

Audited Financial Statements
and Other Financial Information

**County of Aroostook, Maine
Unorganized Territories**

June 30, 2020



Proven Expertise & Integrity

COUNTY OF AROOSTOOK, MAINE - UNORGANIZED TERRITORIES

CONTENTS

JUNE 30, 2020

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 4
<u>BASIC FINANCIAL STATEMENTS</u>	
STATEMENT A - BALANCE SHEET - GOVERNMENTAL FUNDS	5
STATEMENT B - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	6
STATEMENT C - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND	7
NOTES TO FINANCIAL STATEMENTS	8 - 18
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	19
SCHEDULE A - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	20 - 24
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	25 - 26



Proven Expertise & Integrity

INDEPENDENT AUDITOR'S REPORT

County Commissioners
County of Aroostook, Maine - Unorganized Territories
Presque Isle, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the County of Aroostook - Unorganized Territories, as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Unorganized Territories' basic financial statements as listed in the table of contents.

Management has omitted a management's discussion and analysis, capital assets, depreciation on capital assets, debt and other disclosures that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. These financial statements have been prepared for the purposes of the State of Maine. Our opinion on the basic financial statements is not affected by this missing information.

In our opinion, except for the items mentioned in the previous paragraph, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the County of Aroostook - Unorganized Territories as of June 30, 2020 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County of Aroostook - Unorganized Territories and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County of Aroostook - Unorganized Territories' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit 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 County of Aroostook - Unorganized Territories' internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the County of Aroostook - Unorganized Territories' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

The financial statements referred to above do not include a management discussion and analysis, capital assets, depreciation on capital assets and other disclosures required to be in compliance with Governmental Accounting Standards Boards Statement No. 34. The effect on the financial statements cannot be determined.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Aroostook - Unorganized Territories' basic financial statements. The schedule of departmental operations is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Departmental Operations - General Fund is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 is 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 September 25, 2023, on our consideration of the County of Aroostook - Unorganized Territories' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely 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 effectiveness of the County of Aroostook - Unorganized Territories' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Aroostook - Unorganized Territories' internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
September 25, 2023

STATEMENT A

COUNTY OF AROOSTOOK, MAINE - UNORGANIZED TERRITORIES

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Total
ASSETS		
Cash and cash equivalents	\$ 1,395,375	\$ 1,395,375
Accounts receivable (net of allowance for uncollectibles)	2,250	2,250
Due from other governments	533,119	533,119
TOTAL ASSETS	1,930,744	1,930,744
LIABILITIES		
Accounts payable	\$ 38,437	\$ 38,437
Accrued expenses	9,958	9,958
TOTAL LIABILITIES	48,395	48,395
FUND BALANCES		
Nonspendable	-	-
Restricted	-	-
Committed	-	-
Assigned	1,460,690	1,460,690
Unassigned	421,659	421,659
TOTAL FUND BALANCES	1,882,349	1,882,349
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,930,744	\$ 1,930,744

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

STATEMENT B

COUNTY OF AROOSTOOK, MAINE - UNORGANIZED TERRITORIES

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>General Fund</u>
REVENUES	
Taxes:	
Property taxes	\$ 1,511,803
Excise taxes	381,268
Intergovernmental revenue	109,578
Miscellaneous revenue	19,268
TOTAL REVENUES	<u>2,021,917</u>
EXPENDITURES	
Current:	
Snow removal	537,243
Fire protection	164,805
Ambulance services	87,571
Street lights	10,073
Polling places	13,190
Recreation	6,458
Senior citizens	13,091
Cemeteries	5,805
Septage disposal	4,966
Solid waste	127,652
Roads/bridge maintenance	180,000
Personnel services	255,502
Public works	25,008
Capital outlay	197,478
Miscellaneous	42,338
Insurance	3,375
Administration fees	93,022
Audit	2,400
TOTAL EXPENDITURES	<u>1,769,977</u>
NET CHANGE IN FUND BALANCES	251,940
FUND BALANCES - JULY 1	<u>1,630,409</u>
FUND BALANCES - JUNE 30	<u><u>\$ 1,882,349</u></u>

