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July 11, 2024

Ms. Dana L. Gendreau
Finance Director
County of Aroostook, Maine
144 Sweden Street, Suite 1
Caribou, Maine 04736

Dear Ms. Gendreau:

Enclosed is a draft copy of the County of Aroostook, Maine's audited financial statements for the year ended December 31, 2020.

Please review these statements and return this letter to us within 10 business days of the date above, indicating whether you have questions or corrections or whether you have accepted this draft as an adequate result of our engagement and understand the contents well enough to take responsibility for them.

Please call me with questions I have on page(s) _____.

OR

I have reviewed this draft; understand the financial information it represents and accept it as the final result of our engagement.

Subsequent Events:

In connection with your audit of the financial statements of the County of Aroostook, Maine as of December 31, 2020 and for the year then ended for the purpose of expressing opinions as to whether the financial statements 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 and the respective changes in financial position and, where applicable, cash flows in conformity with U.S. generally accepted accounting principles, you were previously provided with a representation letter dated **October 26, 2023**. No information has come to our attention that would cause us to believe that any of those previous representations should be modified.

Except as presented in Note 21 of Notes to Financial Statements, no events (including any legal matters) have occurred subsequent to **October 26, 2023** and through the date of this letter (or the date this letter is signed, whichever is later) that would require adjustment to or disclosure in the aforementioned financial statements.

SIGNED _____ DATE _____

(Print Name) _____

As always, it is our pleasure to serve your community.

Very Best,

Ron H.R. Smith, CPA, CFE

RHRS/jrg

Enclosure

Federal Compliance Audit

County of Aroostook, Maine

December 31, 2020



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COUNTY OF AROOSTOOK, MAINE

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DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

County Commissioners
County of Aroostook, Maine
Caribou, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2020 and the related notes to the financial statements, which collectively comprise the County of Aroostook, Maine's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County of Aroostook, Maine's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the County of Aroostook, Maine's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB information on pages 5 through 12 and 58 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards 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 July 8, 2024, on our consideration of the County of Aroostook, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County of Aroostook, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Aroostook, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
July 8, 2024

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

(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, 2020. 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 Changes in 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 \$525,078 from a deficit of \$2,179,562 to a deficit of \$2,704,640.

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 \$2,696,891 at the end of this period.

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

	<u>2020</u>	<u>2019</u>
Assets:		
Current Assets	\$ 3,654,349	\$ 2,631,668
Noncurrent Assets - Capital Assets	<u>972,377</u>	<u>976,821</u>
Total Assets	<u>4,626,726</u>	<u>3,608,489</u>
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	815,936	685,765
Deferred Outflows Related to OPEB	<u>835,240</u>	<u>279,576</u>
Total Deferred Outflows of Resources	<u>1,651,176</u>	<u>965,341</u>
Liabilities:		
Current Liabilities	693,342	535,070
Noncurrent Liabilities	<u>7,445,333</u>	<u>5,360,969</u>
Total Liabilities	<u>8,138,675</u>	<u>5,896,039</u>
Deferred Inflows of Resources:		
Deferred Inflows Related to Pensions	35,364	578,576
Deferred Inflows Related to OPEB	<u>808,503</u>	<u>278,777</u>
Total Deferred Inflows of Resources	<u>843,867</u>	<u>857,353</u>
Net Position (Deficit):		
Net Investment in Capital Assets	(108,982)	976,821
Restricted	101,233	68,460
Unrestricted	<u>(2,696,891)</u>	<u>(3,224,843)</u>
Total Net Position (Deficit)	<u>\$ (2,704,640)</u>	<u>\$ (2,179,562)</u>

Revenues and Expenses

Revenues increased by 22.85%, while expenses increased by 20.65% over the prior period. The largest increase in revenues was in all categories except operating grants and contributions. The main increase in expenses was due to District attorney and program expenses.

