TOWN OF FRANKLIN, MAINE

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR’S REPORT

FOR THE FISCAL YEAR
ENDED FEBRUARY 28, 2017
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INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Franklin
Franklin, ME 04634

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Franklin, Maine as of and for the fiscal year ended February 28, 2017, including the related notes to the financial statements, which collectively comprise the Town’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statement

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.

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Franklin, Maine, as of February 28, 2017, and the respective changes in
financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and budgetary comparison information on pages 3 through 6 and 22 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Franklin, Maine’s financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 May 18, 2017, on our consideration of the Town of Franklin, 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 the testing, and not to provide an opinion on internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Respectfully Submitted,

James W. Wadman, C.P.A.

James W. Wadman, C.P.A.
May 18, 2017
TOWN OF FRANKLIN, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended February 28, 2017

The management of the Town of Franklin, Maine (the Town) offers readers of the Town’s financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended February 28, 2017. We encourage readers to consider this information in conjunction with the financial statements and accompanying notes that follow.

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

Government-wide Highlights:
Net Position – The assets of the Town exceeded its liabilities at the fiscal year ending February 28, 2017 by $5,279,383 (presented as “net position”). Of this amount, $934,829 was reported as “unrestricted net position”. Unrestricted net position represents the amount available to be used to meet the Town’s ongoing obligations to citizens and creditors.

Changes in Net Position – The Town’s total net position decreased by $332,492 (a 5.9% decrease) for the fiscal year ended February 28, 2017. Net position of governmental activities decreased by $306,066 (an 7.2% decrease), while net position of business-type activities showed a decrease of $26,426 (a 1.9% decrease).

Fund Highlights:
Governmental Funds – Fund Balances – As of the close of the fiscal year ended February 28, 2017, the Town’s governmental funds reported a combined ending fund balance of $799,625, a decrease of $194,234 in comparison with the prior year. Of this total fund balance, $265,263 represents general unassigned fund balance. This unassigned fund balance represents approximately 9.7% of the total general fund expenditures for the fiscal year.

Long-term Debt:
The Town’s general long-term debt obligations had a net decrease of $11,848 (6.6%) during the current fiscal year. No new debt obligations were issued during the current year fiscal year. Existing debt obligations were retired according to schedule.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town’s basic financial statements. The Town’s basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information (budgetary comparison) and other supplementary information. These components are described below:

Government-wide Financial Statements
The government-wide financial statements present the financial picture of the Town from the economic resources measurement focus using the accrual basis of accounting and are designed to provide readers with a broad overview of the Town’s finances, in a manner similar to a private-sector business. They distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The statement of net assets includes all assets of the Town (including infrastructure) as well as all liabilities (including long-term debt), with the difference between the two reported as net position. The statement of activities shows how the Town’s net position changed during the year, regardless of the timing of related cash flows. The government-wide financial statements can be found on pages 7 - 8 of this report.

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 fund financial statements include statements for two categories of activity – governmental funds and proprietary funds.

The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting and are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Both
the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to explain the differences between the governmental funds and governmental activities. The basic governmental fund financial statements can be found on pages 9 - 10 of this report.

The proprietary fund is prepared using the economic resources measurement focus and the accrual basis of accounting, which provides the same type of information as the government-wide financial statements, only in more detail. The proprietary fund accounts for the Town’s Water Department. The basic proprietary fund financial statements can be found on pages 11 - 13 of this report.

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 the financial statements can be found on pages 14 - 21 of this report.

Required Supplementary Information
This section includes a budgetary comparison schedule, which includes a reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the general fund as presented in the governmental fund financial statements (if necessary). Required supplementary information can be found on page 22 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position
The largest portion of the Town’s net position (79.2%) reflects its investment in capital assets such as land, buildings, equipment and infrastructure (roads, parking lots and other immovable assets), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the Town’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

<table>
<thead>
<tr>
<th></th>
<th>Governmental Activities</th>
<th>Business-like Activities</th>
<th>Total 2017</th>
<th>Total 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td>$ 1,048,738</td>
<td>$ 61,206</td>
<td>$ 1,109,944</td>
<td>$ 1,292,786</td>
</tr>
<tr>
<td>Capital Assets</td>
<td>$ 2,869,622</td>
<td>$ 1,481,336</td>
<td>$ 4,350,958</td>
<td>$ 4,521,949</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$ 3,918,360</strong></td>
<td><strong>$ 1,542,542</strong></td>
<td><strong>$ 5,460,902</strong></td>
<td><strong>$ 5,814,736</strong></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>$ 7,613</td>
<td>$ 18,875</td>
<td>$ 26,488</td>
<td>$ 35,856</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>$ 0</td>
<td>$ 155,031</td>
<td>$ 155,031</td>
<td>$ 167,004</td>
</tr>
<tr>
<td><strong>Net Position;</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in Capital Assets</td>
<td>$ 2,869,622</td>
<td>$ 1,314,332</td>
<td>$ 4,183,954</td>
<td>$ 4,343,097</td>
</tr>
<tr>
<td>Restricted</td>
<td>$ 160,601</td>
<td>$ 0</td>
<td>$ 160,601</td>
<td>$ 209,465</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$ 880,525</td>
<td>$ 54,304</td>
<td>$ 934,829</td>
<td>$ 1,059,314</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>$ 3,918,360</strong></td>
<td><strong>$ 1,542,542</strong></td>
<td><strong>$ 5,460,902</strong></td>
<td><strong>$ 5,814,736</strong></td>
</tr>
</tbody>
</table>

An additional portion of the Town’s net position (3.0%) represents resources that are subject to external restrictions on their use. The remaining balance of unrestricted net position (17.8%) may be used to meet the government’s ongoing obligations to citizens and creditors.

Changes in Net Position
Governmental activities decreased the Town’s net position by $306,066, or 92%, of the total decrease in the net position of the Town.