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

COUNTY OF AROOSTOOK, MAINE - UNORGANIZED TERRITORIES

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEARS ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Budgetary Fund Balance, July 1	\$ 1,630,409	\$ 1,630,409	\$ 1,630,409	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	1,511,803	1,511,803	1,511,803	-
Excise taxes	330,000	330,000	381,268	51,268
Intergovernmental revenue	102,450	102,450	109,578	7,128
Miscellaneous revenue	9,200	9,200	19,268	10,068
Amounts Available for Appropriation	<u>3,583,862</u>	<u>3,583,862</u>	<u>3,652,326</u>	<u>68,464</u>
Charges to Appropriations (Outflows):				
Snow removal	510,508	510,508	537,243	(26,735)
Fire protection	183,972	183,972	164,805	19,167
Ambulance services	58,928	58,928	87,571	(28,643)
Street lights	12,500	12,500	10,073	2,427
Polling places	13,150	13,150	13,190	(40)
Recreation	6,350	6,350	6,458	(108)
Senior citizens	16,586	16,586	13,091	3,495
Cemeteries	6,350	6,350	5,805	545
Septage disposal	5,377	5,377	4,966	411
Solid waste	139,256	139,256	127,652	11,604
Roads/bridge maintenance	180,000	180,000	180,000	-
Personnel services	260,046	260,046	255,502	4,544
Public works	31,353	31,353	25,008	6,345
Capital outlay	392,250	392,250	197,478	194,772
Miscellaneous	38,030	38,030	42,338	(4,308)
Insurance	3,375	3,375	3,375	-
Administration fees	93,022	93,022	93,022	-
Audit	2,400	2,400	2,400	-
Total Charges to Appropriations	<u>1,953,453</u>	<u>1,953,453</u>	<u>1,769,977</u>	<u>183,476</u>
Budgetary Fund Balance, June 30	<u>\$ 1,630,409</u>	<u>\$ 1,630,409</u>	<u>\$ 1,882,349</u>	<u>\$ 251,940</u>

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

COUNTY OF AROOSTOOK, MAINE - UNORGANIZED TERRITORIES

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The County of Aroostook - Unorganized Territories is governed by the State of Maine and County of Aroostook officials. The following services are provided: fire department, contracting for snow removal, waste disposal and other administrative activities.

The accounting policies of the County of Aroostook - Unorganized Territories conform to accounting principles generally accepted in the United States of America applicable to governmental units, except for the implementation of *Government Accounting Standards Board Statement Number 34*. The following is a summary of the more significant of these policies.

The County Unorganized Territories is the basic level of government, which has financial accountability, and control over all activities related to the County Unorganized Territories. The County Unorganized Territories is not included in any other governmental "reporting entity" as defined by GASB 14. In addition, we have determined that the County Unorganized Territories has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

COVID-19 Outbreak

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization and led to a national state of emergency in the United States. The State of Maine, along with other state and local governments, declared states of emergency and issued multiple public health emergency orders that severely restrict movement and limit businesses and activities to essential functions. These actions and effects of COVID-19 have disrupted economic activity at all levels and impacted the processes and procedures for almost all businesses, including municipal and quasi-municipal entities.

In response to the health crisis created by COVID-19 since early March, the Governor of Maine issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Maine to those necessary to obtain or provide essential services or activities. The state of emergency expired on June 30, 2021.

COUNTY OF AROOSTOOK, MAINE - UNORGANIZED TERRITORIES

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact on and Results of Operations

On March 15, 2020, the Governor of Maine proclaimed a state of emergency to authorize the use of emergency powers in order to expand and expedite the State's response to the serious health and safety risks of COVID-19. On March 17, 2020, by vote of the County Commissioners, Aroostook County facilities were closed to the public effective immediately. They also voted to allow County Department Heads and Elected Officials to enact policies and procedures to protect the health and safety of the staff.