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

	<u>2020</u>	<u>2019</u>
Revenues		
<i>Program revenues:</i>		
Charges for services	\$ 1,364,200	\$ 1,316,784
Operating grants and contributions	1,234,986	1,339,867
<i>General revenues:</i>		
Taxes	7,657,428	7,180,750
Intergovernmental revenues	2,555,376	916,579
Investment income-gain/(loss)	14,700	14,157
Miscellaneous revenues	<u>589,942</u>	<u>153,295</u>
Total Revenues	<u>13,416,632</u>	<u>10,921,432</u>
Expenses		
Emergency management	226,405	210,698
District attorney	1,527,021	558,280
Administration	625,153	603,242
Superior Court building	126,116	153,823
Houlton Complex building	401,725	394,789
Sheriff's office building	27,230	30,896
Caribou Courthouse	231,842	226,158
Fort Kent registry	79,889	71,108
Jail building	107,556	126,895
Jail operations	3,565,367	3,926,478
Regional assessing	84,270	1,423
Register of Deeds - South	255,983	212,615
Register of Deeds - North	217,637	164,608
Register of Probate	312,400	257,268
LE outside employment	2,306	25,123
LE stonegarden details	3,421	30,217
LE civil process	96,692	147,440
Maine Drug Enforcement	467,435	380,387
Law enforcement	2,228,054	2,064,914
Fire marshal	7,478	6,028
Outside agencies	147,626	174,261
Information technology	79,014	54,421
PSAP	165,825	219,324
Employee benefits	394,718	543,194
Insurance	22,324	23,693
Other	79,343	38,547
Program expenses	2,018,548	551,226
Capital outlay	223,379	144,717
Unallocated depreciation (Note 5)	190,413	179,247
Interest on long term debt	<u>26,540</u>	<u>34,934</u>
Total Expenses	<u>13,941,710</u>	<u>11,555,954</u>
Change in Net Position (Deficit)	(525,078)	(634,522)
Net Position (Deficit) - January 1	<u>(2,179,562)</u>	<u>(1,545,040)</u>
Net Position (Deficit) - December 31	<u>\$ (2,704,640)</u>	<u>\$ (2,179,562)</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>2020</u>	<u>2019</u>	<u>Increase/ (Decrease)</u>
Major Funds:			
General Fund:			
Restricted	\$ 94,783	\$ 58,293	\$ 36,490
Committed	56,244	53,038	3,206
Assigned	153,006	163,681	(10,675)
Unassigned	1,433,580	1,244,872	188,708
Total General Fund	<u>\$ 1,737,613</u>	<u>\$ 1,519,884</u>	<u>\$ 217,729</u>
Jail:			
Unassigned (Deficit)	\$ 49,322	\$ (159,729)	\$ 209,051
Total Jail Fund	<u>\$ 49,322</u>	<u>\$ (159,729)</u>	<u>\$ 209,051</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 6,450	\$ 10,167	\$ (3,717)
Unassigned (Deficit)	(18,236)	-	(18,236)
Capital Projects Funds:			
Committed	9,740	-	9,740
Assigned	1,204,077	782,416	421,661
Unassigned (Deficit)	-	(3,420)	\$ 3,420
Total Nonmajor Funds	<u>\$ 1,202,031</u>	<u>\$ 789,163</u>	<u>\$ 412,868</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 \$434,558. This was the result of all revenue categories being received over budgeted amounts.

The general fund actual expenditures were over budgeted amounts by \$5,364. All expenditures categories were under budgeted amounts with the exception of emergency management, administration, LE outside employment, LE stonegarden details, LE civil process, Maine drug enforcement, law enforcement and employee benefits.

Capital Assets and Debt Administration

Capital Assets

As of December 31, 2020, the net book value of capital assets recorded by the County decreased by \$4,444 from the prior year. This decrease is the result of capital additions of \$185,969 less current year depreciation expense of \$190,413.

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

	<u>2020</u>	<u>2019</u>
Land	\$ 18,400	\$ 18,400
Buildings and building improvements	619,507	674,953
Land improvements	57,722	71,836
Machinery and equipment	142,713	158,672
Vehicles	134,035	52,960
Total	<u>\$ 972,377</u>	<u>\$ 976,821</u>

Long-Term Obligations

At December 31, 2020, the County had \$1,081,359 in notes from direct borrowings payable versus \$98,356 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 three 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, 2020

