

Audited Financial Statements and
Other Financial Information

County of Aroostook, Maine

December 31, 2019



Proven Expertise & Integrity

COUNTY OF AROOSTOOK, MAINE

CONTENTS

DECEMBER 31, 2019

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 11
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	12
STATEMENT B - STATEMENT OF ACTIVITIES	13 - 14
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	15
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	16
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	17
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	18
STATEMENT G - STATEMENT OF NET POSITION - FIDUCIARY FUNDS	19
NOTES TO FINANCIAL STATEMENTS	20 - 53
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	54
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	55

SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	56
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS - PENSION	57
SCHEDULE 4 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY	58
SCHEDULE 5 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS	59
SCHEDULE 6 - SCHEDULE OF CONTRIBUTIONS - OPEB	60
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	61
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	62
SCHEDULE A - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	63
SCHEDULE B - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	64
SPECIAL REVENUE FUNDS DESCRIPTION	65
SCHEDULE C - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	66
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	67
CAPITAL PROJECTS FUNDS DESCRIPTION	68
SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS	69 - 71
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS	72 - 74
FIDUCIARY FUNDS DESCRIPTION	75

SCHEDULE G - COMBINING SCHEDULE OF NET POSITION - FIDUCIARY FUNDS - CUSTODIAL FUNDS	76
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FEDERAL COMPLIANCE

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>	77 - 78
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INDEPENDENT AUDITOR'S REPORT

County Commissioners
County of Aroostook, Maine
Caribou, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the County of Aroostook, Maine, as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the County of Aroostook, Maine, as of December 31, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB information on pages 4 through 11 and 55 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the

basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2022, on our consideration of the County of Aroostook, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Aroostook, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
August 31, 2022

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

(UNAUDITED)

The following management's discussion and analysis of the County of Aroostook, Maine's financial performance provides an overview of the County's financial activities for the year ended December 31, 2019. Please read it in conjunction with the County's financial statements.

Financial Statement Overview

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

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the County's basic services are reported in governmental activities, which include emergency management, district attorney, administration, county buildings, registry of deeds, registry of probate, jail, Maine drug enforcement, law enforcement, fire marshall, outside agencies, information technology, PSAP, employee benefits, insurance, other and program expenses.

Fund Financial Statements

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

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

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

The County of Aroostook, Maine presents three columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The County has two major governmental funds: the general fund and the jail fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

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

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

Notes to the Financial Statements

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

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions - Pension, Schedule of Changes in Net OPEB Liability, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Contributions - OPEB and Notes to Required Supplementary Information.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regard to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the County's governmental activities. The County's total net position decreased by \$634,522 from a deficit of \$1,545,040 to a deficit of \$2,179,562.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased to a deficit balance of \$3,224,843 at the end of this period.

Table 1
County of Aroostook, Maine
Net Position
December 31,

	2019	2018 (Restated)
Assets:		
Current Assets	\$ 2,631,668	\$ 2,340,920
Noncurrent Assets - Capital Assets	976,821	1,133,446
Total Assets	3,608,489	3,474,366
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	685,765	579,877
Deferred Outflows Related to OPEB	279,576	265,954
Total Deferred Outflows of Resources	965,341	845,831
Liabilities:		
Current Liabilities	535,070	63,205
Noncurrent Liabilities	5,360,969	5,244,484
Total Liabilities	5,896,039	5,307,689
Deferred Inflows of Resources:		
Deferred Inflows Related to Pensions	578,576	514,502
Deferred Inflows Related to OPEB	278,777	43,046
Total Deferred Inflows of Resources	857,353	557,548
Net Position:		
Net Investment in Capital Assets	976,821	1,133,446
Restricted	68,460	124,537
Unrestricted (Deficit)	(3,224,843)	(2,803,023)
Total Net Position (Deficit)	\$ (2,179,562)	\$ (1,545,040)

Revenues and Expenses

Revenues decreased by 7.71%, while expenses increased by 8.81% over the prior period. The largest decrease in revenues was in taxes due to no longer reporting the Unorganized Territories in the County's financial statements. The main increase in expenses was due to jail operations.

Table 2
County of Aroostook, Maine
Change in Net Position
For the Years Ended December 31,

	<u>2019</u>	<u>2018</u>
Revenues		
<i>Program revenues:</i>		
Charges for services	\$ 1,316,784	\$ 1,177,604
Operating grants and contributions	1,339,867	94,419
<i>General revenues:</i>		
Taxes	7,180,750	8,559,870
Intergovernmental revenues	916,579	1,632,825
Investment income-gain/(loss)	14,157	15,639
Miscellaneous revenues	68,222	261,775
Total Revenues	<u>10,836,359</u>	<u>11,742,132</u>
Expenses		
Emergency management	210,698	388,881
District attorney	558,280	499,372
Administration	603,242	937,831
Superior Court building	153,823	148,825
Houlton Complex building	394,789	381,959
Sheriff's office building	30,896	29,892
Caribou Courthouse	226,158	218,808
Fort Kent registry	71,108	68,797
Jail building	126,895	122,771
Jail operations	3,926,478	2,679,436
Regional assessing	1,423	-
Register of Deeds - South	212,615	241,878
Register of Deeds - North	164,608	187,264
Register of Probate	257,268	292,677
LE outside employment	25,123	-
LE stonegarden details	30,217	-
LE civil process	147,440	-
Maine Drug Enforcement	380,387	102,627
Law enforcement	2,064,914	2,357,444
Fire marshall	6,028	6,048
Outside agencies	174,261	246,134
Information technology	54,421	48,679
PSAP	219,324	196,182
Employee benefits	543,194	485,878
Insurance	23,693	21,193
Other	38,547	53,080
Program expenses	551,226	400,861
Capital outlay	144,717	131,947
Use of reserves	(85,073)	-
Unallocated depreciation (Note 5)	179,247	293,488
Interest on long term debt	34,934	-
Total Expenses	<u>11,470,881</u>	<u>10,541,952</u>
Change in Net Position (Deficit)	(634,522)	1,200,180
Net Position (Deficit) - January 1, Restated	<u>(1,545,040)</u>	<u>(2,745,220)</u>
Net Position (Deficit) - December 31	<u>\$ (2,179,562)</u>	<u>\$ (1,545,040)</u>

Financial Analysis of the County's Fund Statements

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

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

	<u>2019</u>	<u>2018 (Restated)</u>	<u>Increase/ (Decrease)</u>
Major Funds:			
General Fund:			
Restricted	\$ 58,293	\$ 108,218	\$ (49,925)
Committed	53,038	87,613	(34,575)
Assigned	163,681	34,134	129,547
Unassigned	1,244,872	1,442,482	(197,610)
Total General Fund	<u>\$ 1,519,884</u>	<u>\$ 1,672,447</u>	<u>\$ (152,563)</u>
Jail:			
Unassigned	\$ (159,729)	\$ (22,461)	\$ (137,268)
Total Jail Fund	<u>\$ (159,729)</u>	<u>\$ (22,461)</u>	<u>\$ (137,268)</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 10,167	\$ -	\$ 10,167
Unassigned	-	(108)	108
Capital Projects Funds:			
Assigned	782,416	645,867	136,549
Unassigned	(3,420)	(749)	\$ (2,671)
Total Nonmajor Funds	<u>\$ 789,163</u>	<u>\$ 645,010</u>	<u>\$ 144,153</u>

The changes to total fund balances for the general fund, jail fund and nonmajor funds occurred due to the regular activity of operations.

Budgetary Highlights

There was no difference between the original and final budget for the general fund.

The general fund actual revenues exceeded budgeted amounts by \$288,440. This was the result of all revenue categories being received over budgeted amounts except for intergovernmental revenues.