Department heads agreed that the County Offices at the Courthouse should remain open but closed to the public. Courthouse entrances, except the lower level door, were locked and a drop box was placed inside the lower level door, but access to the rest of the building was cordoned off. In accordance with Executive Order 19, issued by the Governor of Maine on March 24, 2020, County operations at County Offices were able to be maintained at a normal level. Some employees worked remotely. No County department had any reductions in its staff due to the pandemic and essential services to the County's inhabitants were never suspended.

As part of a reopening plan, the County purchased masks, hand sanitizers and face shields for the Courthouse and two window doors, one for the Probate Court and one for the Commissioners' office, which would allow service to the public at the window. County Offices reopened for walk in business to the public on June 11, 2020. The County District Attorney's Office, located at a short distance from the Courthouse, reopened to the public on June 16, 2020.

Impact on Finances

The County does not currently anticipate any additional FY 2020 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security ("CARES") Act, American Rescue Plan Act ("ARPA") funding and applicable Federal and/or State programs.

Expected Federal/State Support

The County Unorganized Territories may have to take action to meet certain requirements to receive any additional Federal or State funding for budgetary or economic relief related to the challenges presented by COVID-19. However, the County Unorganized Territories expects that if those actions are necessary, that the County Unorganized Territories would qualify and satisfy the various conditions required to receive applicable Federal or State funds.

COUNTY OF AROOSTOOK, MAINE - UNORGANIZED TERRITORIES

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conclusion

The ongoing effects of COVID-19, including the financial impact to the County Unorganized Territories and its inhabitants, may change significantly as events and circumstances evolve locally, nationally and worldwide. At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the County Unorganized Territories. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the County Unorganized Territories.

Implementation of New Accounting Standards

During the year ended June 30, 2020, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 95 "Postponement of the Effective Dates of Certain Authoritative Guidance." The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. (The following pronouncements exclude Statements No. 83 and No. 88 which were implemented prior to this Statement).

The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 84, Fiduciary Activities; Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period; Statement No. 90, Majority Equity Interests; Statement No. 91, Conduit Debt Obligations; Statement No. 92, Omnibus 2020; Statement No. 93, Replacement of Interbank Offered Rates; Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting); Implementation Guide No. 2018-1, Implementation Guidance Update-2018; Implementation Guide No. 2019-1, Implementation Guidance Update-2019 and Implementation Guide No. 2019-2, Fiduciary Activities. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87, Leases and Implementation Guide No. 2019-3, Leases.

COUNTY OF AROOSTOOK, MAINE - UNORGANIZED TERRITORIES

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 97 "Certain Component Unit Criteria (paragraphs 4 & 5)." The primary objectives of paragraphs 4 & 5 in this Statement are to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. Management has determined the impact of this Statement is not material to the financial statements.

Principles Determining Scope of Reporting Entity

The financial statements of the County of Aroostook - Unorganized Territories consist only of the funds and account groups of the County Unorganized Territories. The criteria for including organizations as component units within the County Unorganized Territories reporting entity, as set forth in GAAP include whether:

- The County Unorganized Territories is legally separate (can sue and be sued in their own name)
- The County Unorganized Territories holds the corporate powers of the organization
- The County Unorganized Territories appoints a voting majority of the organization's board
- The County Unorganized Territories is able to impose its will on the organization
- The County Unorganized Territories has the potential to impose a financial benefit/burden on the County Unorganized Territories
- There is fiscal dependency by the organization of County Unorganized Territories.

Based on the aforementioned criteria, County of Aroostook - Unorganized Territories has no component units.

Basis of Presentation

The accounts of County of Aroostook - Unorganized Territories are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are allocated to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into generic fund types and broad fund categories as follows:

COUNTY OF AROOSTOOK, MAINE - UNORGANIZED TERRITORIES

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds

Governmental funds are those through which general governmental functions of the Unorganized Territories of Aroostook County are financed. The acquisition, use and balances of the Unorganized Territories of Aroostook County expendable financial resources and the related liabilities (except those accounted for in Proprietary Funds) are accounted for through Governmental funds.