Business-type activities decreased the Town’s net position by $26,426, or 8%, of the total decrease in the net position of the Town.
<table>
<thead>
<tr>
<th></th>
<th>Governmental Activities</th>
<th>Business-like Activities</th>
<th>Total 2017</th>
<th>Total 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax Revenues</td>
<td>$ 2,414,460</td>
<td>$ 0</td>
<td>$ 2,414,460</td>
<td>$ 2,087,006</td>
</tr>
<tr>
<td>Program Revenues</td>
<td>$ 61,920</td>
<td>$ 102,194</td>
<td>$ 164,114</td>
<td>$ 160,207</td>
</tr>
<tr>
<td>Revenue Sharing</td>
<td>$ 32,462</td>
<td>$ 0</td>
<td>$ 32,462</td>
<td>$ 39,899</td>
</tr>
<tr>
<td>Investment Income</td>
<td>$ 4,287</td>
<td>$ 34</td>
<td>$ 4,321</td>
<td>$ 4,550</td>
</tr>
<tr>
<td>Other Local Rev.</td>
<td>$ 92,615</td>
<td>$ 0</td>
<td>$ 92,615</td>
<td>$ 92,011</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$ 2,605,744</td>
<td>$ 102,228</td>
<td>$ 2,707,972</td>
<td>$ 2,383,673</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Gov't</td>
<td>$ 212,897</td>
<td>$ 0</td>
<td>$ 212,897</td>
<td>$ 222,248</td>
</tr>
<tr>
<td>Public Safety</td>
<td>$ 118,285</td>
<td>$ 0</td>
<td>$ 118,285</td>
<td>$ 114,511</td>
</tr>
<tr>
<td>Health/Sanitation</td>
<td>$ 63,667</td>
<td>$ 0</td>
<td>$ 63,667</td>
<td>$ 63,523</td>
</tr>
<tr>
<td>Transportation</td>
<td>$ 388,570</td>
<td>$ 0</td>
<td>$ 388,570</td>
<td>$ 328,571</td>
</tr>
<tr>
<td>Education</td>
<td>$ 2,020,466</td>
<td>$ 0</td>
<td>$ 2,020,466</td>
<td>$ 1,836,844</td>
</tr>
<tr>
<td>Unclassified</td>
<td>$ 29,878</td>
<td>$ 0</td>
<td>$ 29,878</td>
<td>$ 27,525</td>
</tr>
<tr>
<td>Assessments</td>
<td>$ 78,048</td>
<td>$ 0</td>
<td>$ 78,048</td>
<td>$ 74,485</td>
</tr>
<tr>
<td>Water Department</td>
<td>$ 0</td>
<td>$ 128,654</td>
<td>$ 128,654</td>
<td>$ 119,325</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$ 2,911,810</td>
<td>$ 128,654</td>
<td>$ 3,040,463</td>
<td>$ 2,787,032</td>
</tr>
<tr>
<td>Changes in Net Position</td>
<td>$ (306,066)</td>
<td>$ (26,426)</td>
<td>$ (332,492)</td>
<td>$ (403,360)</td>
</tr>
</tbody>
</table>

**Revenues by Source - Governmental and Business-Type**

- Taxes: $2,458,662 (90.8%)
- Program Revenues: $164,113 (6.1%)
- Revenue Sharing: $32,462 (1.2%)
- Investment Income: $4,321 (0.2%)
- Other Local Rev.: $48,412 (1.8%)

**Expenditures by Source - Governmental and Business-Type**

- Education: $2,020,466 (66.5%)
- Unclassified: $29,878 (10.0%)
- Water Department: $128,654 (4.2%)
- General Government: $212,897 (7.0%)
- Transportation: $388,570 (12.8%)
- Health/Sanitation: $63,667 (2.1%)
FINANCIAL ANALYSIS OF THE TOWN’S INDIVIDUAL FUNDS

Governmental Funds
The focus of the Town’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the Town’s governmental funds reported ending fund balances of $799,625, a decrease of $194,234 in comparison with the prior fiscal year. Approximately 33 percent of this total amount constitutes unassigned fund balance. The remainder is reserved to indicate that it is not available for new spending because it has been committed to liquidate contracts and commitments of the prior fiscal year or for a variety of other purposes.

Proprietary Funds
The Town’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

Variances between actual General Fund revenues and expenditures and the final amended budget included the following:

- $20,651 positive variance in real estate and personal property tax revenues. Current year collections were 89% of the levy as compared to 89% in the prior year. However, there was a decrease in prior year tax and lien collections within 60 days of year end, resulting in an increase in unavailable tax revenue.
- $74,434 positive variance in all other revenues. This is primarily due to conservative budgeting, particularly with excise tax. The Town also collected $52,469 in un-budgeted revenues.
- $39,192 positive variance in expenditures. This is due to controlled costs and conservative budgeting.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets
The Town’s investment in capital assets for its governmental and business-type activities amounts to $8,798,292, net of accumulated depreciation of $4,448,292, leaving a net book value of $4,350,000. There were current year additions of $64,944 for town road improvements and $3,367 in Water Department equipment. There were no current year retirements or impairments. Additional information on the Town’s capital assets can be found in Note 4 of the notes to the financial statements on pages 19 - 20 of this report.

Debt
The Town has total bonded debt outstanding of $167,004 that is backed by the full faith and credit of the Town. The outstanding debt had a net decrease of $11,848 during the current fiscal year. Additional information on the Town’s long-term debt can be found in Note 6 of the notes to the financial statements on pages 20 – 21 of this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town’s finances for all citizens, taxpayers, investors and creditors. This financial report seeks to demonstrate the Town’s accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Town of Franklin, P.O. Box 206, Franklin, ME 04634.
### TOWN OF FRANKLIN, MAINE

#### STATEMENT OF NET POSITION

**FEBRUARY 28, 2017**

<table>
<thead>
<tr>
<th>Assets</th>
<th>Governmental Activities</th>
<th>Business-Type Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$747,142</td>
<td>$42,269</td>
<td>$789,411</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>$70</td>
<td>$17,723</td>
<td>$17,793</td>
</tr>
<tr>
<td>Taxes Due - Current Year</td>
<td>$219,367</td>
<td>$0</td>
<td>$219,367</td>
</tr>
<tr>
<td>Taxes Due - Prior Years</td>
<td>$82,159</td>
<td>$0</td>
<td>$82,159</td>
</tr>
<tr>
<td>Inventory of Supplies</td>
<td>$0</td>
<td>$1,214</td>
<td>$1,214</td>
</tr>
</tbody>
</table>

#### Capital Assets:

<table>
<thead>
<tr>
<th>Land</th>
<th>$51,926</th>
<th>$27,751</th>
<th>$79,677</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Capital Assets, net of Depreciation</td>
<td>$2,817,696</td>
<td>$1,453,585</td>
<td>$4,271,281</td>
</tr>
</tbody>
</table>

#### Total Capital Assets

| Total Assets | $3,918,360 | $1,542,542 | $5,460,902 |

#### Liabilities and Net Position

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Governmental Activities</th>
<th>Business-Type Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>$7,613</td>
<td>$1,798</td>
<td>$9,411</td>
</tr>
<tr>
<td>Accrued Interest</td>
<td>$0</td>
<td>$5,104</td>
<td>$5,104</td>
</tr>
</tbody>
</table>

#### Long-Term Liabilities

| Due within one year | $0 | $11,973 | $11,973 |
| Due in more than one year | $0 | $155,031 | $155,031 |

#### Total Liabilities

| Total Net Position | $3,910,747 | $1,368,636 | $5,279,383 |

#### Total Liabilities and Net Position

| Total Liabilities and Net Position | $3,918,360 | $1,542,542 | $5,460,902 |

*The Notes to the Financial Statements are an Integral Part of this Statement.*
TOWN OF FRANKLIN, MAINE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED FEBRUARY 28, 2017

(Exhibit II)