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,352,833
Accounts receivable (net of allowance for uncollectibles):	
Other	301,516
Total current assets	<u>3,654,349</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	18,400
Depreciable assets, net of accumulated depreciation	953,977
Total noncurrent assets	<u>972,377</u>
TOTAL ASSETS	<u>4,626,726</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	815,936
Deferred outflows related to OPEB	835,240
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,651,176</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 6,277,902</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 72,495
Accrued liabilities	294,489
Due to other governments	298,399
Current portion of long-term obligations	27,959
Total current liabilities	<u>693,342</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Notes from direct borrowings payable	1,062,542
Accrued compensated absences	173,688
Net pension liability	3,216,372
Net OPEB liability	2,992,731
Total noncurrent liabilities	<u>7,445,333</u>
TOTAL LIABILITIES	<u>8,138,675</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	35,364
Deferred inflows related to OPEB	808,503
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>843,867</u>
NET POSITION	
Net investment in capital assets	(108,982)
Restricted	101,233
Unrestricted (deficit)	(2,696,891)
TOTAL NET POSITION	<u>(2,704,640)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 6,277,902</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, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
Governmental activities:					
Emergency management	\$ 226,405	\$ 113,033	\$ -	\$ -	\$ (113,372)
District attorney	1,527,021	53,031	-	-	(1,473,990)
Administration	625,153	100,050	-	-	(525,103)
Superior Court building	126,116	-	-	-	(126,116)
Houlton Complex building	401,725	-	-	-	(401,725)
Sheriff's office building	27,230	-	-	-	(27,230)
Caribou Courthouse	231,842	96,387	-	-	(135,455)
Fort Kent registry	79,889	-	-	-	(79,889)
Jail building	107,556	-	-	-	(107,556)
Jail operations	3,565,367	-	1,234,986	-	(2,330,381)
Regional assessing	84,270	84,270	-	-	-
Register of Deeds - South	255,983	497,746	-	-	241,763
Register of Deeds - North	217,637	180,542	-	-	(37,095)
Register of Probate	312,400	74,347	-	-	(238,053)
LE outside employment	2,306	10,165	-	-	7,859
LE stoneward details	3,421	9,587	-	-	6,166
LE civil process	96,692	143,594	-	-	46,902
Maine Drug Enforcement	467,435	-	-	-	(467,435)
Law enforcement	2,228,054	1,448	-	-	(2,226,606)
Fire marshal	7,478	-	-	-	(7,478)
Outside agencies	147,626	-	-	-	(147,626)
Information technology	79,014	-	-	-	(79,014)
PSAP	165,825	-	-	-	(165,825)
Employee benefits	394,718	-	-	-	(394,718)
Insurance	22,324	-	-	-	(22,324)
Other	79,343	-	-	-	(79,343)
Program expenses	2,018,548	-	-	-	(2,018,548)
Capital outlay	223,379	-	-	-	(223,379)
Unallocated depreciation (Note 5)*	190,413	-	-	-	(190,413)
Interest on long term debt	26,540	-	-	-	(26,540)
Total government	\$ 13,941,710	\$ 1,364,200	\$ 1,234,986	\$ -	(11,342,524)

* 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, 2020

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(11,342,524)</u>
General revenues:	
Property taxes, levied for general purposes	7,657,428
Intergovernmental revenue	2,555,376
Investment income-gain/(loss)	14,700
Other	<u>589,942</u>
Total general revenues	<u>10,817,446</u>
Change in net position (deficit)	(525,078)
NET POSITION (DEFICIT) - JANUARY 1	<u>(2,179,562)</u>
NET POSITION (DEFICIT) - DECEMBER 31	<u><u>\$ (2,704,640)</u></u>

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

COUNTY OF AROOSTOOK, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General Fund	Jail Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ 2,670,447	\$ 682,386	\$ -	\$ 3,352,833
Accounts receivable (net of allowance for uncollectibles):				
Other	301,516	-	-	301,516
Due from other funds	625,135	-	1,220,267	1,845,402
TOTAL ASSETS	<u>\$ 3,597,098</u>	<u>\$ 682,386</u>	<u>\$ 1,220,267</u>	<u>\$ 5,499,751</u>
LIABILITIES				
Accounts payable	\$ 55,591	\$ 16,904	\$ -	\$ 72,495
Accrued expenses	285,228	9,261	-	294,489
Due to other governments	298,399	-	-	298,399
Due to other funds	1,220,267	606,899	18,236	1,845,402
TOTAL LIABILITIES	<u>1,859,485</u>	<u>633,064</u>	<u>18,236</u>	<u>2,510,785</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	94,783	-	6,450	101,233
Committed	56,244	-	9,740	65,984
Assigned	153,006	-	1,204,077	1,357,083
Unassigned (Deficit)	1,433,580	49,322	(18,236)	1,464,666
TOTAL FUND BALANCES	<u>1,737,613</u>	<u>49,322</u>	<u>1,202,031</u>	<u>2,988,966</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,597,098</u>	<u>\$ 682,386</u>	<u>\$ 1,220,267</u>	<u>\$ 5,499,751</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, 2020