The general fund actual expenditures were over budgeted amounts by \$276,003. All expenditures categories were under budgeted amounts with the exception of administration, jail building, regional assessing, LE outside employment, LE stonegarden details, LE civil process, Maine drug enforcement, law enforcement, information technology, debt service - interest, employee benefits and transfers to other funds.

Capital Assets and Debt Administration

Capital Assets

As of December 31, 2019, the net book value of capital assets recorded by the County decreased by \$156,625 from the prior year. This decrease is the result of capital additions of \$22,622 less current year depreciation expense of \$179,247.

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

	2019	2018 (Restated)
Land	\$ 18,400	\$ 18,400
Buildings and building improvements	674,953	727,694
Land improvements	71,836	85,950
Machinery and equipment	158,672	180,222
Vehicles	52,960	121,180
Total	\$ 976,821	\$ 1,133,446

Long-Term Obligations

At December 31, 2019, the County had \$98,356 in a note from direct borrowings payable versus \$115,637 in the prior year. See Note 7 of Notes to Financial Statements for more detailed information.

Economic Factors and Next Year's Budgets and Rates

The County's unassigned fund balance is at a level to sustain government operations for a period of approximately two months. The County also maintains significant reserve accounts for future capital and program needs.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Administrator at 144 Sweden Street, Suite 1, Caribou, Maine 04736.

COUNTY OF AROOSTOOK, MAINE

STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,389,569
Accounts receivable (net of allowance for uncollectibles):	
Other	242,099
Total current assets	<u>2,631,668</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	18,400
Depreciable assets, net of accumulated depreciation	<u>958,421</u>
Total noncurrent assets	<u>976,821</u>
TOTAL ASSETS	<u>3,608,489</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	685,765
Deferred outflows related to OPEB	<u>279,576</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>965,341</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 4,573,830</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 135,758
Accrued liabilities	197,371
Due to other governments	149,221
Current portion of long-term obligations	<u>52,720</u>
Total current liabilities	<u>535,070</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Note from direct borrowings payable	80,323
Accrued compensated absences	156,526
Net pension liability	2,309,911
Net OPEB liability	<u>2,814,209</u>
Total noncurrent liabilities	<u>5,360,969</u>
TOTAL LIABILITIES	<u>5,896,039</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	578,576
Deferred inflows related to OPEB	<u>278,777</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>857,353</u>
NET POSITION (DEFICIT)	
Net investment in capital assets	976,821
Restricted	68,460
Unrestricted (deficit)	<u>(3,224,843)</u>
TOTAL NET POSITION (DEFICIT)	<u>(2,179,562)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)	<u>\$ 4,573,830</u>

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

COUNTY OF AROOSTOOK, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
Emergency management	\$ 210,698	\$ 114,982	\$ -	\$ -	\$ (95,716)
District attorney	558,280	61,156	-	-	(497,124)
Administration	603,242	108,125	-	-	(495,117)
Superior Court building	153,823	-	-	-	(153,823)
Houlton Complex building	394,789	-	-	-	(394,789)
Sheriff's office building	30,896	-	-	-	(30,896)
Caribou Courthouse	226,158	97,615	-	-	(128,543)
Fort Kent registry	71,108	-	-	-	(71,108)
Jail building	126,895	-	-	-	(126,895)
Jail operations	3,926,478	17,267	1,339,867	-	(2,569,344)
Regional assessing	1,423	-	-	-	(1,423)
Register of Deeds - South	212,615	498,045	-	-	285,430
Register of Deeds - North	164,608	174,064	-	-	9,456
Register of Probate	257,268	88,562	-	-	(168,706)
LE outside employment	25,123	-	-	-	(25,123)
LE stonegarden details	30,217	-	-	-	(30,217)
LE civil process	147,440	156,068	-	-	8,628
Maine Drug Enforcement	380,387	-	-	-	(380,387)
Law enforcement	2,064,914	900	-	-	(2,064,014)
Fire marshall	6,028	-	-	-	(6,028)
Outside agencies	174,261	-	-	-	(174,261)
Information technology	54,421	-	-	-	(54,421)
PSAP	219,324	-	-	-	(219,324)
Employee benefits	543,194	-	-	-	(543,194)
Insurance	23,693	-	-	-	(23,693)
Other	38,547	-	-	-	(38,547)
Program expenses	551,226	-	-	-	(551,226)
Capital outlay	144,717	-	-	-	(144,717)
Use of reserves	(85,073)	-	-	-	85,073
Unallocated depreciation (Note 5)*	179,247	-	-	-	(179,247)
Interest on long term debt	34,934	-	-	-	(34,934)
Total government	\$ 11,470,881	\$ 1,316,784	\$ 1,339,867	\$ -	(8,814,230)

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

STATEMENT B (CONTINUED)
COUNTY OF AROOSTOOK, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(8,814,230)</u>
General revenues:	
Property taxes, levied for general purposes	7,180,750
Intergovernmental revenue	916,579
Investment income-gain/(loss)	14,157
Other	68,222
Total general revenues	<u>8,179,708</u>
Change in net position (deficit)	(634,522)
NET POSITION (DEFICIT) - JANUARY 1, RESTATED	<u>(1,545,040)</u>
NET POSITION (DEFICIT) - DECEMBER 31	<u>\$ (2,179,562)</u>

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

COUNTY OF AROOSTOOK, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	General Fund	Jail Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ 1,937,450	\$ 452,119	\$ -	\$ 2,389,569
Accounts receivable (net of allowance for uncollectibles):				
Other	242,099	-	-	242,099
Due from other funds	608,851	-	792,583	1,401,434
TOTAL ASSETS	<u>\$ 2,788,400</u>	<u>\$ 452,119</u>	<u>\$ 792,583</u>	<u>\$ 4,033,102</u>
LIABILITIES				
Accounts payable	\$ 135,758	\$ -	\$ -	\$ 135,758
Accrued expenses	194,374	2,997	-	197,371
Due to other governments	149,221	-	-	149,221
Due to other funds	789,163	608,851	3,420	1,401,434
TOTAL LIABILITIES	<u>1,268,516</u>	<u>611,848</u>	<u>3,420</u>	<u>1,883,784</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	58,293	-	10,167	68,460
Committed	53,038	-	-	53,038
Assigned	163,681	-	782,416	946,097
Unassigned	1,244,872	(159,729)	(3,420)	1,081,723
TOTAL FUND BALANCES	<u>1,519,884</u>	<u>(159,729)</u>	<u>789,163</u>	<u>2,149,318</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,788,400</u>	<u>\$ 452,119</u>	<u>\$ 792,583</u>	<u>\$ 4,033,102</u>

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

COUNTY OF AROOSTOOK, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Total Governmental Funds
	<u> </u>
Total Fund Balances (Statement C)	\$ 2,149,318
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	976,821
Deferred outflows of resources related to pension are not financial resources and therefore are not reported in the funds	685,765
Deferred outflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	279,576
Long-term obligations shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Note from direct borrowing payable	(98,356)
Accrued compensated absences	(191,213)
Net pension liability	(2,309,911)
Net OPEB liability	(2,814,209)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(578,576)
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	<u>(278,777)</u>
Net position of governmental activities (Statement A)	<u><u>\$ (2,179,562)</u></u>