<table>
<thead>
<tr>
<th>Functions/Programs</th>
<th>Program Revenues</th>
<th>Net (Expense) Revenue and Changes in Net Position</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Expenses</td>
<td>Charges for Services</td>
</tr>
<tr>
<td>Governmental Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Government</td>
<td>$212,897</td>
<td>$1,124</td>
</tr>
<tr>
<td>Public Safety</td>
<td>$121,265</td>
<td></td>
</tr>
<tr>
<td>Public Health &amp; Sanitation</td>
<td>$63,667</td>
<td>$34,188</td>
</tr>
<tr>
<td>Public Transportation</td>
<td>$388,570</td>
<td>$4,000</td>
</tr>
<tr>
<td>Education</td>
<td>$2,020,466</td>
<td></td>
</tr>
<tr>
<td>Unclassified</td>
<td>$29,878</td>
<td>$346</td>
</tr>
<tr>
<td>Assessments</td>
<td>$78,048</td>
<td></td>
</tr>
<tr>
<td><strong>Total Government Activities</strong></td>
<td>$2,914,789</td>
<td>$39,659</td>
</tr>
<tr>
<td>Business Type Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Department</td>
<td>$128,654</td>
<td>$102,194</td>
</tr>
<tr>
<td><strong>Total Business-Type Activities</strong></td>
<td>$128,654</td>
<td>$102,194</td>
</tr>
<tr>
<td><strong>Total Primary Government</strong></td>
<td>$3,043,443</td>
<td>$141,852</td>
</tr>
</tbody>
</table>

| General Revenues                   |                  |                      |                        | ($306,066)              | ($332,492)               |
| Real Estate Taxes                  |                  |                      |                        | ($2,170,819)            | ($2,170,819)             |
| Excise Taxes                       |                  |                      |                        | ($243,641)              | ($243,641)               |
| State Revenue Sharing              |                  |                      |                        | ($32,462)               | ($32,462)                |
| Homestead & BETE Reimbursements    |                  |                      |                        | ($44,202)               | ($44,202)                |
| Tree Growth, Veterans & Other Reimbursements |          |                      |                        | ($13,734)               | ($13,734)                |
| In Lieu of Taxes                   |                  |                      |                        | ($4,959)                | ($4,959)                 |
| Interest and Fees on Taxes         |                  |                      |                        | ($19,401)               | ($19,401)                |
| Town Fees                          |                  |                      |                        | ($5,573)                | ($5,573)                 |
| Investment Earnings                |                  |                      |                        | ($4,287)                | ($4,321)                 |
| Other Revenues                     |                  |                      |                        | ($4,745)                | ($4,745)                 |
| **Total Revenues and Transfers**   | $2,543,824       | $34                  | $2,543,858             |                        |                        |

Changes in Net Position

| Net Position - Beginning           | $4,216,813       | $1,395,062           | $5,611,876             |
| Net Position - Ending              | $3,910,747       | $1,368,636           | $5,279,383             |

The Notes to the Financial Statements are an Integral Part of this Statement.
**TOWN OF FRANKLIN, MAINE**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**FEBRUARY 28, 2017**

### Assets and Other Debits

<table>
<thead>
<tr>
<th>Description</th>
<th>General Fund</th>
<th>Permanent Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$724,412</td>
<td>$22,730</td>
<td>$747,142</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>$70</td>
<td>$0</td>
<td>$70</td>
</tr>
<tr>
<td>Taxes Due - Current Year</td>
<td>$219,367</td>
<td>$0</td>
<td>$219,367</td>
</tr>
<tr>
<td>Taxes Due - Prior Years</td>
<td>$82,159</td>
<td>$0</td>
<td>$82,159</td>
</tr>
<tr>
<td>Due from Other Funds</td>
<td>$212</td>
<td>$0</td>
<td>$212</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$1,026,220</strong></td>
<td><strong>$22,730</strong></td>
<td><strong>$1,048,950</strong></td>
</tr>
</tbody>
</table>

### Liabilities, Deferred Inflows & Fund Balances

#### Liabilities:

<table>
<thead>
<tr>
<th>Description</th>
<th>General Fund</th>
<th>Permanent Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>$7,613</td>
<td>$0</td>
<td>$7,613</td>
</tr>
<tr>
<td>Due to Other Funds</td>
<td>$0</td>
<td>$212</td>
<td>$212</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>$7,613</strong></td>
<td><strong>$212</strong></td>
<td><strong>$7,825</strong></td>
</tr>
</tbody>
</table>

#### Deferred Inflows:

<table>
<thead>
<tr>
<th>Description</th>
<th>General Fund</th>
<th>Permanent Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unavailable Property Taxes</td>
<td>$241,500</td>
<td>$0</td>
<td>$241,500</td>
</tr>
<tr>
<td><strong>Total Deferred Inflows</strong></td>
<td><strong>$241,500</strong></td>
<td><strong>$0</strong></td>
<td><strong>$241,500</strong></td>
</tr>
</tbody>
</table>

#### Fund Balances:

<table>
<thead>
<tr>
<th>Description</th>
<th>General Fund</th>
<th>Permanent Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonspendable</td>
<td>$0</td>
<td>$22,500</td>
<td>$22,500</td>
</tr>
<tr>
<td>Restricted</td>
<td>$138,101</td>
<td>$0</td>
<td>$138,101</td>
</tr>
<tr>
<td>Committed</td>
<td>$363,853</td>
<td>$0</td>
<td>$363,853</td>
</tr>
<tr>
<td>Assigned</td>
<td>$9,889</td>
<td>$19</td>
<td>$9,908</td>
</tr>
<tr>
<td>Unassigned</td>
<td>$265,263</td>
<td>$0</td>
<td>$265,263</td>
</tr>
<tr>
<td><strong>Total Fund Balances</strong></td>
<td><strong>$777,107</strong></td>
<td><strong>$22,519</strong></td>
<td><strong>$799,625</strong></td>
</tr>
</tbody>
</table>

### Total Liabilities, Deferred Inflows & Fund Balances

<table>
<thead>
<tr>
<th>Description</th>
<th>General Fund</th>
<th>Permanent Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Liabilities, Deferred Inflows &amp; Fund Balances</strong></td>
<td><strong>$1,026,220</strong></td>
<td><strong>$22,730</strong></td>
<td><strong>$1,048,950</strong></td>
</tr>
</tbody>
</table>

**Total Fund Balance - Governmental Funds:**

- **Net position reported for governmental activities in the statement of net position is different because:**
  - Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds
  
  - Delinquent taxes are recognized as revenue in the period for which levied in the government-wide financial statements, but are reported as unavailable revenue (a deferred inflow) in governmental funds

**Net Position of Governmental Activities:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td><strong>$799,625</strong></td>
</tr>
<tr>
<td><strong>Capital assets</strong></td>
<td><strong>$2,869,622</strong></td>
</tr>
<tr>
<td><strong>Delinquent taxes</strong></td>
<td><strong>$241,500</strong></td>
</tr>
<tr>
<td><strong>Net Position</strong></td>
<td><strong>$3,910,747</strong></td>
</tr>
</tbody>
</table>