	<u>Total Governmental Funds</u>
Total Fund Balances (Statement C)	\$ 2,988,966
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	972,377
Deferred outflows of resources related to pension are not financial resources and therefore are not reported in the funds	815,936
Deferred outflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	835,240
Long-term obligations shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Notes from direct borrowing payable	(1,081,359)
Accrued compensated absences	(182,830)
Net pension liability	(3,216,372)
Net OPEB liability	(2,992,731)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(35,364)
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	<u>(808,503)</u>
Net position of governmental activities (Statement A)	<u>\$ (2,704,640)</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, 2020

	General Fund	Jail Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes - municipalities	\$ 5,122,547	\$ 2,534,881	\$ -	\$ 7,657,428
Charges for services	566,736	-	-	566,736
Intergovernmental	574,202	1,234,986	1,981,174	3,790,362
Register of Deeds	723,117	-	-	723,117
Register of Probate	74,347	-	-	74,347
Miscellaneous:				
Investment income-gain(loss)	14,700	-	-	14,700
Other revenues	190,571	2,259	397,112	589,942
TOTAL REVENUES	7,266,220	3,772,126	2,378,286	13,416,632
EXPENDITURES				
Current:				
Emergency management	226,405	-	-	226,405
District attorney	544,018	-	-	544,018
Administration	625,153	-	-	625,153
Superior Court building	126,116	-	-	126,116
Houlton Complex building	401,725	-	-	401,725
Sheriff's office building	27,230	-	-	27,230
Caribou Courthouse	231,842	-	-	231,842
Fort Kent registry	79,889	-	-	79,889
Jail building	107,556	-	-	107,556
Jail operations	-	3,563,075	-	3,563,075
Regional assessing	84,270	-	-	84,270
Register of Deeds - South	255,983	-	-	255,983
Register of Deeds - North	217,637	-	-	217,637
Register of Probate	312,400	-	-	312,400
LE outside employment	2,306	-	-	2,306
LE stonegarden details	3,421	-	-	3,421
LE civil process	96,692	-	-	96,692
Maine Drug Enforcement	467,435	-	-	467,435
Law enforcement	2,228,054	-	-	2,228,054
Fire marshal	7,478	-	-	7,478
Outside agencies	147,626	-	-	147,626
Information technology	79,014	-	-	79,014
PSAP	165,825	-	-	165,825
Debt service:				
Interest	26,540	-	-	26,540
Employee benefits	19,731	-	-	19,731
Insurance	22,324	-	-	22,324
Other	79,343	-	-	79,343
Program expenses	-	-	2,018,548	2,018,548
Capital outlay	-	-	409,348	409,348
TOTAL EXPENDITURES	6,586,013	3,563,075	2,427,896	12,576,984
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	680,207	209,051	(49,610)	839,648
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	462,478	462,478
Transfers (out)	(462,478)	-	-	(462,478)
TOTAL OTHER FINANCING SOURCES (USES)	(462,478)	-	462,478	-
NET CHANGE IN FUND BALANCES (DEFICITS)	217,729	209,051	412,868	839,648
FUND BALANCES (DEFICITS) - JANUARY 1	1,519,884	(159,729)	789,163	2,149,318
FUND BALANCES (DEFICITS) - DECEMBER 31	\$ 1,737,613	\$ 49,322	\$ 1,202,031	\$ 2,988,966

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, 2020

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 839,648</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	185,969
Depreciation expense	<u>(190,413)</u>
	<u>(4,444)</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	130,171
OPEB	<u>555,664</u>
	<u>685,835</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>18,033</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position.	<u>(1,001,036)</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	543,212
OPEB	<u>(529,726)</u>
	<u>13,486</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	8,383
Net pension liability	(906,461)
Net OPEB liability	<u>(178,522)</u>
	<u>(1,076,600)</u>
Change in net position of governmental activities (Statement B)	<u>\$ (525,078)</u>

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

COUNTY OF AROOSTOOK, MAINE

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2020

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 128,654
TOTAL ASSETS	<u>\$ 128,654</u>
LIABILITIES	
Accounts payable	<u>49,061</u>
TOTAL LIABILITIES	<u>49,061</u>
NET POSITION	
Restricted	79,767
Unrestricted	<u>(174)</u>
TOTAL NET POSITION	<u>79,593</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 128,654</u>

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

COUNTY OF AROOSTOOK, MAINE

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Custodial Funds</u>
ADDITIONS	<u>\$ 32,176</u>
DELETIONS	<u>40,087</u>
CHANGE IN NET POSITION	(7,911)
NET POSITION - JANUARY 1	<u>87,504</u>
NET POSITION - DECEMBER 31	<u><u>\$ 79,593</u></u>

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

COUNTY OF AROOSTOOK, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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.