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

COUNTY OF AROOSTOOK, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	General Fund	Jail Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes - municipalities	\$ 4,767,507	\$ 2,413,243	\$ -	\$ 7,180,750
Charges for services	538,846	17,267	-	556,113
Intergovernmental	470,153	1,339,867	446,426	2,256,446
Register of Deeds	672,109	-	-	672,109
Register of Probate	88,562	-	-	88,562
Miscellaneous:				
Investment income-gain(loss)	14,157	-	-	14,157
Other revenues	22,624	18,833	26,765	68,222
TOTAL REVENUES	<u>6,573,958</u>	<u>3,789,210</u>	<u>473,191</u>	<u>10,836,359</u>
EXPENDITURES				
Current:				
Emergency management	210,698	-	-	210,698
District attorney	558,280	-	-	558,280
Administration	603,242	-	-	603,242
Superior Court building	153,823	-	-	153,823
Houlton Complex building	394,789	-	-	394,789
Sheriff's office building	30,896	-	-	30,896
Caribou Courthouse	226,158	-	-	226,158
Fort Kent registry	71,108	-	-	71,108
Jail building	126,895	-	-	126,895
Jail operations	-	3,926,478	-	3,926,478
Regional assessing	1,423	-	-	1,423
Register of Deeds - South	212,615	-	-	212,615
Register of Deeds - North	164,608	-	-	164,608
Register of Probate	257,268	-	-	257,268
LE outside employment	25,123	-	-	25,123
LE stonegarden details	30,217	-	-	30,217
LE civil process	147,440	-	-	147,440
Maine Drug Enforcement	380,387	-	-	380,387
Law enforcement	2,064,914	-	-	2,064,914
Fire marshall	6,028	-	-	6,028
Outside agencies	174,261	-	-	174,261
Information technology	77,043	-	-	77,043
PSAP	219,324	-	-	219,324
Debt service:				
Principal	-	-	17,281	17,281
Interest	29,904	-	5,030	34,934
Employee benefits	193,694	-	-	193,694
Insurance	23,693	-	-	23,693
Other	38,547	-	-	38,547
Program expenses	-	-	551,226	551,226
Capital outlay	-	-	144,717	144,717
Use of reserves	(85,073)	-	-	(85,073)
TOTAL EXPENDITURES	<u>6,337,305</u>	<u>3,926,478</u>	<u>718,254</u>	<u>10,982,037</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>236,653</u>	<u>(137,268)</u>	<u>(245,063)</u>	<u>(145,678)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	442,062	442,062
Transfers (out)	(389,216)	-	(52,846)	(442,062)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(389,216)</u>	<u>-</u>	<u>389,216</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(152,563)	(137,268)	144,153	(145,678)
FUND BALANCES (DEFICITS) - JANUARY 1, RESTATED	<u>1,672,447</u>	<u>(22,461)</u>	<u>645,010</u>	<u>2,294,996</u>
FUND BALANCES (DEFICITS) - DECEMBER 31	<u>\$ 1,519,884</u>	<u>\$ (159,729)</u>	<u>\$ 789,163</u>	<u>\$ 2,149,318</u>

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

COUNTY OF AROOSTOOK, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (145,678)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	22,622
Depreciation expense	<u>(179,247)</u>
	<u>(156,625)</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	105,888
OPEB	<u>13,622</u>
	<u>119,510</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	
	<u>17,281</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	(64,074)
OPEB	<u>(235,731)</u>
	<u>(299,805)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	22,300
Net pension liability	(276,576)
Net OPEB liability	<u>85,071</u>
	<u>(169,205)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ (634,522)</u></u>

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

COUNTY OF AROOSTOOK, MAINE

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2019

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 136,565
TOTAL ASSETS	<u>\$ 136,565</u>
LIABILITIES	
Accounts payable	<u>49,061</u>
TOTAL LIABILITIES	<u>49,061</u>
NET POSITION	
Restricted	87,678
Unrestricted	<u>(174)</u>
TOTAL NET POSITION	<u>87,504</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 136,565</u>

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

COUNTY OF AROOSTOOK, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The County of Aroostook, Maine was incorporated under the laws of the State of Maine. The County operates under the Board of Commissioners form of government and provides the following services: emergency management, district attorney, administration, county buildings, registry of deeds, registry of probate, jail, Maine drug enforcement, law enforcement, fire marshall, outside agencies, information technology, PSAP, employee benefits, insurance, other and program expenses.

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

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

Implementation of New Accounting Standards

During the year ended December 31, 2019, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 83 "Certain Asset Retirement Obligations". This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation or acquiring a tangible capital asset that has an existing ARO. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

the liabilities and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 84 "Fiduciary Activities". This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 88 "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements". This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit, assets pledged as collateral for the debt and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences and significant subjective acceleration clauses. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 90 "Majority Equity Interests". This Statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

by a special-purpose government engaged only in fiduciary activities, a fiduciary fund or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

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

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All activities of the County are categorized as governmental.

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

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

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Measurement Focus - Basic Financial Statements and Fund Financial Statements

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

1. Governmental Funds:

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

Major Funds

- a. The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Jail Fund is another operating fund of the County that was established by state statutes to account for the operations of the Jail. Revenue sources are comprised primarily of taxes, intergovernmental and charges for services.

Nonmajor Funds

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

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- d. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

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 County programs. The reporting focus is on net position and changes in net position and the funds are reported using accounting principles similar to proprietary funds.

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

The emphasis in fund financial statements is on the major funds in the governmental activities 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 nonmajor funds are combined in a column in the fund financial statements.

Basis of Accounting

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

1. Accrual

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

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Modified Accrual

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

Budget

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

1. Early in the second half of the year the County Administrator prepares a budget for the fiscal year beginning January 1. The operating budget includes proposed expenditures and the means of financing them.
2. The County Administrator submits the budget to the County Commissioners for their discussion, revision and initial approval. The County Commissioners' approved budget is then submitted to the County's Finance Committee.
3. The Finance Committee shall hold a public hearing in the County on its proposed budget after public notice of the meeting is given.
3. The budget is adopted subsequent to passage by the County Finance Committee.

Deposits and Investments

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

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

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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

The County of Aroostook, Maine does not have a formal investment policy but instead follows the State of Maine Statutes.

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 accounts is estimated to be \$0 as of December 31, 2019. Accounts receivable netted with allowances for uncollectible accounts were \$242,099 for the year ended December 31, 2019.

Interfund Receivables and Payables

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

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of Governmental Funds.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are reported at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Estimated useful lives are as follows:

Buildings and improvements	7 - 40 years
Machinery and equipment	5 - 20 years
Vehicles	5 - 15 years
Infrastructure	40 years

Long-term Obligations

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

All long-term obligations to be repaid from governmental resources are reported as liabilities in government-wide statements. The long-term obligations consist of a note from direct borrowings payable, accrued compensated absences, net pension liability and net OPEB liability.

Long-term debt for governmental funds are not reported as liabilities in the fund financial statements. Debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

Pensions

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

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

OPEB

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, management received and relied on an actuarial report provided to them by the Maine Municipal Employees Health Trust (MMEHT), which determined the County's fiduciary net position as a single employer defined benefit plan based on information provided solely by MMEHT to complete the actuarial report. Additions to/deductions from the MMEHT OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by MMEHT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

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

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

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

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the County Commissioners. The County Commissioners through County meetings are the highest level of decision-making authority of the County. Please refer to the budgeting process for the authority for committing items within the budget.

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

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Net Position

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two types of this item, deferred outflows related to pensions and deferred outflows related to OPEB. These items are reported in the statement of net position.

In addition to liabilities, the statement of financial position and/or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

resources (revenue) until that time. Deferred inflows related to pensions and deferred inflows related to OPEB qualify for reporting in this category. These items are reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The County's property tax for the year was committed on February 20, 2019 on the assessed value listed as of April 1, 2018, for all real and personal property located in the County. Taxes were due in one installment on September 1, 2019. Interest on unpaid taxes commenced on November 1, 2019 at 9% per annum. The full amount of the current year assessment has been recognized in the financial statements.