General Fund - The General Fund is the general operating fund of the County Unorganized Territories. It is used to account for all financial resources except those required to be accounted for in another fund.

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

Capital Projects Funds - The Capital Projects Funds are used to account for all capital projects within the Unorganized Territories of Aroostook County.

Permanent Funds - The Permanent Funds are used to account for assets held by the County Unorganized Territories that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the County Unorganized Territories or its citizenry. The County Unorganized Territories' policy for authorizing and spending investment income follows State statutes.

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.

All governmental funds are accounted for by using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. County Unorganized Territories taxes are recorded as revenue when levied even though a portion of the taxes may be collected in subsequent years. Miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Intergovernmental revenues and interest income are accrued when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available. Expenditures are

COUNTY OF AROOSTOOK, MAINE - UNORGANIZED TERRITORIES

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to the general rule include principal and interest on general long-term debt which is recognized when due.

Budgets and Budgetary Accounting

The County Unorganized Territories utilizes a formal budgetary accounting system to control revenues and expenditures accounted for in the County Unorganized Territories' general fund. The budget is presented on the modified accrual basis of accounting that is consistent with generally accepted accounting principles. The budget is established in accordance with various laws, which govern the County Unorganized Territories' operations.

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

1. The County Commissioners prepare estimates of the amounts needed for appropriations for the coming year.
2. A public hearing is held by the County Commissioners on these estimates prior to June 30.
3. On or before July 1, the budget is transmitted to the State Tax Assessor and Fiscal Administrator of the County Unorganized Territories to be presented to the State of Maine Legislature for final approval.

Deposits and Investments

The County of Aroostook - Unorganized Territories' 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 Unorganized Territories' policy to value investments at fair value. None of the County Unorganized Territories' investments are reported at amortized cost. For purposes of the statement of cash flows, the proprietary fund type and similar trust funds consider all highly liquid investments with a remaining maturity of three months or less when purchased to be cash equivalents.

COUNTY OF AROOSTOOK, MAINE - UNORGANIZED TERRITORIES

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The County Unorganized Territories' Treasurer is authorized by State Statutes to invest all excess funds in the following:

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

The County Unorganized Territories' investment policy follows that of Aroostook County and does not conflict with the State of Maine Statutes. The policy is comprehensive and is applicable to all County Unorganized Territories funds.

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are recorded net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2020. Accounts receivable netted with allowances for uncollectible accounts were \$535,369 for the year ended June 30, 2020.

Fund Balance

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 Unorganized Territories 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.

COUNTY OF AROOSTOOK, MAINE - UNORGANIZED TERRITORIES

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the County Unorganized Territories. The inhabitants of the County Unorganized Territories through County Unorganized Territories meetings are the highest level of decision-making authority of the County Unorganized Territories. Commitments may be established, modified or rescinded only through a County Unorganized Territories meeting vote.

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

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

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

Revenue Recognition - Property Taxes - Modified Accrual Basis

The County Unorganized Territories' tax assessment is levied annually on the assessment values for each property located in the County Unorganized Territories. Assessment values are established for each municipality by the state. Taxes are payable on September 1, 2020. Interest shall accrue on all unpaid taxes beginning November 1, 2020 at a rate of 9.00% per annum.

Encumbrance Accounting

The County Unorganized Territories does not employ encumbrance accounting; under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriations.

COUNTY OF AROOSTOOK, MAINE - UNORGANIZED TERRITORIES

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

During the preparation of the Town'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 Unorganized Territories' investment policies, which follow state statutes, authorize the County Unorganized Territories 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 Unorganized Territories funds.

Deposits

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the County Unorganized Territories will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The County of Aroostook - Unorganized Territories does not have a policy covering custodial credit risk. However, the County Unorganized Territories 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, 2020, the County Unorganized Territories' cash balance of \$1,395,375 was comprised of bank deposits of \$1,466,822. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the County Unorganized Territories' cash balance. Of these deposits, \$793,350 were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk. The remaining deposits of \$673,472 were uncollateralized and exposed to custodial risk.