**The Notes to the Financial Statements are an Integral Part of this Statement.**
# TOWN OF FRANKLIN, MAINE

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED FEBRUARY 28, 2017

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Permanent Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real Estate Taxes</td>
<td>$2,153,254</td>
<td></td>
<td>$2,153,254</td>
</tr>
<tr>
<td>Excise Taxes</td>
<td>$243,641</td>
<td></td>
<td>$243,641</td>
</tr>
<tr>
<td>State Revenue Sharing</td>
<td>$32,462</td>
<td></td>
<td>$32,462</td>
</tr>
<tr>
<td>Homestead &amp; BETE Reimbursements</td>
<td>$44,202</td>
<td></td>
<td>$44,202</td>
</tr>
<tr>
<td>Local Road Assistance</td>
<td>$22,168</td>
<td></td>
<td>$22,168</td>
</tr>
<tr>
<td>Tree Growth, Veterans &amp; Other Reimbursements</td>
<td>$13,734</td>
<td></td>
<td>$13,734</td>
</tr>
<tr>
<td>In Lieu of Taxes</td>
<td>$4,959</td>
<td></td>
<td>$4,959</td>
</tr>
<tr>
<td>Interest and Fees on Taxes</td>
<td>$19,401</td>
<td></td>
<td>$19,401</td>
</tr>
<tr>
<td>Town Fees</td>
<td>$5,573</td>
<td></td>
<td>$5,573</td>
</tr>
<tr>
<td>Interest Earned</td>
<td>$4,057</td>
<td>$230</td>
<td>$4,287</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>$4,745</td>
<td></td>
<td>$4,745</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$2,548,197</td>
<td>$230</td>
<td>$2,548,427</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Expenditures (Net of Departmental Revenues)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Government</td>
<td>$201,603</td>
<td></td>
<td>$201,603</td>
</tr>
<tr>
<td>Public Safety</td>
<td>$87,816</td>
<td></td>
<td>$87,816</td>
</tr>
<tr>
<td>Public Health &amp; Sanitation</td>
<td>$29,021</td>
<td></td>
<td>$29,021</td>
</tr>
<tr>
<td>Public Transportation</td>
<td>$296,269</td>
<td></td>
<td>$296,269</td>
</tr>
<tr>
<td>Education</td>
<td>$2,020,466</td>
<td></td>
<td>$2,020,466</td>
</tr>
<tr>
<td>Unclassified</td>
<td>$29,000</td>
<td>$439</td>
<td>$29,439</td>
</tr>
<tr>
<td>Assessments</td>
<td>$78,048</td>
<td></td>
<td>$78,048</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>$2,742,222</td>
<td>$439</td>
<td>$2,742,661</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Excess of Revenues Over Expenditures</strong></td>
<td>($194,025)</td>
<td>($209)</td>
<td>($194,234)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Beginning Fund Balance</strong></td>
<td>$971,131</td>
<td>$22,728</td>
<td>$993,859</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ending Fund Balance</strong></td>
<td>$777,107</td>
<td>$22,519</td>
<td>$799,625</td>
</tr>
</tbody>
</table>

**Reconciliation to Statement of Activities, change in Net Position:**

Net Change in Fund Balances - Above: $(194,234)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Governmental funds report capital outlays as expenditures, while in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. $17,565

Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds. $(64,944)

Changes in Net Position of Governmental Activities: $(194,341)

$(306,066)

The Notes to the Financial Statements are an Integral Part of this Statement.
TOWN OF FRANKLIN, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUND

FEBRUARY 28, 2017

Water Department

Assets

Current Assets
Cash and Cash Equivalents $42,269
Accounts Receivable $17,723
Inventory of Supplies, at Cost and Prepaid Expenses $1,214

Total Current Assets $61,206

Non-Current Assets
Operating Plant & Equipment, Deferred Rate Case $2,204,707
Accumulated Depreciation ($723,371)

Total Non-Current Assets $1,481,336

Total Assets $1,542,542

Liabilities and Net Position

Liabilities
Accounts Payable $1,798
Accrued Interest Payable $5,104

Long-Term Liabilities
Due within one year $11,973
Due in more than one year $155,031

Total Liabilities $173,906

Net Position
Net Investment in Capital Assets $1,314,332
Unrestricted $54,304

Total Net Position $1,368,636

Total Liabilities and Net Position $1,542,542

The Notes to the Financial Statements are an Integral Part of this Statement.
**TOWN OF FRANKLIN, MAINE**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - PROPRIETARY FUND**

**FOR THE FISCAL YEAR ENDED FEBRUARY 28, 2017**

<table>
<thead>
<tr>
<th>Water Department</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues</strong></td>
</tr>
<tr>
<td>Residential Sales</td>
</tr>
<tr>
<td>Commercial Sales</td>
</tr>
<tr>
<td>Tax Exempt / Non - Profit Sales</td>
</tr>
<tr>
<td>Other Revenues</td>
</tr>
<tr>
<td>Hydrant Rental</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Operating Expenses</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Payroll Taxes</td>
</tr>
<tr>
<td>Utilities</td>
</tr>
<tr>
<td>Repairs - Parts &amp; Labor</td>
</tr>
<tr>
<td>Office Expenses &amp; Supplies</td>
</tr>
<tr>
<td>Permits/Dues/Tests</td>
</tr>
<tr>
<td>Administrative Expenses</td>
</tr>
<tr>
<td>Professional Fees</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
</tr>
<tr>
<td>Insurance &amp; Courses</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Operating Income (Loss)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>(Loss)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Non-Operating Income (Expense)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Earned</td>
</tr>
<tr>
<td>Interest Expense</td>
</tr>
<tr>
<td><strong>Total Non-Operating Income (Expense)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Changes in Net Position</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>(Loss)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Net Position - Beginning</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,395,062</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Net Position - Ending</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,368,636</td>
</tr>
</tbody>
</table>

*The Notes to the Financial Statements are an Integral Part of this Statement*
TOWN OF FRANKLIN, MAINE  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED FEBRUARY 28, 2017

Water Department

Cash Flows from Operating Activities
- Received from Customers  $99,951
- Payments to Suppliers  ($43,641)
- Payments to Employees for Services  ($32,297)

Net Cash Flows from Operating Activities  $24,013

Cash Flows from Investing Activities
- Investment Earnings  $34
- Capital Expenditures  ($3,367)

Net Cash Flows from Investing Activities  ($3,333)

Cash Flows from Financing Activities
- Principal Payments on Bonds Payable - U.S.D.A  ($11,848)
- Interest Paid  ($8,222)

Net Cash Flows from Financing Activities  ($20,070)

Net Cash Flow  $610

Beginning Cash Balance  $41,659

Ending Cash Balance  $42,269

Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities
- Operating Income (Loss)  ($18,705)
- Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities  $44,961
- Changes in Assets and Liabilities
  - Depreciation & Amortization  
  - Accounts Receivable  ($2,077)
  - Deferred Charges  ($307)
  - Accounts Payable  $140

Net Cash Flows from Operating Activities  $24,013

The Notes to the Financial Statements are an Integral Part of this Statement
TOWN OF FRANKLIN, MAINE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED FEBRUARY 28, 2017

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Town of Franklin, Maine (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for the governmental accounting and financial reporting principles. The more significant of the Town’s accounting principles are described below.

4. Financial Reporting Entity

The accompanying financial statements present the government of the Town of Franklin, Maine, which is identified based upon the criteria identified in GASB Statement number 14, The Financial Reporting Entity, as amended. The Town is governed under an Administrative Assistant, Selectmen form of government. The Town engages in a comprehensive range of municipal services, including administrative services, public safety, health and sanitation, transportation, education and cultural services. In addition, the Town exercises sufficient control over other governmental units that are included as part of the Town’s reporting entity. The Franklin Water Department is a separate department of the Town of Franklin, Maine. The Water Department is included in the basic financial statements in the enterprise fund. The financial statements include all operations of the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board.