Program Revenues

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

Encumbrance Accounting

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

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

State statutes require that all investments made by the County consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all County funds.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits:

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

At December 31, 2019, the County's cash and cash equivalents balances amounting to \$2,526,134 were comprised of bank deposits of \$2,535,500. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the County's cash and cash equivalents balance. Of these deposits, \$350,725 was fully insured by federal depository insurance and consequently were not exposed to custodial credit risk. The remaining balance of \$2,184,775 was collateralized with securities held by the financial institution in the County's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 2,491,168
ICS accounts	44,332
	<u>\$ 2,535,500</u>

Investments:

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

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

At December 31, 20219, the County had no investments.

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

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2019 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due from)</u>	<u>Payables (Due to)</u>
General Fund	\$ 608,851	\$ 789,163
Jail Fund	-	608,851
Nonmajor Special Revenue Funds	10,167	-
Nonmajor Capital Projects Funds	782,416	3,420
	<u>\$ 1,401,434</u>	<u>\$ 1,401,434</u>

The result of amounts owed between funds are considered to be in the course of normal operations by the County. 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 - INTERFUND TRANSFERS

Interfund transfers at December 31, 2019 consisted of the following:

	<u>Transfers From</u>	<u>Transfers To</u>
General Fund	\$ 389,216	\$ -
Nonmajor Special Revenue Funds	-	2,116
Nonmajor Capital Projects Funds	52,846	439,946
	<u>\$ 442,062</u>	<u>\$ 442,062</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2019:

	Balance, 1/1/19 (Restated)	Additions	Disposals	Balance, 12/31/19
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 18,400	\$ -	\$ -	\$ 18,400
Depreciated assets:				
Buildings and improvements	13,121,280	-	-	13,121,280
Land improvements	285,098	-	-	285,098
Machinery and equipment	1,804,305	22,622	-	1,826,927
Vehicles	830,619	-	-	830,619
	<u>16,041,302</u>	<u>22,622</u>	<u>-</u>	<u>16,063,924</u>
Less accumulated depreciation				
Buildings and improvements	(12,393,586)	(52,741)	-	(12,446,327)
Land improvements	(199,148)	(14,114)	-	(213,262)
Machinery and equipment	(1,624,083)	(44,172)	-	(1,668,255)
Vehicles	(709,439)	(68,220)	-	(777,659)
Total accumulated depreciation	<u>(14,926,256)</u>	<u>(179,247)</u>	<u>-</u>	<u>(15,105,503)</u>
Net capital assets	<u>\$ 1,133,446</u>	<u>\$ (156,625)</u>	<u>\$ -</u>	<u>\$ 976,821</u>

NOTE 6 - SHORT-TERM DEBT

Short-term debt activity for the year ended December 31, 2019 is as follows:

	Balance, 1/1/19	Additions	Deletions	Balance, 12/31/19
Tax Anticipation Note	<u>\$ -</u>	<u>\$ 2,015,000</u>	<u>\$ (2,015,000)</u>	<u>\$ -</u>

On March 29, 2019, the County issued a Tax Anticipation Note through Katahdin Trust Company in anticipation of revenues to meet its operating obligations during the fiscal year. The note allowed draws up to \$2,300,000 at a fixed rate of 3.25% per annum with a maturity date of December 31, 2019. As of December 31, 2019, the note was paid in full. Interest expense for the note was \$29,904.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended December 31, 2019:

	Balance, 1/1/19	Additions	Deletions	Balance, 12/31/19	Current Portion
Note from direct borrowings payable	\$ 115,637	\$ -	\$ (17,281)	\$ 98,356	\$ 18,033

The following is a summary of the outstanding note from direct borrowing payable:

\$137,555, Lease purchase agreement with Gorham Savings Leasing Group for communication equipment due in annual payments of \$22,311, through November, 2024. Interest is charged at a fixed rate of 4.35% per annum.

\$ 98,356

The following is a summary of outstanding note from direct borrowing principal and interest requirements for the following fiscal years ending December 31:

Year Ending December 31,	Principal	Interest	Totals
2020	\$ 18,033	\$ 4,279	\$ 22,312
2021	18,817	3,494	22,311
2022	19,635	2,676	22,311
2023	20,490	1,821	22,311
2024	21,381	930	22,311
	<u>\$ 98,356</u>	<u>\$ 13,200</u>	<u>\$ 111,556</u>

All bonds payable and notes from direct borrowings payable are direct obligations of the County, for which its full faith and credit are pledged. The County is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the County.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 8 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in other long-term obligations of the County for the year ended December 31, 2019:

	Balance, 1/1/19	Additions	Deletions	Balance, 12/31/19	Current Portion
Accrued compensated absences	\$ 213,513	\$ -	\$ (22,300)	\$ 191,213	\$ 34,687
Net pension liability	2,033,335	602,199	(325,623)	2,309,911	-
Net OPEB liability	2,899,280	242,981	(328,052)	2,814,209	-
Total	<u>\$ 5,146,128</u>	<u>\$ 845,180</u>	<u>\$ (675,975)</u>	<u>\$ 5,315,333</u>	<u>\$ 34,687</u>

Refer to Notes 9, 16 and 19 for more detailed information regarding long-term obligations.

NOTE 9 - ACCRUED COMPENSATED ABSENCES

The County's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences are recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources. As of December 31, 2019, the County's liability for compensated absences is \$191,213.

NOTE 10 - RESTRICTED NET POSITION AND FUND BALANCES

At December 31, 2019, the County had the following restricted net position and fund balances:

General fund:	
Registry of deeds reserve	\$ 53,851
Registry of probate reserve	4,442
Nonmajor special revenue funds (Schedule C):	
CDBG grant	2
Homeland security	2,351
Emergency planning funds	6,595
MMEHT wellness program	1,219
	<u>\$ 68,460</u>

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 11 - COMMITTED FUND BALANCES

At December 31, 2019, the County has the following committed fund balances:

General fund:	
Contingency reserve	<u>\$ 53,038</u>

NOTE 12 - ASSIGNED FUND BALANCES

At December 31, 2019, the County has the following assigned fund balances:

General fund:	
Sick leave reserve	\$ 79,854
Vacation leave reserve	83,827
Nonmajor capital projects funds (Schedule E)	782,416
	<u>\$ 946,097</u>

NOTE 13 - OVERSPENT APPROPRIATIONS

At December 31, 2019, the County has the following overspent appropriations:

General fund:	
Administration	\$ 12,677
Jail building	14,689
Regional assessing	1,423
LE outside employment	25,123
LE stonegarden details	30,217
LE civil process	147,440
Maine Drug Enforcement	44,530
Law enforcement	45,794
Information technology	4,023
Debt service - interest	14,904
Employee benefits	182,578
Transfer to other funds	2,116
	<u>\$ 525,514</u>

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 14 - DEFICIT FUND BALANCES

At December 31, 2019, the County has the following deficit fund balances:

Jail fund	\$	159,729
Nonmajor capital projects funds (Schedule E):		
Law enforcement capital		3,420
	\$	<u>163,149</u>

NOTE 15 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the County either carries commercial insurance, participates in a public entity risk pool or is effectively self-insured. The County participates in the following public-entity risk pools:

The County participates in the Maine County Commissioners Association's Self-Funded Risk Management Pool for property insurance and general liability insurance, as well as unemployment and workers compensation. The 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 County provides health, life and accidental death and dismemberment insurance to most employees through Maine Municipal Employees Health Trust.

Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchased, the County is not aware of any material actual or potential claim liabilities which should be recorded at December 31, 2019. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 16 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

County employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (207) 512-3100.

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions. As of June 30, 2019, there were 307 employers in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 2.69%.