COVID-19 Outbreak

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

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

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact on and Results of Operations

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

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

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

Impact on Finances

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

Expected Federal/State Support

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

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conclusion

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

Implementation of New Accounting Standards

During the year ended December 31, 2020, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

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

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

Statement No. 97 "Certain Component Unit Criteria (paragraphs 4 & 5)." The primary objectives of paragraphs 4 & 5 in this Statement are to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

government performs the duties that a governing board typically would perform. Management has determined the impact of this Statement is not material to the financial statements.

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.

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.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.
- 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.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and therefore are not available to support 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.

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

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

- 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

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020. Accounts receivable netted with allowances for uncollectible accounts were \$301,516 for the year ended December 31, 2020.

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 \$500 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.

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.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 notes 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.

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

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition - Property Taxes - Modified Accrual Basis

The County's property tax for the year was committed on February 20, 2020 on the assessed value listed as of April 1, 2019, for all real and personal property located in the County. Taxes were due in one installment on September 1, 2020. Interest on unpaid taxes commenced on November 1, 2020 at 8% 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, 2020

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, 2020, the County's cash and cash equivalents balances amounting to \$3,481,487 were comprised of bank deposits of \$3,363,157. 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. All of these deposits were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 308,741
ICS accounts	<u>3,054,416</u>
	<u>\$ 3,363,157</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, 2020, 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, 2020

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2020 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 625,135	\$ 1,220,267
Jail Fund	-	606,899
Nonmajor Special Revenue Funds	6,450	18,236
Nonmajor Capital Projects Funds	1,213,817	-
	<u>\$ 1,845,402</u>	<u>\$ 1,845,402</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, 2020 consisted of the following:

	Transfers From	Transfers To
General Fund	\$ 462,478	\$ -
Nonmajor Capital Projects Funds	-	462,478
	<u>\$ 462,478</u>	<u>\$ 462,478</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, 2020

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2020:

	Balance, 1/1/20	Additions	Disposals	Balance, 12/31/20
<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 amd equipment	1,826,927	34,674	-	1,861,601
Vehicles	830,619	151,295	-	981,914
	<u>16,063,924</u>	<u>185,969</u>	<u>-</u>	<u>16,249,893</u>
Less accumulated depreciation				
Buildings and improvements	(12,446,327)	(55,446)	-	(12,501,773)
Land improvements	(213,262)	(14,114)	-	(227,376)
Machinery amd equipment	(1,668,255)	(50,633)	-	(1,718,888)
Vehicles	(777,659)	(70,220)	-	(847,879)
Total accumulated depreciation	<u>(15,105,503)</u>	<u>(190,413)</u>	<u>-</u>	<u>(15,295,916)</u>
Net capital assets	<u>\$ 976,821</u>	<u>\$ (4,444)</u>	<u>\$ -</u>	<u>\$ 972,377</u>

NOTE 6 - SHORT-TERM DEBT

Short-term debt activity for the year ended December 31, 2020 is as follows:

	Balance, 1/1/20	Additions	Deletions	Balance, 12/31/20
Tax Anticipation Note	<u>\$ -</u>	<u>\$ 2,038,001</u>	<u>\$(2,038,001)</u>	<u>\$ -</u>

On April 1, 2020, 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 \$2,500,000 at a fixed rate of 2.68% per annum with a maturity date of December 31, 2020. As of December 31, 2020, the note was paid in full. Interest expense for the note was \$26,540.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended December 31, 2020:

	Balance, 1/1/20	Additions	Deletions	Balance, 12/31/20	Current Portion
Notes from direct borrowings payable	\$ 98,356	\$ 1,001,036	\$ (18,033)	\$ 1,081,359	\$ 18,817

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

\$137,555, Lease purchase agreement with Motorola Solutions, Inc. for records management system due in annual principal and interest payments of \$178,314, through January of 2027. Interest is charged at a fixed rate of 2.74% per annum. \$ 1,001,036

