	394,114	-	-	414,399	-	27,859
RSU 57 resource officer	2510	11,173	-	96,840	-	100,190	(7,823)	-
Parsonsfield contract officer	2512	(16,243)	106,494	-	-	98,937	-	(8,686)
Arundel contract officer	2514	-	177,480	-	-	177,480	-	-
Waterboro contract officer	2516	-	182,010	-	-	183,345	1,335	-
Limington contract officer	2517	216	70,699	-	-	70,703	(212)	-
Reimbursable Sheriff services	2520	-	25,721	-	-	28,716	2,995	-
Jag Byrne grant LLBEG	2525	-	-	-	-	5,000	5,000	-
MDEA Task Force support	2535	4	-	87,626	-	87,626	(4)	-
Acton/Shapleigh contract officer	2539	3,391	116,037	-	-	116,037	(3,391)	-
US Gov't Agency Assist.	2546	-	11,114	-	-	10,822	(292)	-
Impaired driving grant	2552	36	-	11,209	-	11,245	-	-
Speed enforcement program	2554	602	-	23,210	-	21,634	(2,178)	-
NAMI grant	2558	6,857	-	-	-	-	(6,857)	-
Sheriff forfeiture	2590	72,643	-	-	16,159	16,439	(72,363)	-
YCSO state forfeiture	2593	-	-	-	-	600	4,557	3,957
YCSO federal forfeiture	2596	-	-	-	-	-	67,806	67,806
Jail:								
State criminal alien assist	2630	20,915	-	-	-	-	-	20,915
EMA:								
York county operations	2710	6,240	-	5,802	-	-	-	12,042
Hazmat professional development	2715	15,729	-	-	-	-	-	15,729
FY '15 HSGP	2720	(70,323)	-	-	-	-	70,323	-
FY '16 HSGP	2723	(1,824)	-	110,529	-	48,621	(70,323)	(10,239)
Local emergency planning com	2750	8,406	-	27,929	-	28,511	-	7,824
Seabrook stipend	2780	(6,048)	-	-	15,981	14,999	-	(5,066)
Total Special Revenue General Reserves		<u>\$ 248,260</u>	<u>\$ 1,241,055</u>	<u>\$ 473,331</u>	<u>\$ 32,140</u>	<u>\$ 1,696,363</u>	<u>\$ 12,878</u>	<u>\$ 311,301</u>

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



Proven Expertise and Integrity

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

County Commissioners
County of York
Alfred, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the County of York, Maine, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County of York, Maine's basic financial statements, and have issued our report thereon dated January 14, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these

limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
January 14, 2019