Fiscal Year End

All funds of the Town, with the exception of the Town of Franklin Water Department, are reported as of and for the year ended February 28, 2017. December 31st is the fiscal year-end of the Water Department and the last separate financial statements were as of and for the year ended December 31, 2016.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. Fiduciary activities, whose resources are not available to finance the Town’s programs are excluded from the government-wide statements. The material effect of interfund activity has been removed from these statements. statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Functional expenses may also include an element of indirect cost, designed to recover administrative (overhead) costs. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the total economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when transactions occur and expenses and deductions are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied (i.e. intended to finance). Grants are recognized as revenue as soon as all eligibility requirements have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the
current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including interest on long-term debt, are recorded only when payment is due.

Property taxes, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports unearned revenue on its governmental fund financial statements. Unearned revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

The Town reports the following major governmental funds:

The general fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Permanent funds are used to account for assets held in perpetuity and therefore cannot be used to support the Town's own programs, but the investment earnings may be used for designated purposes.

The Town reports the following major enterprise fund:

The water fund accounts for the activities of the Franklin Water Department. The Town operates the water department facility and related administrative costs.

In the statement of activities, amounts reported as program revenues include 1) charges to customers or applicants for goods, services, fines and forfeitures, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for goods and services. Operating expenses include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expense not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Position or Fund Balances

Deposits

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of one year or less from the date of acquisition. These investments are not specifically identified with any other fund.

The Town may invest in certificates of deposit, in time deposits, and in any securities in which State of Maine Statutes authorize them to invest in.
Accounts Receivable and Accounts Payable

All material receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure (e.g. roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed. Property, plant and equipment is depreciated using the straight line method over the following estimated useful lives:

<table>
<thead>
<tr>
<th>Assets</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>50</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>50</td>
</tr>
<tr>
<td>Equipment</td>
<td>5-20</td>
</tr>
</tbody>
</table>

Interfund Transactions

During the course of normal operations, the Town has various transactions between funds, including transfers of revenues and expenditures. The accompanying governmental fund financial statements reflect such transactions as operating transfers.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources.

Governmental Fund Balances

In accordance with GASB Statement 54, the Town classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as grantors or creditors, or amounts constrained due to constitutional provisions or enabling legislation.

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Town through formal action at the highest level of decision making authority and does not lapse at the end of the year.

Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered Restricted or Committed.

Unassigned - includes fund balance amounts that are not considered to be Non-spendable, Restricted, Committed or Assigned.
In accordance with GASB Statement #54, the Town has identified February 28, 2017 fund balances on the balance sheet as follows:

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Permanent Fund</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Nonspendable</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permanent Fund Principal</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Restricted</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Road Assistance</td>
<td>$58,560</td>
<td>$58,560</td>
<td></td>
</tr>
<tr>
<td>State Revenue Sharing</td>
<td>$79,541</td>
<td>$79,541</td>
<td></td>
</tr>
<tr>
<td><strong>Committed</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal Services</td>
<td>$14,199</td>
<td>$14,199</td>
<td></td>
</tr>
<tr>
<td>Community Center</td>
<td>$11,688</td>
<td>$11,688</td>
<td></td>
</tr>
<tr>
<td>Fire Suppression</td>
<td>$74,240</td>
<td>$74,240</td>
<td></td>
</tr>
<tr>
<td>Fire Equipment</td>
<td>$11,356</td>
<td>$11,356</td>
<td></td>
</tr>
<tr>
<td>Vaccinations</td>
<td>$789</td>
<td>$789</td>
<td></td>
</tr>
<tr>
<td>Road Resurfacing</td>
<td>$204,441</td>
<td>$204,441</td>
<td></td>
</tr>
<tr>
<td>Workers Compensation</td>
<td>$1,967</td>
<td>$1,967</td>
<td></td>
</tr>
<tr>
<td>Tax Offset</td>
<td>$38,735</td>
<td>$38,735</td>
<td></td>
</tr>
<tr>
<td>Heating Assistance</td>
<td>$1,439</td>
<td>$1,439</td>
<td></td>
</tr>
<tr>
<td>Tax Anticipation Note Reserve</td>
<td>$5,000</td>
<td>$5,000</td>
<td></td>
</tr>
<tr>
<td><strong>Assigned</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Center</td>
<td>$6,820</td>
<td>$6,820</td>
<td></td>
</tr>
<tr>
<td>Animal Control</td>
<td>$3,069</td>
<td>$3,069</td>
<td></td>
</tr>
<tr>
<td>Permanent Fund Income</td>
<td></td>
<td></td>
<td>$19</td>
</tr>
<tr>
<td><strong>Unassigned</strong></td>
<td>$265,263</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Fund Balances</strong></td>
<td>$777,107</td>
<td>$22,519</td>
<td>$799,625</td>
</tr>
</tbody>
</table>

The Town considers restricted, committed, assigned and unassigned amounts to be spent in that order when expenditures are incurred for which any of those amounts are available.

The Board of Selectmen are authorized to make assignments pursuant to their appointment. Committed fund balances are determined based on the need of town meeting votes.

**Net Position**

Net position is required to be classified into three components - net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net Investment in capital assets - This component of net position consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted - This component of net position consists of restrictions placed on net position use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or law or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports $160,601 of restricted net position, of which enabling legislation restricts $0.

Unrestricted - This component consists of net position that do not meet the definition of "restricted" or "net investment in capital assets".

**E. Budgetary Accounting**

Formal budgetary accounting is employed as a management control for the general fund only. Annual operating budgets are adopted each fiscal year by the registered voters of the Town at their annual Town meeting. Budgets are established in accordance with generally accepted accounting principles. Budgetary control is exercised at the selectman level, since individual department heads do not exist. All unencumbered budget appropriations lapse at the end of the year unless specifically designated by the Board of Selectmen or required by law.
F. Endowments

In the permanent funds, there are established endowment funds of $22,500 for the various purposes. The investment earnings of these funds are used for the specific purposes that the funds were established for and shall be paid out by order of those persons responsible for administering the funds. State law directs that, subject to the intent of a donor expressed in the gift instrument, an institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment is established. The current amount available for expenditure is $19 from the various trust funds, which is reported as unrestricted net position in the statement of net position. The initial endowment principal is reported as part of the restricted net position in the statement of net position.

G. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Town's deposit policy for custodial credit risk requires compliance with the provisions authorized by Maine State Statutes. The Town requires that, at the time funds are deposited, there is collateral in place to cover the deposits in excess of the FDIC insurance limits.

State Statutes require banks either to give bond or to pledge government securities (types of which are specifically identified in the Statutes) to the Town in the amount of the Town's deposits. The Statutes allow pledged securities to be reduced by the amount of the deposits insured by the Federal Deposit Insurance Corporation (FDIC).

The financial institutions holding the Town's cash accounts are participating in the FDIC Transaction Account Guarantee Program. Under the program, $250,000 of coverage is provided on an aggregate of non-interest and interest bearing deposit balances. Any cash deposits, including certificates of deposit, in excess of the $250,000 FDIC limits are covered by collateral held in a Federal Reserve pledge account and thus no custodial risk exists.

At year end, the carrying value of the Town's deposits was $789,311 and the bank balance was $799,528. The Town has no uninsured and uncollateralized deposits as of February 28, 2017.

Credit risk - credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town limits its investments to those authorized by Maine State Statutes, which authorize the Town to make deposits/ investments in insured commercial banks, insured credit union and direct debt securities of the United States Government unless such an investment is expressly prohibited by law.