\$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. 80,323
\$ 1,081,359

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

Year Ending December 31,	Principal	Interest	Totals
2021	\$ 18,817	\$ 3,494	\$ 22,311
2022	197,949	2,676	200,625
2023	176,261	24,364	200,625
2024	181,420	19,205	200,625
2025	164,424	13,889	178,313
2026-2027	342,488	14,140	356,628
	<u>\$1,081,359</u>	<u>\$ 77,768</u>	<u>\$1,159,127</u>

All 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, 2020

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, 2020:

	Balance, 1/1/20	Additions	Deletions	Balance, 12/31/20	Current Portion
Accrued compensated absences	\$ 191,213	\$ 2,697	\$ (11,080)	\$ 182,830	\$ 9,142
Net pension liability	2,309,911	1,182,483	(276,022)	3,216,372	-
Net OPEB liability	2,814,209	708,248	(529,726)	2,992,731	-
Total	<u>\$ 5,315,333</u>	<u>\$ 1,893,428</u>	<u>\$ (816,828)</u>	<u>\$ 6,391,933</u>	<u>\$ 9,142</u>

Refer to Notes 9, 17 and 20 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, 2020, the County's liability for compensated absences is \$182,830.

NOTE 10 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the County at December 31, 2020:

Invested in capital assets	\$ 16,268,293
Accumulated depreciation	(15,295,916)
Outstanding capital related debt	<u>(1,081,359)</u>
	<u>\$ (108,982)</u>

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11 - RESTRICTED NET POSITION AND FUND BALANCES

At December 31, 2020, the County had the following restricted net position and fund balances:

General fund:		
Registry of deeds reserve - south	\$	41,671
Registry of deeds reserve - north		30,774
Registry of probate reserve		13,125
Federal forfeiture		9,213
Nonmajor special revenue funds (Schedule C):		
Emergency planning funds		5,491
MMEHT wellness program		959
	\$	<u>101,233</u>

NOTE 12 - COMMITTED FUND BALANCES

At December 31, 2020, the County has the following committed fund balances:

General fund:		
Contingency reserve	\$	56,244
Nonmajor capital projects funds (Schedule F)		9,740
	\$	<u>65,984</u>

NOTE 13 - ASSIGNED FUND BALANCES

At December 31, 2020, the County has the following assigned fund balances:

General fund:		
Sick leave reserve	\$	80,259
Vacation leave reserve		72,747
Nonmajor capital projects funds (Schedule E)		1,204,077
	\$	<u>1,357,083</u>

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 14 - DEFICIT FUND BALANCES

At December 31, 2020, the County has the following deficit fund balances:

Nonmajor capital projects funds (Schedule E):	
Law enforcement grant	\$ 10,999
Homeland security	7,237
	<u>\$ 18,236</u>

NOTE 15 - OVERSPENT APPROPRIATIONS

At December 31, 2020, the County has the following overspent appropriations:

General fund:	
Emergency management	\$ 6,213
Administration	9,791
LE outside employment	2,306
LE stonegarden details	3,421
LE civil process	96,692
Maine Drug Enforcement	17,016
Law enforcement	65,527
Debt service - interest	540
Employee benefits	2,581
	<u>\$ 204,087</u>

NOTE 16 - 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.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 16 - RISK MANAGEMENT (CONTINUED)

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, 2020. 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 17 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

County employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.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, 2020, there were 301 employers in the plan.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 1.92%.

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, 2020 was \$536,517.

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

At December 31, 2020, the County reported a liability of \$3,216,372 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2020 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, 2020, the County's proportion was 0.809531% which was an increase of 0.053827% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the County recognized total pension expense of \$233,078. At December 31, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 193,009	\$ 35,364
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	209,294	-
Changes in proportion and differences between contributions and proportionate share of contributions	137,611	-
Contributions subsequent to the measurement date	276,022	-
Total	<u>\$ 815,936</u>	<u>\$ 35,364</u>

\$276,022 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan
Plan year ended June 30:	
2021	\$ (38,528)
2022	187,138
2023	177,773
2024	178,165
2025	-
Thereafter	-

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2020, 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.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

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, 2020 are as follows:

Investment Rate of Return - 6.75% per annum for the years ended June 30, 2020 and 2019, compounded annually.

Salary Increases, Merit and Inflation - 2.75% plus merit component based on each employee's years of service.

