Audited Financial Statements and
Other Financial Information

Jail Department of the County of Aroostook, Maine

June 30, 2025

RHR SMITH & COMPANY
Certified Public Accountants

Proven Expertise & Integrity

JAIL DEPARTMENT OF THE COUNTY OF AROOSTOOK, MAINE

CONTENTS

JUNE 30, 2025

RHR SMITH & COMPANY
Certified Public Accountants
Proven Expertise & Integrity

INDEPENDENT AUDITOR'S REPORT

County Commissioners
Jail Department of the County of Aroostook, Maine
Caribou, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the major fund of the Jail Department of the County of Aroostook, Maine as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the Jail Department of the County of Aroostook, Maine's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Jail Department of the County of Aroostook, Maine as of June 30, 2025 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Jail Department of the County of Aroostook, Maine 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.

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

Emphasis of Matter

As discussed in Note 1 of Notes to the Financial Statements, the financial statements of the Jail Department of the County of Aroostook, Maine are intended to present the financial position and the changes in financial position of only that portion of each major fund and the aggregate remaining fund information of the County of Aroostook, Maine that is attributable to the transactions of the Jail Department of the County of Aroostook, Maine. They do not purport to and do not present fairly the financial position of the County of Aroostook, Maine as of June 30, 2025 and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibility of Management for the Financial Statements

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

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 Jail Department of the County of Aroostook, Maine's 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 Jail Department of the County of Aroostook, Maine's 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 Jail Department of the County of Aroostook, Maine's 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund on page 20 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.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2026, on our consideration of the Jail Department of the County of Aroostook, Maine's 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 Jail Department of the County of Aroostook, Maine's 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 Jail Department of the County of Aroostook, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
June 23, 2026

JAIL DEPARTMENT OF THE COUNTY OF AROOSTOOK, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Jail Capital Reserve Fund	Total
ASSETS			
Due from other funds	$ -	$ 15,404	$ 15,404
TOTAL ASSETS	$ -	$ 15,404	$ 15,404
LIABILITIES			
Accounts payable	$ 34,642	$ -	$ 34,642
Due to other governments	412,748	-	412,748
Accrued compensated absences	127,340	-	127,340
Due to other funds	15,404	-	15,404
TOTAL LIABILITIES	590,134	-	590,134
FUND BALANCES (DEFICITS)			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	15,404	15,404
Assigned	-	-	-
Unassigned	(590,134)	-	(590,134)
TOTAL FUND BALANCES (DEFICITS)	(590,134)	15,404	(574,730)
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	$ -	$ 15,404	$ 15,404

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

STATEMENT B

JAIL DEPARTMENT OF THE COUNTY OF AROOSTOOK, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Jail Capital Reserve Fund	Total
REVENUES			
Taxes	$ 3,707,928	$ -	$ 3,707,928
Intergovernmental revenues	1,613,090	-	1,613,090
Miscellaneous revenues	64,429	-	64,429
TOTAL REVENUES	5,385,447	-	5,385,447
EXPENDITURES			
Current:			
Personnel	4,012,353	-	4,012,353
Contract services	1,114,303	-	1,114,303
Commodities	562,560	-	562,560
TOTAL EXPENDITURES	5,689,216	-	5,689,216
NET CHANGE IN FUND BALANCES (DEFICITS)	(303,769)	-	(303,769)
FUND BALANCES (DEFICITS) - JULY 1, AS PREVIOUSLY REPORTED	(270,961)	-	(270,961)
NET POSITION CORRECTION	(15,404)	15,404	-
NET POSITION - JULY 1, AS RESTATED	(286,365)	15,404	(270,961)
FUND BALANCES (DEFICITS) - JUNE 30	$ (590,134)	$ 15,404	$ (574,730)

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

JAIL DEPARTMENT OF THE COUNTY OF AROOSTOOK, MAINE

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2025

	Commissary Account	Inmate Benefit Fund	Total
ASSETS			
Cash and cash equivalents	$ 40,968	$ 17,544	$ 58,512
TOTAL ASSETS	$ 40,968	$ 17,544	$ 58,512
LIABILITIES			
Accounts payable	$ -	$ -	$ -
TOTAL LIABILITIES	-	-	-
NET POSITION			
Restricted	40,968	17,544	58,512
TOTAL NET POSITION	40,968	17,544	58,512
TOTAL LIABILITIES AND NET POSITION	$ 40,968	$ 17,544	$ 58,512