Note 3 - Property Taxes

Property taxes were assessed on April 1, 2016 and committed on July 30, 2016. Interest of 7% per annum is charged on delinquent taxes. Tax liens are recorded on property taxes remaining unpaid twelve months after the commitment date. Tax liens unpaid for a period of eighteen months expire and the property becomes tax acquired by the Town. For governmental funds, only property taxes which are intended to finance the current fiscal year and collected within 60 days subsequent to year end are recorded as revenue. Accordingly, $241,500 of the property taxes receivable have been classified as unavailable tax revenue on the general fund balance sheet.

Note 4 - Capital Assets

Capital asset activity for the fiscal year ended February 28, 2017 was as follows:
<table>
<thead>
<tr>
<th></th>
<th>Beginning Balance</th>
<th>Increases</th>
<th>Decreases</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governmental Activities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Capital assets not being depreciated</strong></td>
<td>$51,926</td>
<td></td>
<td></td>
<td>$51,926</td>
</tr>
<tr>
<td><strong>Capital assets being depreciated</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>$929,838</td>
<td></td>
<td></td>
<td>$929,838</td>
</tr>
<tr>
<td>Equipment</td>
<td>$549,293</td>
<td></td>
<td></td>
<td>$549,293</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>$4,998,543</td>
<td>$64,944</td>
<td></td>
<td>$5,063,486</td>
</tr>
<tr>
<td><strong>Total capital assets being depreciated</strong></td>
<td>$6,477,673</td>
<td>$64,944</td>
<td></td>
<td>$6,542,617</td>
</tr>
<tr>
<td><strong>Less accumulated depreciation for</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>$288,861</td>
<td>$19,243</td>
<td></td>
<td>$308,104</td>
</tr>
<tr>
<td>Equipment</td>
<td>$289,329</td>
<td>$25,755</td>
<td></td>
<td>$315,084</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>$2,952,389</td>
<td>$149,343</td>
<td></td>
<td>$3,101,732</td>
</tr>
<tr>
<td><strong>Total accumulated depreciation</strong></td>
<td>$3,530,580</td>
<td>$194,341</td>
<td></td>
<td>$3,724,921</td>
</tr>
<tr>
<td><strong>Net capital assets being depreciated</strong></td>
<td>$2,947,094</td>
<td>($129,397)</td>
<td></td>
<td>$2,817,696</td>
</tr>
<tr>
<td><strong>Governmental Activities, Capital Assets, net</strong></td>
<td>$2,999,019</td>
<td>($129,397)</td>
<td></td>
<td>$2,869,622</td>
</tr>
<tr>
<td><strong>Business Type Activities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Capital assets not being depreciated</strong></td>
<td>$27,751</td>
<td></td>
<td></td>
<td>$27,751</td>
</tr>
<tr>
<td><strong>Capital assets being depreciated</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings, Lines &amp; Improvements</td>
<td>$2,114,408</td>
<td></td>
<td></td>
<td>$2,114,408</td>
</tr>
<tr>
<td>Equipment</td>
<td>$58,223</td>
<td>$3,367</td>
<td></td>
<td>$61,590</td>
</tr>
<tr>
<td><strong>Total capital assets being depreciated</strong></td>
<td>$2,172,631</td>
<td>$3,367</td>
<td></td>
<td>$2,175,998</td>
</tr>
<tr>
<td><strong>Less accumulated depreciation for</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings, Lines &amp; Improvements</td>
<td>$649,038</td>
<td>$41,860</td>
<td></td>
<td>$690,898</td>
</tr>
<tr>
<td>Equipment</td>
<td>$29,872</td>
<td>$2,601</td>
<td></td>
<td>$32,473</td>
</tr>
<tr>
<td><strong>Total accumulated depreciation</strong></td>
<td>$678,910</td>
<td>$44,461</td>
<td></td>
<td>$723,371</td>
</tr>
<tr>
<td><strong>Net capital assets being depreciated</strong></td>
<td>$1,493,721</td>
<td>($41,094)</td>
<td></td>
<td>$1,452,627</td>
</tr>
<tr>
<td><strong>Business-Type Activities, Capital Assets, net</strong></td>
<td>$1,521,472</td>
<td>($41,094)</td>
<td></td>
<td>$1,480,378</td>
</tr>
</tbody>
</table>

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental Activities**
- General Government $10,169
- Public Safety $30,469
- Public Health & Sanitation $458
- Public Transportation, including depreciation of general infrastructure assets $153,245

**Total Depreciation Expense - Governmental Activities** $194,341

**Note 5 - Interfund Transactions**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. The payables are classified as Due to Other Funds with offsetting receivables classified as Due from Other Funds. At February 28, 2017, the offsetting receivable and payable balances were $212. Funds are available for retirement of the balance.
Note 6 - Long-Term Debt

The following is a summary of long-term debt transactions of the Town of Franklin, Maine for the fiscal year ended February 28, 2017:

**Long-Term Debt payable at March 1, 2016**

$178,852

**Long-Term Debt Retired**

($11,848)

**Long-Term Debt payable at February 28, 2017**

$167,004

General Obligation bonds and notes are direct obligations and pledge the full faith and credit of the Town of Franklin, Maine. Outstanding bonds at February 28, 2014 are as follows:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Dated</th>
<th>Due Annually</th>
<th>Interest Rate</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enterprise Fund:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Dept.</td>
<td>2/2/1992</td>
<td>Varies</td>
<td>5.50%</td>
<td>$53,100</td>
</tr>
<tr>
<td>U.S.D.A. Rural Development</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Dept.</td>
<td>6/16/2011</td>
<td>Varies</td>
<td>4.38%</td>
<td>$113,904</td>
</tr>
<tr>
<td>U.S.D.A. Rural Development</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Annual debt service requirements to maturity of the general obligation bonds including estimated interest are as follows:

<table>
<thead>
<tr>
<th>Fiscal Year Ended December 31</th>
<th>Business-Type Activities</th>
<th>Estimated Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Principal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>$11,973</td>
<td>$7,638</td>
<td>$19,611</td>
</tr>
<tr>
<td>2019</td>
<td>$14,103</td>
<td>$7,058</td>
<td>$21,161</td>
</tr>
<tr>
<td>2020</td>
<td>$14,238</td>
<td>$6,373</td>
<td>$20,611</td>
</tr>
<tr>
<td>2021</td>
<td>$14,380</td>
<td>$5,681</td>
<td>$20,061</td>
</tr>
<tr>
<td>2022</td>
<td>$14,628</td>
<td>$4,983</td>
<td>$19,611</td>
</tr>
<tr>
<td>2023-2027</td>
<td>$20,095</td>
<td>$19,685</td>
<td>$39,780</td>
</tr>
<tr>
<td>2028-2032</td>
<td>$24,893</td>
<td>$14,887</td>
<td>$39,780</td>
</tr>
<tr>
<td>2033-2037</td>
<td>$30,836</td>
<td>$8,944</td>
<td>$39,780</td>
</tr>
<tr>
<td>2038-2040</td>
<td>$21,859</td>
<td>$1,937</td>
<td>$23,796</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$167,004</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$77,186</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$244,191</td>
</tr>
</tbody>
</table>

Note 7 - Restricted Net Position

The Town reports restricted net position totaling $160,601 on its statement of net position. These restricted net position represents the nonspendable and restricted fund balances detailed in the Governmental Fund Balances note above.