COUNTY OF AROOSTOOK, MAINE - UNORGANIZED TERRITORIES

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Checking account	\$ 923,472
ICS account	543,350
	<u>\$ 1,466,822</u>

Investments

Custodial credit risk for investments is that, in the event of failure of the counterparty, the County Unorganized Territories 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 Unorganized Territories does not have a policy for custodial credit risk for investments.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The County Unorganized Territories 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.

At June 30, 2020, the County Unorganized Territories did not have any investments.

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

COUNTY OF AROOSTOOK, MAINE - UNORGANIZED TERRITORIES

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - ASSIGNED FUND BALANCE

At June 30, 2020, the County of Aroostook Unorganized Territories had the following assigned fund balance:

General Fund		
UT road/bridges capital	\$	975,574
Pavement resurface capital		254,306
Dry hydrants capital		4,077
E911 program capital		6,899
Cemetery improvement capital		2,870
Cross Lake fire building capital		5,919
DECD administration capital		2,024
PW vehicle capital		18,385
Connor recreation capital		3,831
North Lakes apparatus capital		24,182
Computer capital		1,041
North Lakes fire equipment capital		31,509
Community signs capital		7,635
North Lakes admin vehicle capital		26,457
Sinclair comm building capital		6,640
Grant match capital		4,715
Madawaska Lake building capital		11,929
Veterans Fund Memorial capital		4,755
Contingency reserve		25,000
Municipal snowmobile grant		35,006
ME dep small community grant		1,682
	\$	<u>1,460,690</u>

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental 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

COUNTY OF AROOSTOOK, MAINE - UNORGANIZED TERRITORIES

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
SNOW REMOVAL					
Cross Lake	\$ 23,175	\$ -	\$ 23,175	\$ 23,089	\$ 86
T17R4 (Sinclair)	5,900	-	5,900	6,325	(425)
T16R4 (Madawaska Lake)	7,750	-	7,750	7,950	(200)
Connor (Caribou)	94,001	-	94,001	94,823	(822)
E Plantation	20,646	-	20,646	20,646	-
T9R5	19,045	-	19,045	19,045	-
TDR2 (Bridgewater)	4,441	-	4,441	4,441	-
T2R5 (Sherman) Benedicta	68,500	-	68,500	88,142	(19,642)
T2R5 (Sherman) Silver Ridge	15,500	-	15,500	15,297	203
T1R5	38,600	-	38,600	38,612	(12)
TAR5 (Molunkus)	28,000	-	28,000	24,035	3,965
Oxbow - North	40,000	-	40,000	38,740	1,260
Cary Plantation	60,000	-	60,000	73,639	(13,639)
Bancroft	84,950	-	84,950	82,459	2,491
Totals	510,508	-	510,508	537,243	(26,735)
FIRE PROTECTION					
Cross Lake	83,540	-	83,540	73,324	10,216
T17R3	9,391	-	9,391	9,391	-
T15R6	3,000	-	3,000	3,000	-
Connor (Caribou)	29,787	-	29,787	19,727	10,060
T11R4	11,950	-	11,950	11,563	387
T10R6 (Masardis)	676	-	676	676	-
T9R5	2,596	-	2,596	2,596	-
TDR2 (Bridgewater)	1,552	-	1,552	1,552	-
T8R4 (Masardis)	676	-	676	676	-
T7R5	845	-	845	845	-
TCR2 (Monticello)	873	-	873	873	-
T2R5 (Sherman) Benedicta	9,824	-	9,824	11,084	(1,260)
T2R5 (Sherman) Silver Ridge	4,522	-	4,522	4,522	-
TAR2	863	-	863	863	-
TAR5 (Molunkus)	4,400	-	4,400	4,371	29
Oxbow - North	4,500	-	4,500	4,379	121
Cary Plantation	11,730	-	11,730	12,118	(388)
Bancroft	3,247	-	3,247	3,245	2
Totals	183,972	-	183,972	164,805	19,167