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

JAIL DEPARTMENT OF THE COUNTY OF AROOSTOOK, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Commissary Account	Inmate Benefit Fund	Total
ADDITIONS			
Contributions	$ 35,419	$ 108,872	$ 144,291
TOTAL ADDITIONS	35,419	108,872	144,291
DEDUCTIONS			
Other	86,993	93,827	180,820
TOTAL DEDUCTIONS	86,993	93,827	180,820
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	24,411	-	24,411
Transfers to other funds	-	(24,411)	(24,411)
TOTAL OTHER FINANCING SOURCES (USES)	24,411	(24,411)	-
CHANGE IN NET POSITION	(27,163)	(9,366)	(36,529)
NET POSITION - JULY 1/JANUARY 1, AS PREVIOUSLY REPORTED	68,770	28,300	97,070
NET POSITION CORRECTION	(639)	(1,390)	(2,029)
NET POSITION - JULY 1, AS RESTATED	68,131	26,910	95,041
NET POSITION - JUNE 30	$ 40,968	$ 17,544	$ 58,512

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Jail is a Department of the County of Aroostook, Maine. This Department has been separated out from the County for the purposes of State regulatory agencies. The financial statements of the County of Aroostook, Maine have not been issued as of the date of this report for the year ended December 31, 2024. Therefore, the financial statements that follow present only the operations for the Department and are not intended to present fairly the financial position and results of operations of the County of Aroostook, Maine in accordance with generally accepted accounting principles (GAAP). Certain disclosures relevant to the County of Aroostook, Maine and the Jail Department have been omitted from these financial statements and have been disclosed in the County’s financial statements.

The Department’s financial statements are prepared, in most part, in accordance with generally accepted accounting principles (GAAP). Because these statements are a special purpose report, they do not need to follow GAAP. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

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

Implementation of New Accounting Standards

During the year ended June 30, 2025, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 101 “Compensated Absences”. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Management has determined the impact of this Statement is not material to the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 102 “Certain Risk Disclosures”. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. A disclosure should be made in the notes to financial statements if a government determines that those criteria for disclosures have been met for a concentration or constraint. Management has determined the impact of this Statement is not material to the financial statements.

Measurement Focus - Fund Financial Statements

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

1. Governmental Funds:

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

Major Fund

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

b. The Jail Capital Reserve Fund is used to account for jail facility repairs, renovations equipment and structural maintenance. Revenue sources are primarily transfers from other funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Fiduciary Funds:

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

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

Basis of Accounting

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

1. Accrual

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

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due. Also, a liability for accrued compensated absences has been recorded along with an offsetting asset from the State of Maine. Most of these amounts are not current and therefore are not presented on the modified accrual basis of accounting.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget

The Department's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles. The State Board of Corrections approves the budget and is the final decision maker.

Deposits and Investments

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

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

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

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible amounts is estimated to be $0 as of June 30, 2025. Accounts receivable netted with allowances for uncollectible accounts were $0 for the year ended June 30, 2025.

Interfund Receivables and Payables

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Department is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end.

Use of Estimates

During the preparation of the Department'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 Department's investment policies, which follow state statutes, authorize the Department 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 Department funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Department will not be able to recover its deposits. The Department does not have a policy covering custodial credit risk for deposits. However, the Department 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, 2025, the Department's cash balance of $0 was comprised of bank deposits amounting to $61,878. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Department's cash balance. All of these deposits were insured by federal depository insurance and consequently were not exposed to custodial credit risk.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Account Type		Bank Balance
Checking accounts	$	57,535
Savings account		4,343
	$	61,878

Investments:

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

At June 30, 2025, the Department had no investments.

Credit risk - Statutes for the State of Maine authorize the Department 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 Department does not have an investment policy on credit risk.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2025 consisted of the following individual fund receivables and payables:

		Receivables (Due from)		Payables (Due to)
General Fund	$	-	$	15,404
Jail Capital Reserve Fund		15,404		-
	$	15,404	$	15,404

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

The results of amounts owed between funds are considered to be in the course of normal operations by the Department. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

NOTE 4 - COMMITTED FUND BALANCE

At June 30, 2025, the Department had the following deficit fund balance:

Jail Capital Reserve Fund	$ 15,404

NOTE 5 - DEFICIT FUND BALANCE

At June 30, 2025, the Department had the following deficit fund balance:

General Fund	$ 590,134

NOTE 6 - RISK MANAGEMENT

The Department is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2025, the Department contracted with Maine County Commissioners Association Self-Funded Risk Management Pool for property insurance and general liability insurance.

The above-mentioned risk pool can make special assessments to its members if the risk pool is experiencing financial troubles. No special assessments have been made to its members since the inception of the risk pool.

The Department pays the Maine Municipal Association Workers Compensation Fund a premium based on a calculation using experience and mod formula.

The Department provides life insurance and accidental death and dismemberment insurance to most employees through Maine Municipal Employees Health Trust.

The County is self-funded regarding unemployment compensation. The County reimburses the State of Maine, who pays the former County employees while unemployed, for all valid unemployment claims.

NOTE 6 - RISK MANAGEMENT (CONTINUED)

There were no significant reductions in insurance coverage during the year. The Department did not have any claims that exceeded insurance coverage in each of the past three years.