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The County's plan members are required to contribute 8.1% of their annual covered salary and the County is required to contribute at an actuarially determined rate. The current rate is 10.0% of covered payroll for the AC plan. The contribution rates of plan members and the County are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The County's contribution to the MainePERS PLD Consolidated Plan for the year ended December 31, 2019 was \$499,082.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

At December 31, 2019, the County reported a liability of \$2,309,911 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2019 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The County's proportion of the net pension liabilities were based on a projection of the County's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2019, the County's proportion was 0.755704% which was an increase of 0.013704% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the County recognized total pension expense of \$234,762. At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 273,500	\$ -
Changes of assumptions	116,982	-
Net difference between projected and actual earnings on pension plan investments	-	578,576
Changes in proportion and differences between contributions and proportionate share of contributions	33,734	-
Contributions subsequent to the measurement date	261,549	-
Total	\$ 685,765	\$ 578,576

\$261,549 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan
Plan year ended June 30:	
2020	\$ 116,371
2021	(240,513)
2022	(29,852)
2023	(367)
2024	-
Thereafter	-

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2019, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

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

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

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

Asset Valuation Method

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

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Amortization

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

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2019 are as follows:

Investment Rate of Return - 6.75% per annum for the years ended June 30, 2019 and 2018, compounded annually.

Salary Increases, Merit and Inflation - 2.75% to 9.00% per year

Mortality Rates - For active members and non-disabled retirees of the PLD Consolidated and State Employee and Teacher Plans, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

Cost of Living Benefit Increases - 1.91%

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 are summarized in the following table. Assets for each of the defined benefit plans are commingled for investment purposes.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.00%	6.00%
US Government	7.50%	2.30%
Private equity	15.00%	7.60%
Real assets:		
Real estate	10.00%	5.20%
Infrastructure	10.00%	5.30%
Natural resources	5.00%	5.00%
Traditional credit	7.50%	3.00%
Alternative credit	5.00%	4.20%
Diversifiers	10.00%	5.90%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.75% for 2019 for the Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability as of June 30, 2019 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.75% for each of the Plans.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
County's proportionate share of the net pension liability	\$ 5,261,829	\$ 2,309,911	\$ (451,325)

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2019 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2019 with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resource. For 2019 and 2018, this was three years for the PLD Consolidated Plan.

Differences between Projected and Actual Investment Earnings on Pension Plan Investments

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

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2019 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the Actuarial Methods and Assumptions section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2019 Comprehensive Annual Financial Report available online at www.mainebers.org or by contacting the System at (207) 512-3100.

NOTE 17 - CONTINGENCIES

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

In the normal course of operations, the County receives grant funds from Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE 18 - 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.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 18 - JAIL OPERATIONS (CONTINUED)

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 2019 county and jail annual audit. At the present time issues such as the funding of accrued benefits; ownership and maintenance of correction assets; external funding of certain corrections operations; corrections capital/reserve funding and ownership and the treatment of net asset balances (deficits) have not been specifically addressed in this Act.

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

Plan Description

The County and County retirees contribute to the County's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the County and/or the County retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the County concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by contacting MMEHT at (800) 852-8300.

Benefits Provided

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their surviving spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The Plan also provides an automatic life insurance benefit of \$2,000 to participants which includes a surviving spouse benefit for the same. The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for the Plan. The retiree must enroll when first eligible and continue coverage without interruption.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Employees Covered by Benefit Terms

At January 1, 2019, the following employees were covered by the benefit terms:

Active members	85
Retirees and spouses	<u>4</u>
Total	<u><u>89</u></u>

Contributions

Retiree and spouse premium amounts are funded by the retiree at the rate for the coverage elected by the retiree. Premium rates are those determined by the MMEHT's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage. Retirees must contribute 100% of the Medicare premium amounts. Retiree Spouses must contribute 100% of the premium amounts. The sponsoring employer pays the remainder of the premium for Retirees Pre-Medicare. Medical benefits are provided for the life of the retiree and surviving spouses.

Retiree Premium Amounts

The following monthly premium amounts were reported on the individual data file. Actual plan election was reflected in expected retiree premium amounts.

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
POS A	\$985.83	\$2,211.35
POS C	\$867.53	\$1,945.99
PPO 500	\$770.59	\$1,728.55
Medicare		
<u>Medicare-Eligible Retirees</u>	\$528.70	\$1,057.40

Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2019, the County reported a liability of \$2,814,209 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2019 and was determined by an actuarial valuation as of that date. The County's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

For the year ended December 31, 2019, the County recognized OPEB expense of \$137,038. At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 36,896
Changes of assumptions	227,960	241,881
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	51,616	-
Total	<u>\$ 279,576</u>	<u>\$ 278,777</u>

\$51,616 were reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	MMEHT
Plan year ended December 31:	
2020	\$ (2,711)
2021	(2,711)
2022	(2,711)
2023	(2,711)
2024	(2,711)
Thereafter	(37,262)

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2018. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 4.10% per annum for June 30, 2019 was based upon a measurement date of December 27, 2018. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	1% Decrease	Discount Rate	1% Increase
	3.10%	4.10%	5.10%
Total OPEB liability	\$ 3,247,354	\$ 2,814,209	\$ 2,455,557
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 3,247,354</u>	<u>\$ 2,814,209</u>	<u>\$ 2,455,557</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of net OPEB liability to changes in healthcare cost trend rates are as follows:

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 2,371,518	\$ 2,814,209	\$ 3,374,964
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 2,371,518</u>	<u>\$ 2,814,209</u>	<u>\$ 3,374,964</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2018, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2017. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

Amortization

The total OPEB liability of this Plan is amortized on an open 30-year period. The amortization method is a level dollar amortization method.

Assumptions

The actuarial assumptions used in the January 1, 2018 actuarial valuation was based on economic, demographic and claim and expense assumptions that resulted from actuarial studies conducted for the period of December 31, 2017 and December 31, 2018.

Significant actuarial assumptions employed by the actuary for economic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2018, they are as follows:

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Discount Rate - 4.10% per annum.

Trend Assumptions:

Pre-Medicare Medical - Initial trend of 8.20% applied in 2018 grading over 14 years to 4.00% per annum.

Pre-Medicare Drug - Initial trend of 9.60% applied in 2018 grading over 14 years to 4.00% per annum.

Medicare Medical - Initial trend of 4.93% applied in 2018 grading over 14 years to 4.00% per annum.

Medicare Drug - Initial trend of 9.60% applied in 2017 grading over 14 years to 4.00% per annum.

Administrative and claims expense - 3% per annum.

Future plan changes - Assumes that the current Plan and cost-sharing structure remain in place for all future years.

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2018, they are as follows:

Retirement Rates - Rates vary for plans with no explicit employer subsidy (or payment) versus those plans defining an explicit employer subsidy (or payment). The rates are based on assumptions from the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims.

Family Enrollment Composition - For males, 50% of future retirees under the age of 65 and 50% of current retirees are married and elect spousal coverage while females are at 30% for both. 25% of male and female future retirees over the age of 65 are married and elect spousal coverage.

Age Difference of Spouses - Husbands are assumed to be 3 years older than wives.

Administrative expenses - Included in the per capita claims cost.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Disability Incidence - Disabled lives will be considered active employees and will not be valued separately.

Salary Increase Rate - 2.75% per year assumed using the level percentage of pay entry age method.

Dates of Hire - Needed to be assumed for some employees and will be based on the average age at hire for similar employees.

Rate of Mortality - Based on 104% and 120% of the RP2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC_2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

Retiree Continuation Percentage:

Medicare participant retirees - 100% assumed to continue in the plan elected

Pre-Medicare plan retirees and active participants - 75% assumed to continue coverage once Medicare-eligible

Pre-Medicare plan spouses and spouses of active participants - 50% assumed to continue coverage once Medicare-eligible

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2019 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2019 was \$36,896.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the June 30, 2017 and June 30, 2016 actuarial valuations were based primarily on those used by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 which were based on the experience study covering the period from June 30, 2012 through June 30, 2015. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period was six years for 2018. For the fiscal year ended June 30, 2018, there were no changes in assumptions with the exception of the claim costs and retiree contributions being updated to reflect current healthcare costs.