COUNTY OF AROOSTOOK, MAINE - UNORGANIZED TERRITORIES

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
AMBULANCE SERVICES					
Cross Lake	6,030	-	6,030	7,592	(1,562)
T17R4 (Sinclair)	8,360	-	8,360	10,854	(2,494)
T17R3	3,550	-	3,550	3,550	-
T16R5	1,500	-	1,500	1,735	(235)
T16R4 (Madawaska Lake)	1,300	-	1,300	6,783	(5,483)
T15R6	350	-	350	436	(86)
Connor (Caribou)	5,500	-	5,500	23,372	(17,872)
T12R8/T11R4	13,313	-	13,313	14,641	(1,328)
E Plantation	795	-	795	704	91
TDR2 (Bridgewater)	620	-	620	1,181	(561)
TCR2 (Monticello)	1,240	-	1,240	612	628
T2R5 (Sherman) Benedicta	4,245	-	4,245	4,042	203
T2R5 (Sherman) Silver Ridge	2,050	-	2,050	1,958	92
Oxbow - North	2,300	-	2,300	2,479	(179)
Cary Plantation	3,375	-	3,375	3,393	(18)
Bancroft	4,400	-	4,400	4,239	161
Totals	<u>58,928</u>	<u>-</u>	<u>58,928</u>	<u>87,571</u>	<u>(28,643)</u>
STREET LIGHTS					
Cross Lake	375	-	375	356	19
T17R4 (Sinclair)	6,250	-	6,250	4,808	1,442
T16R4 (Madawaska Lake)	800	-	800	722	78
Connor (Caribou)	1,700	-	1,700	1,406	294
T2R5 (Sherman) Benedicta	800	-	800	639	161
T2R5 (Sherman) Silver Ridge	1,300	-	1,300	947	353
Cary Plantation	-	-	-	10	(10)
Bancroft	1,275	-	1,275	1,185	90
Totals	<u>12,500</u>	<u>-</u>	<u>12,500</u>	<u>10,073</u>	<u>2,427</u>
POLLING PLACES					
Cross Lake	1,700	-	1,700	1,700	-
T17R4 (Sinclair)	2,290	-	2,290	2,290	-
T16R4 (Madawaska Lake)	1,700	-	1,700	1,650	50
Connor (Caribou)	2,360	-	2,360	2,650	(290)
T11R4	200	-	200	200	-
T2R5 (Sherman) Benedicta	1,250	-	1,250	1,250	-
T2R5 (Sherman) Silver Ridge	1,250	-	1,250	1,250	-
Oxbow - North	400	-	400	200	200
Cary Plantation	1,600	-	1,600	1,600	-
Bancroft	400	-	400	400	-
Totals	<u>13,150</u>	<u>-</u>	<u>13,150</u>	<u>13,190</u>	<u>(40)</u>

SCHEDULE A (CONTINUED)

COUNTY OF AROOSTOOK, MAINE - UNORGANIZED TERRITORIES

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
RECREATION					
T17R4 (Sinclair)	300	-	300	30	270
T17R3	500	-	500	500	-
Connor (Caribou)	5,550	-	5,550	5,773	(223)
Oxbow - North	-	-	-	155	(155)
Totals	6,350	-	6,350	6,458	(108)
SENIOR CITIZENS					
Cross Lake	7,626	-	7,626	6,624	1,002
T17R4 (Sinclair)	8,960	-	8,960	6,467	2,493
Totals	16,586	-	16,586	13,091	3,495
CEMETERIES					
Cross Lake	150	-	150	150	-
T17R4 (Sinclair)	150	-	150	150	-
T2R5 (Sherman) Benedicta	350	-	350	350	-
T2R5 (Sherman) Silver Ridge	2,650	-	2,650	2,350	300
Oxbow - North	750	-	750	700	50
Cary Plantation	1,800	-	1,800	1,600	200
Bancroft	500	-	500	505	(5)
Totals	6,350	-	6,350	5,805	545
SEPTAGE DISPOSAL					
T17R4 (Sinclair)	1,000	-	1,000	800	200
E Plantation	1,750	-	1,750	1,750	-
T2R5 (Sherman) Benedicta	2,202	-	2,202	2,202	-
Cary Plantation	175	-	175	114	61
Bancroft	250	-	250	100	150
Totals	5,377	-	5,377	4,966	411
SOLID WASTE					
T17R4 (Sinclair)	44,500	-	44,500	38,315	6,185
T17R3	2,064	-	2,064	2,064	-
T16R4 (Madawaska Lake)	5,500	-	5,500	5,919	(419)
T15R6	3,717	-	3,717	3,805	(88)
Connor (Caribou)	24,600	-	24,600	23,707	893
T11R4	7,260	-	7,260	416	6,844
E Plantation	2,595	-	2,595	2,595	-
TDR2 (Bridgewater)	500	-	500	500	-
T7R5	500	-	500	500	-
T2R5 (Sherman) Benedicta	16,509	-	16,509	16,509	-
T2R5 (Sherman) Silver Ridge	8,000	-	8,000	8,000	-
TAR5 (Molunkus)	11,728	-	11,728	11,498	230
Oxbow - North	6,283	-	6,283	6,564	(281)
Bancroft	5,500	-	5,500	7,260	(1,760)
Totals	139,256	-	139,256	127,652	11,604