The overall responsibility and liability for any types of losses, insurances or claims lies with the County.

NOTE 7 - CONTINGENCIES

The Department participates in a number of federal and state assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended June 30, 2025 have not yet been conducted. Accordingly, the Department's compliance with applicable grant requirements will be established at some future date. The expenditure amounts, if any, which may be disallowed by granting agencies cannot be determined.

NOTE 8 - JAIL OPERATIONS

During its 2007 Fiscal Year, the State of Maine enacted legislation known as LD 2080, “An Act to Better Coordinate and Reduce the Cost of the delivery of State and County Correctional Services”, located in Public Laws 2007, Chapter 653. This Act has in essence capped what Counties can assess their municipalities for taxes to fund their corrections budgets and will also establish the annual growth limitations for future corrections expenditures. A Board of Overseers at the State of Maine has been appointed to supervise county correction operations. The Act has raised many accounting and auditing issues regarding both financial and budgetary reporting. It is the position of the County that it has addressed, to the best of its ability, these issues in its County annual audit report and the jail annual audit.

During the 2016 fiscal year the State of Maine enacted legislation know as LD 186. This bill repeals the changes that were made by Public Law 2007, chapter 653, eliminating the State Board of Corrections and all of its duties and returns the law to the form it was in prior to jail consolidation. This bill requires that the State continue to provide funding to the counties in the same amount that it did in fiscal year 2014-15.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 - RESTATEMENT

During fiscal year 2025, the Department reclassified the Commissary Account Fund and Inmate Benefit Fund from governmental funds to fiduciary funds. Additionally, the fiduciary funds' year end was changed from December 31, 2024 to June 30, 2024. A restatement was required to adjust for the 6 months of activity due to this change, as follows:

	6/30/24 and 12/31/24 As Previously Reported	Fund Balance Correction	6/30/24 As Adjusted and/or Restated
Governmental Funds			
Major Funds:			
General Fund	$ (270,961)	$ (15,404)	$ (286,365)
Jail Capital Reserve Fund	-	15,404	15,404
Total Governmental Funds	$ (270,961)	$ -	$ (270,961)
Fiduciary Funds			
Commissary Account	$ 68,770	$ (639)	$ 68,131
Inmate Benefit Account	28,300	(1,390)	26,910
Total Fiduciary Funds	$ 97,070	$ (2,029)	$ 95,041

Required Supplementary Information

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

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund

JAIL DEPARTMENT OF THE COUNTY OF AROOSTOOK, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance (Deficit), July 1	$ (270,961)	$ (270,961)	$ (270,961)	$ -
Resources (Inflows):				
Taxes	3,707,928	3,707,928	3,707,928	-
Intergovernmental revenues	1,961,163	1,961,163	1,613,090	(348,073)
Miscellaneous revenues	75,000	75,000	64,429	(10,571)
Amounts Available for Appropriation	5,473,130	5,473,130	5,114,486	(358,644)
Charges to Appropriations (Outflows):				
Personnel	4,058,091	4,058,091	4,012,353	45,738
Contract services	1,219,500	1,219,500	1,114,303	105,197
Commodities	586,500	586,500	562,560	23,940
Capital outlay	80,000	80,000	-	80,000
Total Charges to Appropriations	5,944,091	5,944,091	5,689,216	254,875
Budgetary Fund Balance (Deficit), June 30	$ (470,961)	$ (470,961)	$ (574,730)	$ (103,769)
Utilization of Unassigned Fund Balance	$ 200,000	$ 200,000	$ -	$ (200,000)

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

RHR SMITH & COMPANY
Certified Public Accountants
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 Commissioners
Jail Department of the County of Aroostook, Maine
Caribou, 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 each major fund and the aggregate remaining fund information of the Jail Department of the County of Aroostook, Maine as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the Jail Department of the County of Aroostook, Maine's basic financial statements and have issued our report thereon dated June 23, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Jail Department of the County of Aroostook, Maine's internal control over financial reporting (internal control) as a basis for designing 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 Jail Department of the County of Aroostook, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Jail Department of the County of Aroostook, Maine's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization'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.

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

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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Jail Department of the County of Aroostook, 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 financial statements. 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*.

Additionally, as part of obtaining reasonable assurance about whether the Jail Department of the County of Aroostook, Maine’s financial statements are free of material misstatement, we considered the Jail Department of the County of Aroostook, Maine’s internal controls. We did this for the purpose of determining our auditing procedures but not for the purpose of expressing an opinion on the effectiveness of the Jail Department of the County of Aroostook, Maine’s internal control over financial reporting or compliance. We provided a separate letter reporting the results of our consideration of internal control to the management of the Jail Department of the County of Aroostook, Maine dated June 23, 2026.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
June 23, 2026