Differences between Projected and Actual Earnings on OPEB Plan Investments

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

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the County Office at 144 Sweden Street, Suite 1, Caribou, Maine 04736.

NOTE 20 - RESTATEMENT

In 2019, the County determined that certain transactions had been recorded incorrectly or omitted. Therefore, a restatement to the governmental activities net position and fund financial statements was required. The capital asset balance was restated by a decrease of \$3,265,772 and the accumulated depreciation was restated by a decrease of \$670,365 to remove capital assets related to the Unorganized Territories. The Unorganized Territories fund balance of \$1,573,967 was removed and the Jail fund's deficit fund balance of \$36,930 was added. The General Fund's total fund balance was reduced by \$645,010 while the nonmajor capital projects funds were increased by \$645,118 and nonmajor special revenue funds were reduced by \$108. Also, there was a reduction in the general fund liability accounts of \$42,375 and an increase in the Jail fund's accrued liabilities account of \$14,469.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 20 - RESTATEMENT (CONTINUED)

The resulting restatement to fund financial statements is as follows: the General Fund's total fund balance was decreased by \$687,385 from \$2,359,832 to \$1,672,447, for the Jail Fund's total fund balance, an increase of \$14,469 from a deficit of \$36,930 to a deficit of \$22,461, for the nonmajor special revenue funds, a decrease of \$108 from \$0 to a deficit of \$108 and the nonmajor capital projects funds, an increase of \$645,118 from \$0 to \$645,118.

The resulting restatement to the governmental activities beginning net position was a decrease of \$4,234,210 from \$2,689,170 to a deficit of \$1,545,040.

NOTE 21 - SUBSEQUENT EVENT

On April 1, 2020, the County executed a tax anticipation note with Katahdin Trust Company for \$2,500,000 at a fixed rate of 2.68% per annum with a maturity date of December 31, 2020.

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
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pension
- Schedule of Changes in Net OPEB Liability
- Schedule of Changes in Net OPEB Liability and Related Ratios
- Schedule of Contributions - OPEB
- Notes to Required Supplementary Information

COUNTY OF AROOSTOOK, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, January 1, Restated	\$ 1,672,447	\$ 1,672,447	\$ 1,672,447	\$ -
Resources (Inflows):				
Taxes - municipalities	4,628,947	4,628,947	4,767,507	138,560
Charges for services	425,143	425,143	538,846	113,703
Intergovernmental	486,678	486,678	470,153	(16,525)
Register of Deeds	641,000	641,000	672,109	31,109
Register of Probate	75,200	75,200	88,562	13,362
Miscellaneous:				
Investment income-gain(loss)	6,500	6,500	14,157	7,657
Other revenues	22,050	22,050	22,624	574
Amounts Available for Appropriation	<u>7,957,965</u>	<u>7,957,965</u>	<u>8,246,405</u>	<u>288,440</u>
Charges to Appropriations (Outflows):				
Emergency management	216,966	216,966	210,698	6,268
District attorney	597,642	597,642	558,280	39,362
Administration	590,565	590,565	603,242	(12,677)
Superior Court building	159,463	159,463	153,823	5,640
Houlton Complex building	400,812	400,812	394,789	6,023
Sheriff's office building	31,676	31,676	30,896	780
Caribou Courthouse	233,621	233,621	226,158	7,463
Fort Kent registry	77,072	77,072	71,108	5,964
Jail building	112,206	112,206	126,895	(14,689)
Regional assessing	-	-	1,423	(1,423)
Register of Deeds - South	213,576	213,576	212,615	961
Register of Deeds - North	164,666	164,666	164,608	58
Register of Probate	267,787	267,787	257,268	10,519
LE outside employment	-	-	25,123	(25,123)
LE stonegarden details	-	-	30,217	(30,217)
LE civil process	-	-	147,440	(147,440)
Maine Drug Enforcement	335,857	335,857	380,387	(44,530)
Law enforcement	2,019,120	2,019,120	2,064,914	(45,794)
Fire marshall	6,048	6,048	6,028	20
Outside agencies	174,261	174,261	174,261	-
Information technology	73,020	73,020	77,043	(4,023)
PSAP	228,550	228,550	219,324	9,226
Debt service:				
Interest	15,000	15,000	29,904	(14,904)
Employee benefits	11,116	11,116	193,694	(182,578)
Insurance	26,985	26,985	23,693	3,292
Other	107,409	107,409	38,547	68,862
Use of reserves	-	-	(85,073)	85,073
Transfers to other funds	387,100	387,100	389,216	(2,116)
Total Charges to Appropriations	<u>6,450,518</u>	<u>6,450,518</u>	<u>6,726,521</u>	<u>(276,003)</u>
Budgetary Fund Balance, December 31	<u>\$ 1,507,447</u>	<u>\$ 1,507,447</u>	<u>\$ 1,519,884</u>	<u>\$ 12,437</u>
Utilization of Unassigned Fund Balance	<u>\$ 165,000</u>	<u>\$ 165,000</u>	<u>\$ -</u>	<u>\$ (165,000)</u>
	<u>\$ 165,000</u>	<u>\$ 165,000</u>	<u>\$ -</u>	<u>\$ (165,000)</u>

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

COUNTY OF AROOSTOOK, MAINE

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>					
Proportion of the net pension liability (asset)	0.76%	0.74%	0.74%	0.73%	0.73%
Proportionate share of the net pension liability (asset)	\$ 2,309,911	\$ 2,033,335	\$ 3,026,100	\$ 1,291,252	\$ 2,322,411
Covered payroll	\$ 4,631,079	\$ 4,243,989	\$ 3,612,378	\$ 3,196,236	\$ 2,791,233
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	49.88%	47.91%	83.77%	40.40%	83.20%
Plan fiduciary net position as a percentage of the total pension liability (asset)	90.62%	91.14%	86.43%	81.61%	88.30%

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

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

COUNTY OF AROOSTOOK, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>					
Contractually required contribution	\$ 499,082	\$ 420,195	\$ 378,815	\$ 343,015	\$ 271,693
Contributions in relation to the contractually required contribution	<u>(499,082)</u>	<u>(420,195)</u>	<u>(378,815)</u>	<u>(343,015)</u>	<u>(271,693)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,988,382	\$ 4,447,774	\$ 3,954,148	\$ 3,854,101	\$ 3,745,557
Contributions as a percentage of covered payroll	10.00%	9.45%	9.58%	8.90%	7.25%

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

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

COUNTY OF AROOSTOOK, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2019

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/18 (Reporting December 31, 2018)	\$ 2,899,280	\$ -	\$ 2,899,280
Changes for the year:			
Service cost	139,333	-	139,333
Interest	103,648	-	103,648
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(276,436)	-	(276,436)
Contributions - employer	-	51,616	(51,616)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(51,616)	(51,616)	-
Administrative expense	-	-	-
Net changes	<u>(85,071)</u>	<u>-</u>	<u>(85,071)</u>
Balances at 1/1/19 (Reporting December 31, 2019)	<u>\$ 2,814,209</u>	<u>\$ -</u>	<u>\$ 2,814,209</u>