Note 8 - Risk Management

The Town participates in Public Entity Risk Pools for the purposes of Workers Compensation, Property and Liability Insurance and Unemployment Compensation. The Public Entity Risk Pool is administered by the Maine Municipal Association. The Public Entity Risk Pools were established for the purposes of lowering costs for members and for developing specific programs to control losses. Members pay annual premiums to the Maine Municipal Association for participation in the respective programs.

The Town is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which it carries municipal and commercial insurance. The Town is not aware of any material actual or potential claim liabilities which should be recorded at February 28, 2017.
**Note 9 - Pending Litigation**

According to management, there are no matters that would result in material adverse losses, claims or assessments against the Town of Franklin, Maine through the date of the audit report.

**Note 10 - Joint Ventures**

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, governed or operated by town or more participants as a separate and specific activity subject to joint control in which the participants retain (a) an on-going financial interest or (b) an on-going financial responsibility. The Town is a member of Coastal Recycling Corporation, a not-for-profit corporation established to manage recyclable materials and to provide education on waste reduction and recycling. Complete financial statements for Coastal Recycling Corporation can be obtained from the following address: Coastal Recycling Corporation, P.O. Box 221, Hancock, ME 04640.
# TOWN OF FRANKLIN, MAINE

## REQUIRED SUPPLEMENTARY INFORMATION

### SCHEDULE OF REVENUES AND EXPENDITURES

#### BUDGET AND ACTUAL - GENERAL FUND

**FOR THE FISCAL YEAR ENDED FEBRUARY 28, 2017**

<table>
<thead>
<tr>
<th>Revenues:</th>
<th>Original Budget</th>
<th>Final Budget</th>
<th>Actual</th>
<th>Variance Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Estate Taxes</td>
<td>$2,173,905</td>
<td>$2,173,905</td>
<td>$2,153,254</td>
<td>$(20,651)</td>
</tr>
<tr>
<td>Excise Taxes</td>
<td>$217,000</td>
<td>$217,000</td>
<td>$243,641</td>
<td>$26,641</td>
</tr>
<tr>
<td>State Revenue Sharing</td>
<td>$31,229</td>
<td>$31,229</td>
<td>$32,462</td>
<td>$1,233</td>
</tr>
<tr>
<td>Homestead &amp; BOTE Reimbursements</td>
<td>$50,112</td>
<td>$50,112</td>
<td>$44,202</td>
<td>$(5,910)</td>
</tr>
<tr>
<td>Tree Growth, Veterans &amp; Other Reimbursements</td>
<td>$0</td>
<td>$0</td>
<td>$13,734</td>
<td>$13,734</td>
</tr>
<tr>
<td>In Lieu of Taxes</td>
<td>$0</td>
<td>$0</td>
<td>$4,959</td>
<td>$4,959</td>
</tr>
<tr>
<td>Interest and Fees on Taxes</td>
<td>$0</td>
<td>$0</td>
<td>$19,401</td>
<td>$19,401</td>
</tr>
<tr>
<td>Town Fees</td>
<td>$0</td>
<td>$0</td>
<td>$5,573</td>
<td>$5,573</td>
</tr>
<tr>
<td>Interest Earned</td>
<td>$0</td>
<td>$0</td>
<td>$4,057</td>
<td>$4,057</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>$0</td>
<td>$0</td>
<td>$4,745</td>
<td>$4,745</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$2,472,246</td>
<td>$2,472,246</td>
<td>$2,526,029</td>
<td>$53,783</td>
</tr>
</tbody>
</table>

#### Expenditures (Net of Departmental Revenues):

| General Government                 | $223,660        | $223,660     | $201,603 | $22,057                          |
| Public Safety                      | $88,230         | $88,230      | $86,816 | $1,414                           |
| Public Health                      | $40,413         | $40,413      | $29,021 | $11,392                          |
| Public Transportation              | $181,000        | $181,000     | $234,101 | $(53,101)                        |
| Education                          | $2,058,427      | $2,058,427   | $2,020,466 | $37,961                          |
| Unclassified                       | $32,970         | $32,970      | $29,000 | $3,970                           |
| Capital Reserves                   | $41,000         | $41,000      | $41,000 | $0                               |
| Assessments                        | $93,547         | $93,547      | $78,048 | $15,499                          |
| **Total Expenditures**             | $2,759,246      | $2,759,246   | $2,720,054 | $39,192                          |

**Excess of Revenues Over Expenditures**

($287,000) ($287,000) ($194,025) $92,976

**Beginning Fund Balance**

$971,131 $971,131 $971,131 $0

**Ending Fund Balance**

$684,131 $684,131 $777,107 $92,976
# TOWN OF FRANKLIN, MAINE
## SCHEDULE OF DEPARTMENTAL OPERATIONS
### FOR THE FISCAL YEAR ENDED FEBRUARY 28, 2017

<table>
<thead>
<tr>
<th>Department</th>
<th>Beginning Fund Balance</th>
<th>Appropriations</th>
<th>Receipts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Government:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>$0</td>
<td>$56,000</td>
<td>$314</td>
</tr>
<tr>
<td>Salaries</td>
<td>$0</td>
<td>$120,000</td>
<td>$0</td>
</tr>
<tr>
<td>Legal Services</td>
<td>$0</td>
<td>$2,500</td>
<td>$572</td>
</tr>
<tr>
<td>Maine Municipal Association Dues</td>
<td>$0</td>
<td>$2,386</td>
<td>$0</td>
</tr>
<tr>
<td>Planning Board</td>
<td>$0</td>
<td>$500</td>
<td>$810</td>
</tr>
<tr>
<td>Municipal Building</td>
<td>$0</td>
<td>$15,000</td>
<td>$0</td>
</tr>
<tr>
<td>Community Center</td>
<td>$1,128</td>
<td>$11,000</td>
<td>$0</td>
</tr>
<tr>
<td>Insurance</td>
<td>$0</td>
<td>$12,500</td>
<td>$817</td>
</tr>
<tr>
<td>Worker's Compensation</td>
<td>$3,353</td>
<td>$1,500</td>
<td>$174</td>
</tr>
<tr>
<td>Unemployment</td>
<td>$0</td>
<td>$774</td>
<td>$0</td>
</tr>
<tr>
<td>Tax Maps</td>
<td>$0</td>
<td>$1,500</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total General Government:</strong></td>
<td>$4,482</td>
<td>$223,660</td>
<td>$2,687</td>
</tr>
<tr>
<td><strong>Public Safety:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fire Department</td>
<td>$0</td>
<td>$45,000</td>
<td>$2,980</td>
</tr>
<tr>
<td>Hydrant Rental</td>
<td>$0</td>
<td>$29,133</td>
<td>$0</td>
</tr>
<tr>
<td>Fire Department - Insurance</td>
<td>$0</td>
<td>$750</td>
<td>$0</td>
</tr>
<tr>
<td>County Ambulance</td>
<td>$0</td>
<td>$13,347</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total Public Safety:</strong></td>
<td>$0</td>
<td>$88,230</td>
<td>$2,980</td>
</tr>
<tr>
<td><strong>Public Health and Sanitation:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer Station</td>
<td>$0</td>
<td>$14,500</td>
<td>$34,188</td>
</tr>
<tr>
<td>Coastal Recycling</td>
<td>$0</td>
<td>$10,913</td>
<td>$0</td>
</tr>
<tr>
<td>Demolition - Tax Acquired Property</td>
<td>$0</td>
<td>$15,000</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total Public Health and Sanitation:</strong></td>
<td>$0</td>
<td>$40,413</td>
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## TOWN OF FRANKLIN, MAINE