SCHEDULE A (CONTINUED)

COUNTY OF AROOSTOOK, MAINE - UNORGANIZED TERRITORIES

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
ROADS/BRIDGE MAINTENANCE	180,000	-	180,000	180,000	-
PERSONNEL SERVICES					
Public safety coordinator	55,528	-	55,528	58,379	(2,851)
EMA support services	26,913	-	26,913	27,054	(141)
Deputy patrol	84,629	-	84,629	84,536	93
Public works	92,976	-	92,976	85,533	7,443
Totals	260,046	-	260,046	255,502	4,544
PUBLIC WORKS					
Contractual services	30,753	-	30,753	24,791	5,962
Commodities	600	-	600	217	383
Totals	31,353	-	31,353	25,008	6,345
CAPITAL OUTLAY	392,250	-	392,250	197,478	194,772

SCHEDULE A (CONTINUED)

COUNTY OF AROOSTOOK, MAINE - UNORGANIZED TERRITORIES

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
MISCELLANEOUS					
Boat Landing	3,000	-	3,000	-	3,000
Bread of Life Kitchen	850	-	850	850	-
St. John Valley Soil/Water NMDC	350	-	350	350	-
So. Aroostook Soil/Water	9,874	-	9,874	12,051	(2,177)
Acadian Heritage Council	200	-	200	150	50
Fed/State/County Programs	100	-	100	100	-
Animal control	12,791	-	12,791	12,791	-
Bancroft Food Pantry	8,250	-	8,250	13,440	(5,190)
Libraries	350	-	350	350	-
Totals	<u>2,265</u>	<u>-</u>	<u>2,265</u>	<u>2,256</u>	<u>9</u>
	<u>38,030</u>	<u>-</u>	<u>38,030</u>	<u>42,338</u>	<u>(4,308)</u>
INSURANCE	<u>3,375</u>	<u>-</u>	<u>3,375</u>	<u>3,375</u>	<u>-</u>
ADMINISTRATION FEES	<u>93,022</u>	<u>-</u>	<u>93,022</u>	<u>93,022</u>	<u>-</u>
AUDIT	<u>2,400</u>	<u>-</u>	<u>2,400</u>	<u>2,400</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 1,953,453</u>	<u>\$ -</u>	<u>\$ 1,953,453</u>	<u>\$ 1,769,977</u>	<u>\$ 183,476</u>

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



Proven Expertise & Integrity

INDEPENDENT AUDITOR'S 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 of Commissioners
County of Aroostook - Unorganized Territories
Presque Isle, 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 Aroostook - Unorganized Territories as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the County of Aroostook - Unorganized Territories basic financial statements and have issued our report thereon dated September 25, 2023.

Internal Control Over Financial Reporting

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

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

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

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 Aroostook - Unorganized Territories' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the County of Aroostook - Unorganized Territories' in a separate letter dated August 11, 2023.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
September 25, 2023