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

COUNTY OF AROOSTOOK, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS*

	<u>2019</u>	<u>2018</u>
<u>Total OPEB liability</u>		
Service cost (BOY)	\$ 139,333	\$ 112,061
Interest (includes interest on service cost)	103,648	96,949
Changes of benefit terms	-	-
Differences between expected and actual experience	-	(49,196)
Changes of assumptions	(276,436)	303,948
Benefit payments, including refunds of member contributions	(51,616)	(34,090)
Net change in total OPEB liability	<u>\$ (85,071)</u>	<u>\$ 429,672</u>
Total OPEB liability - beginning	\$ 2,899,280	\$ 2,469,608
Total OPEB liability - ending	\$ 2,814,209	\$ 2,899,280
<u>Plan fiduciary net position</u>		
Contributions - employer	51,616	34,090
Contributions - member	-	-
Net investment income	-	-
Benefit payments, including refunds of member contributions	(51,616)	(34,090)
Administrative expense	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 2,814,209</u>	<u>\$ 2,899,280</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%
Covered payroll	\$ 3,573,590	\$ 3,573,590
Net OPEB liability as a percentage of covered payroll	78.8%	81.1%

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

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

COUNTY OF AROOSTOOK, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	<u>2019</u>	<u>2018</u>
<u>MMEHT:</u>		
Employer contributions	\$ 51,616	\$ 34,090
Benefit payments	(51,616)	(34,090)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,573,590	\$ 3,573,590
Contributions as a percentage of covered payroll	1.44%	0.95%

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

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

COUNTY OF AROOSTOOK, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019

Changes of Assumptions

MMEHT OPEB Plan:

There was a change in the discount rate from 3.44% to 4.10% per GASB 75 discount rate selection.

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

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.

- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Schedule of Net Position - Fiduciary Funds - Custodial Funds

COUNTY OF AROOSTOOK, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Due from other funds	\$ 10,167	\$ 782,416	\$ 792,583
TOTAL ASSETS	<u>\$ 10,167</u>	<u>\$ 782,416</u>	<u>\$ 792,583</u>
LIABILITIES			
Due to other funds	\$ -	\$ 3,420	\$ 3,420
TOTAL LIABILITIES	<u>-</u>	<u>3,420</u>	<u>3,420</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	10,167	-	10,167
Committed	-	-	-
Assigned	-	782,416	782,416
Unassigned	-	(3,420)	(3,420)
TOTAL FUND BALANCES	<u>10,167</u>	<u>778,996</u>	<u>789,163</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 10,167</u>	<u>\$ 782,416</u>	<u>\$ 792,583</u>

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

COUNTY OF AROOSTOOK, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Intergovernmental revenues	\$ 446,426	\$ -	\$ 446,426
Other	2,839	23,926	26,765
TOTAL REVENUES	<u>449,265</u>	<u>23,926</u>	<u>473,191</u>
EXPENDITURES			
Program expenses	441,106	110,120	551,226
Capital outlay	-	144,717	144,717
Debt repayment	-	22,311	22,311
TOTAL EXPENDITURES	<u>441,106</u>	<u>277,148</u>	<u>718,254</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>8,159</u>	<u>(253,222)</u>	<u>(245,063)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,116	439,946	442,062
Transfers (out)	-	(52,846)	(52,846)
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,116</u>	<u>387,100</u>	<u>389,216</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	10,275	133,878	144,153
FUND BALANCES (DEFICITS) - JANUARY 1, RESTATED	<u>(108)</u>	<u>645,118</u>	<u>645,010</u>
FUND BALANCES (DEFICITS) - DECEMBER 31	<u>\$ 10,167</u>	<u>\$ 778,996</u>	<u>\$ 789,163</u>

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

Special Revenue Funds

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

COUNTY OF AROOSTOOK, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2019

	<u>CDBG Grant</u>	<u>Law Enforcement Grant</u>	<u>Coke Fund Caribou Courthouse</u>	<u>Homeland Security</u>	<u>Emergency Planning Funds</u>	<u>MMEHT Wellness Program</u>	<u>Total</u>
ASSETS							
Due from other funds	\$ 2	\$ -	\$ -	\$ 2,351	\$ 6,595	\$ 1,219	\$ 10,167
TOTAL ASSETS	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,351</u>	<u>\$ 6,595</u>	<u>\$ 1,219</u>	<u>\$ 10,167</u>
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	2	-	-	2,351	6,595	1,219	10,167
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>2</u>	<u>-</u>	<u>-</u>	<u>2,351</u>	<u>6,595</u>	<u>1,219</u>	<u>10,167</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,351</u>	<u>\$ 6,595</u>	<u>\$ 1,219</u>	<u>\$ 10,167</u>

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

SCHEDULE D

COUNTY OF AROOSTOOK, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	CDBG Grant	Law Enforcement Grant	Coke Fund Caribou Courthouse	Homeland Security	Emergency Planning Funds	MMEHT Wellness Program	Total
REVENUES							
Intergovernmental revenues	\$ 312,459	\$ 18,621	\$ -	\$ 92,378	\$ 22,968	\$ -	\$ 446,426
Other	-	-	-	-	-	2,839	2,839
TOTAL REVENUES	<u>312,459</u>	<u>18,621</u>	<u>-</u>	<u>92,378</u>	<u>22,968</u>	<u>2,839</u>	<u>449,265</u>
EXPENDITURES							
Program expenses	312,457	18,621	493	90,027	16,366	3,142	441,106
TOTAL EXPENDITURES	<u>312,457</u>	<u>18,621</u>	<u>493</u>	<u>90,027</u>	<u>16,366</u>	<u>3,142</u>	<u>441,106</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2</u>	<u>-</u>	<u>(493)</u>	<u>2,351</u>	<u>6,602</u>	<u>(303)</u>	<u>8,159</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	594	-	-	1,522	2,116
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>594</u>	<u>-</u>	<u>-</u>	<u>1,522</u>	<u>2,116</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	2	-	101	2,351	6,602	1,219	10,275
FUND BALANCES (DEFICITS) - JANUARY 1, RESTATED	<u>-</u>	<u>-</u>	<u>(101)</u>	<u>-</u>	<u>(7)</u>	<u>-</u>	<u>(108)</u>
FUND BALANCES (DEFICITS) - DECEMBER 31	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,351</u>	<u>\$ 6,595</u>	<u>\$ 1,219</u>	<u>\$ 10,167</u>

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

Capital Projects Fund

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

COUNTY OF AROOSTOOK, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2019

	EMA Capital	District Attorney Capital	Administration Capital	Superior Court Bldg Capital	Houlton Building Capital	Houlton Sheriff Bldg Capital
ASSETS						
Due from other funds	\$ 36,244	\$ 52,358	\$ 41,284	\$ 143,509	\$ 29,545	\$ 47,441
TOTAL ASSETS	<u>\$ 36,244</u>	<u>\$ 52,358</u>	<u>\$ 41,284</u>	<u>\$ 143,509</u>	<u>\$ 29,545</u>	<u>\$ 47,441</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	36,244	52,358	41,284	143,509	29,545	47,441
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>36,244</u>	<u>52,358</u>	<u>41,284</u>	<u>143,509</u>	<u>29,545</u>	<u>47,441</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 36,244</u>	<u>\$ 52,358</u>	<u>\$ 41,284</u>	<u>\$ 143,509</u>	<u>\$ 29,545</u>	<u>\$ 47,441</u>

COUNTY OF AROOSTOOK, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2019

	Caribou Courthouse Capital	Fort Kent Registrar Bldg Capital	Jail Building Capital	Registry of Deeds South Capital	Registry of Deeds North Capital	Registry of Probate Capital
ASSETS						
Due from other funds	\$ 115,908	\$ 8,596	\$ 184,951	\$ 34,069	\$ 12,278	\$ 10,625
TOTAL ASSETS	<u>\$ 115,908</u>	<u>\$ 8,596</u>	<u>\$ 184,951</u>	<u>\$ 34,069</u>	<u>\$ 12,278</u>	<u>\$ 10,625</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	115,908	8,596	184,951	34,069	12,278	10,625
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>115,908</u>	<u>8,596</u>	<u>184,951</u>	<u>34,069</u>	<u>12,278</u>	<u>10,625</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 115,908</u>	<u>\$ 8,596</u>	<u>\$ 184,951</u>	<u>\$ 34,069</u>	<u>\$ 12,278</u>	<u>\$ 10,625</u>