**SCHEDULE OF DEPARTMENTAL OPERATIONS - CONTINUED**

**FOR THE FISCAL YEAR ENDED FEBRUARY 28, 2017**

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<thead>
<tr>
<th>Department</th>
<th>Beginning Fund Balance</th>
<th>Appropriations</th>
<th>Receipts</th>
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<tbody>
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**Capital Reserves:**

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<th>Appropriations</th>
<th>Receipts</th>
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<tbody>
<tr>
<td>Fire Suppression Reserve</td>
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<tr>
<td>Road Resurfacing Reserve</td>
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**Assessments and General Debt:**

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<th>Appropriations</th>
<th>Receipts</th>
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</thead>
<tbody>
<tr>
<td>Interest on Debt</td>
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**TOTALS**

**$115,242** **$2,759,246** **$44,294**
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<th>Total Available</th>
<th>Expenditures</th>
<th>Transfers Out</th>
<th>Lapsed Under expended (Overdraft)</th>
<th>Ending Fund Balance</th>
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**TOWN OF FRANKLIN, MAINE**

**SCHEDULE OF RESERVES - GENERAL FUND**

**FOR THE FISCAL YEAR ENDED FEBRUARY 28, 2017**

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<td>Other Financing Sources (Uses):</td>
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<tr>
<td>Operating Transfers Out</td>
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<td>State Revenue Sharing</td>
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<td>($82,229)</td>
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(Exhibit A-2)
## TOWN OF FRANKLIN, MAINE
### SCHEDULE OF PERMANENT FUNDS
#### FOR THE FISCAL YEAR ENDED FEBRUARY 28, 2017

<table>
<thead>
<tr>
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<th>Bragdon Cemetery Lots</th>
<th>Blaisdell Good Citizenship</th>
<th>A.B. Fernald Scholarship</th>
<th>C.B. Fernald Memorial</th>
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<tr>
<td><strong>Additions</strong></td>
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</tr>
<tr>
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<tr>
<td><strong>Total Additions</strong></td>
<td>$26</td>
<td>$160</td>
<td>$11</td>
<td>$29</td>
<td>$4</td>
<td>$230</td>
</tr>
<tr>
<td><strong>Reductions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Expenditures</td>
<td></td>
<td>$160</td>
<td></td>
<td>$279</td>
<td></td>
<td>$439</td>
</tr>
<tr>
<td><strong>Total Reductions</strong></td>
<td>$0</td>
<td>$160</td>
<td>$0</td>
<td>$279</td>
<td>$0</td>
<td>$439</td>
</tr>
<tr>
<td><strong>Changes in Net Position</strong></td>
<td>$26</td>
<td>$0</td>
<td>$11</td>
<td>($251)</td>
<td>$4</td>
<td>($209)</td>
</tr>
<tr>
<td><strong>Net Position, Beginning</strong></td>
<td>$4,802</td>
<td>$10,122</td>
<td>$2,040</td>
<td>$5,064</td>
<td>$700</td>
<td>$22,728</td>
</tr>
<tr>
<td><strong>Net Position, Ending</strong></td>
<td>$4,828</td>
<td>$10,122</td>
<td>$2,051</td>
<td>$4,813</td>
<td>$704</td>
<td>$22,519</td>
</tr>
</tbody>
</table>
**TOWN OF FRANKLIN, MAINE**

**SCHEDULE OF VALUATION, COMMITMENT AND UNCOLLECTED TAXES**

**FOR THE FISCAL YEAR ENDED FEBRUARY 28, 2017**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxable Valuation:</td>
<td></td>
</tr>
<tr>
<td>Land &amp; Buildings</td>
<td>$180,031,340</td>
</tr>
<tr>
<td>Personal Property</td>
<td>$1,033,550</td>
</tr>
<tr>
<td><strong>Total Valuation</strong></td>
<td><strong>$181,064,890</strong></td>
</tr>
<tr>
<td>Tax Rate per $1</td>
<td>$0.0120</td>
</tr>
<tr>
<td>Tax Commitment</td>
<td>$2,172,779</td>
</tr>
<tr>
<td>Cash Collections and Adjustments</td>
<td>$1,953,411</td>
</tr>
<tr>
<td><strong>Current Year Unpaid Taxes February 28, 2017</strong></td>
<td><strong>$219,367</strong></td>
</tr>
</tbody>
</table>
**TOWN OF FRANKLIN, MAINE**

**SCHEDULE OF CHANGES IN UNASSIGNED FUND BALANCE**

**FOR THE FISCAL YEAR ENDED FEBRUARY 28, 2017**

### Beginning Unassigned Fund Balance

$434,304

<table>
<thead>
<tr>
<th>Additions:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Lapsed Accounts - Schedule of Departmental Operations</td>
<td>$42,833</td>
</tr>
<tr>
<td>Supplemental Taxes</td>
<td>$1,995</td>
</tr>
<tr>
<td>Tree Growth &amp; Veteran's Reimbursement</td>
<td>$13,436</td>
</tr>
<tr>
<td>Alewife Permit</td>
<td>$5,000</td>
</tr>
<tr>
<td>Other Reimbursements (Net of Appropriation)</td>
<td>$300</td>
</tr>
<tr>
<td>Interest Earned</td>
<td>$2,276</td>
</tr>
<tr>
<td>Interest &amp; Costs on Delinquent Taxes</td>
<td>$19,401</td>
</tr>
<tr>
<td>In Lieu of Taxes</td>
<td>$4,959</td>
</tr>
<tr>
<td>Town Fees</td>
<td>$4,744</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>$574</td>
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</tbody>
</table>

**Total Additions**

$95,517

<table>
<thead>
<tr>
<th>Deductions:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriations from Unassigned Fund Balance</td>
<td>$236,000</td>
</tr>
<tr>
<td>Increase in Unavailable Tax Revenue</td>
<td>$17,565</td>
</tr>
<tr>
<td>Homestead Reimbursement (Net of Appropriation)</td>
<td>$5,912</td>
</tr>
<tr>
<td>Abatements Granted</td>
<td>$5,081</td>
</tr>
</tbody>
</table>

**Total Deductions**

$264,558

### Ending Unassigned Fund Balance

$265,263
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Selectmen
Town of Franklin, Maine
Franklin, Maine 04634

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Franklin, Maine as of and for the year ended February 28, 2017, and the notes to the financial statements, which collectively comprise the Town of Franklin, Maine’s basic financial statements and have issued our report thereon dated May 18, 2017.

Compliance
As part of obtaining reasonable assurance about whether the Town of Franklin, 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 result of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Town of Franklin, Maine’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Town’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town’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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. 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.
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 and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

James W. Wadman, C.P.A.

James W. Wadman, C.P.A.
May 18, 2017