SCHEDULE E (CONTINUED)

COUNTY OF AROOSTOOK, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2019

	Law Enforcement Capital	Tele- communications Capital	Underground Storage Tank Capital	ADA Renovation Capital	Sheriff's Equipment	Technology Upgrade	Total
ASSETS							
Due from other funds	\$ -	\$ 27,407	\$ 3,039	\$ -	\$ -	\$ 35,162	\$ 782,416
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 27,407</u>	<u>\$ 3,039</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,162</u>	<u>\$ 782,416</u>
LIABILITIES							
Due to other funds	\$ 3,420	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,420
TOTAL LIABILITIES	<u>3,420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,420</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	27,407	3,039	-	-	35,162	782,416
Unassigned	(3,420)	-	-	-	-	-	(3,420)
TOTAL FUND BALANCES (DEFICITS)	<u>(3,420)</u>	<u>27,407</u>	<u>3,039</u>	<u>-</u>	<u>-</u>	<u>35,162</u>	<u>778,996</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ 27,407</u>	<u>\$ 3,039</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,162</u>	<u>\$ 782,416</u>

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

COUNTY OF AROOSTOOK, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019

	EMA Capital	District Attorney Capital	Administration Capital	Superior Court Bldg Capital	Houlton Building Capital	Houlton Sheriff Bldg Capital
REVENUES						
Other	\$ -	\$ 2,905	\$ -	\$ -	\$ 300	\$ -
TOTAL REVENUES	<u>-</u>	<u>2,905</u>	<u>-</u>	<u>-</u>	<u>300</u>	<u>-</u>
EXPENDITURES						
Capital outlay	-	-	4,271	-	-	-
Program expenses	5,107	11,135	13,279	497	791	24,810
Debt repayment	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>5,107</u>	<u>11,135</u>	<u>17,550</u>	<u>497</u>	<u>791</u>	<u>24,810</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,107)</u>	<u>(8,230)</u>	<u>(17,550)</u>	<u>(497)</u>	<u>(491)</u>	<u>(24,810)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	16,200	22,000	40,000	16,900	8,600	5,400
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>16,200</u>	<u>22,000</u>	<u>40,000</u>	<u>16,900</u>	<u>8,600</u>	<u>5,400</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	11,093	13,770	22,450	16,403	8,109	(19,410)
FUND BALANCES (DEFICITS), JANUARY 1, RESTATED	<u>25,151</u>	<u>38,588</u>	<u>18,834</u>	<u>127,106</u>	<u>21,436</u>	<u>66,851</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 36,244</u>	<u>\$ 52,358</u>	<u>\$ 41,284</u>	<u>\$ 143,509</u>	<u>\$ 29,545</u>	<u>\$ 47,441</u>

COUNTY OF AROOSTOOK, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Caribou Courthouse Capital	Fort Kent Registrar Bldg Capital	Jail Building Capital	Registry of Deeds South Capital	Registry of Deeds North Capital	Registry of Probate Capital
REVENUES						
Other	\$ -	\$ -	\$ 2,360	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>2,360</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Capital outlay	-	-	6,800	-	-	-
Program expenses	2,863	497	52,685	-	750	-
Debt repayment	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>2,863</u>	<u>497</u>	<u>59,485</u>	<u>-</u>	<u>750</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,863)</u>	<u>(497)</u>	<u>(57,125)</u>	<u>-</u>	<u>(750)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	47,800	2,500	131,161	9,500	6,500	3,650
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>47,800</u>	<u>2,500</u>	<u>131,161</u>	<u>9,500</u>	<u>6,500</u>	<u>3,650</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	44,937	2,003	74,036	9,500	5,750	3,650
FUND BALANCES (DEFICITS), JANUARY 1, RESTATED	<u>70,971</u>	<u>6,593</u>	<u>110,915</u>	<u>24,569</u>	<u>6,528</u>	<u>6,975</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 115,908</u>	<u>\$ 8,596</u>	<u>\$ 184,951</u>	<u>\$ 34,069</u>	<u>\$ 12,278</u>	<u>\$ 10,625</u>

COUNTY OF AROOSTOOK, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Law Enforcement Capital	Tele- communications Capital	Underground Storage Tank Capital	ADA Renovation Capital	Sheriff's Equipment	Technology Upgrade	Total
REVENUES							
Other	\$ 18,288	\$ 73	\$ -	\$ -	\$ -	\$ -	\$ 23,926
TOTAL REVENUES	<u>18,288</u>	<u>73</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,926</u>
EXPENDITURES							
Capital outlay	97,499	1,550	-	-	-	-	110,120
Program expenses	23,884	4,540	3,159	-	720	-	144,717
Debt repayment	22,311	-	-	-	-	-	22,311
TOTAL EXPENDITURES	<u>143,694</u>	<u>6,090</u>	<u>3,159</u>	<u>-</u>	<u>720</u>	<u>-</u>	<u>277,148</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(125,406)</u>	<u>(6,017)</u>	<u>(3,159)</u>	<u>-</u>	<u>(720)</u>	<u>-</u>	<u>(253,222)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	122,735	6,000	1,000	-	-	-	439,946
Transfers (out)	-	(1,000)	-	(50,111)	(1,735)	-	(52,846)
TOTAL OTHER FINANCING SOURCES (USES)	<u>122,735</u>	<u>5,000</u>	<u>1,000</u>	<u>(50,111)</u>	<u>(1,735)</u>	<u>-</u>	<u>387,100</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(2,671)	(1,017)	(2,159)	(50,111)	(2,455)	-	133,878
FUND BALANCES (DEFICITS), JANUARY 1, RESTATED	<u>(749)</u>	<u>28,424</u>	<u>5,198</u>	<u>50,111</u>	<u>2,455</u>	<u>35,162</u>	<u>645,118</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ (3,420)</u>	<u>\$ 27,407</u>	<u>\$ 3,039</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,162</u>	<u>\$ 778,996</u>

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

Fiduciary Funds

Fiduciary funds are used to account for assets held by the County of Aroostook, Maine as an agent for individuals, private organizations or other governmental units. These funds have been established for the provisions of the Jail Commissary Account, the Jail Inmate Account and the Restitution Account.

COUNTY OF AROOSTOOK, MAINE

COMBINING SCHEDULE OF NET POSITION - FIDUCIARY FUNDS
CUSTODIAL FUNDS
DECEMBER 31, 2019

	Jail Commissary Account	Jail Inmate Account	Restitution Account	Total
ASSETS				
Cash and cash equivalents	\$ 47,354	\$ 40,324	\$ 48,887	\$ 136,565
TOTAL ASSETS	\$ 47,354	\$ 40,324	\$ 48,887	\$ 136,565
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 49,061	\$ 49,061
TOTAL LIABILITIES	-	-	49,061	49,061
NET POSITION				
Restricted	47,354	40,324	-	87,678
Unrestricted	-	-	(174)	(174)
TOTAL NET POSITION	47,354	40,324	(174)	87,504
TOTAL LIABILITIES AND NET POSITION	\$ 47,354	\$ 40,324	\$ 48,887	\$ 136,565

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 Commissioners
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 the governmental activities, each major fund and the aggregate remaining fund information of the County of Aroostook, Maine as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the County of Aroostook, Maine's basic financial statements and have issued our report thereon dated August 31, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Aroostook, 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 County of Aroostook, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness 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 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, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance 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, Maine in a separate letter dated July 5, 2022.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
August 31, 2022