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.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2020 are summarized in the following table. Assets for each of the defined benefit plans are commingled for investment purposes.

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%	7.20%
Diversifiers	10.00%	5.90%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.75% for 2020 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, 2020 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.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	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	\$ 6,759,515	\$ 3,216,372	\$ 316,049

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, 2020 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, 2020 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 2020, this was three years for the PLD Consolidated Plan and for 2019, this was four 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, 2020 valuation were based on the results of an actuarial

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2020 Comprehensive Annual Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100.

NOTE 18 - 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.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 19 - JAIL OPERATIONS

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

The Act has raised many accounting and auditing issues regarding both financial and budgetary reporting. It is the position of the County that it has addressed, to the best of its ability, these issues in its 2020 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 20 - 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.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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.

Employees Covered by Benefit Terms

At January 1, 2020, the following employees were covered by the benefit terms:

Active members	82
Retirees and spouses	<u>3</u>
Total	<u><u>85</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 C	\$993.15	\$2,227.77
PPO 500	\$915.48	\$2,053.51
Medicare		
<u>Medicare-Eligible Retirees</u>	\$589.25	\$1,178.50

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

At December 31, 2020, the County reported a liability of \$2,992,731 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2020 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.

For the year ended December 31, 2020, the County recognized OPEB expense of \$152,584. At December 31, 2020, 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	\$ -	\$ 601,177
Changes of assumptions	802,984	207,326
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	32,256	-
Total	<u>\$ 835,240</u>	<u>\$ 808,503</u>

\$32,256 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	<u>MMEHT</u>
Plan year ended December 31:	
2021	\$ 2,612
2022	2,612
2023	2,612
2024	2,612
2025	2,612
Thereafter	(18,579)

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, 2020. 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 2.74% per annum for December 31, 2020 was based upon a measurement date of December 26, 2019. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	1.74%	2.74%	3.74%
Total OPEB liability	\$ 3,484,834	\$ 2,992,731	\$ 2,585,159
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 3,484,834</u>	<u>\$ 2,992,731</u>	<u>\$ 2,585,159</u>

Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
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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:

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 2,494,151	\$ 2,992,731	\$ 3,629,080
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 2,494,151</u>	<u>\$ 2,992,731</u>	<u>\$ 3,629,080</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2020, 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, 2019. 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.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Assumptions

The actuarial assumptions used in the January 1, 2020 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, 2020, they are as follows:

Discount Rate - 2.74% per annum for year end 2020 reporting. 4.10% per annum for 2019 year end reporting.

Trend Assumptions:

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007 and version 2020_b was used for this valuation. The following assumptions were input into this model:

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	2.00%
Rate of Growth in Real Income/GDP per capital 2029+	1.50%
Extra Trend due to Taste/Technology 2029+	1.20%
Expected Health Share of GDP 2029	20.00%
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2040

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgements of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group. The rate for the extra trend for taste and technology was set above the baseline of 1.1% (to 1.2%) to move closer to the 30-year average to reflect the future projections from the Centers for Medicare and Medicaid Services Office of the Actuary (CMS OACT). The Medicare Trustee Report and CBO Long-Term Budget Outlook.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

The trends selected from 2020 to 2023 were based on plan design, population weighting, renewal projections and market analysis. For years 2024 to 2028, these are interpolated from 2023 to 2029 (which is the product of the inflation, GDP and extra trend rate assumptions).

Deductibles, Co-payments and Out of Pocket Maximums are assumed to increase at the above trend rates. The ultimate trend rate reflects an assumed nominal per capital GDP growth.

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, 2020, 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.

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

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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, 2020 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, 2020 was (\$601,177).

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 20 - 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 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, 2020

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, January 1	\$ 1,519,884	\$ 1,519,884	\$ 1,519,884	\$ -
Resources (Inflows):				
Taxes - municipalities	4,987,189	4,987,189	5,122,547	135,358
Charges for services	412,268	412,268	566,736	154,468
Intergovernmental	569,199	569,199	574,202	5,003
Register of Deeds	720,200	720,200	723,117	2,917
Register of Probate	-	-	74,347	74,347
Miscellaneous:				
Investment income-gain(loss)	-	-	14,700	14,700
Other revenues	142,806	142,806	190,571	47,765
Amounts Available for Appropriation	<u>8,351,546</u>	<u>8,351,546</u>	<u>8,786,104</u>	<u>434,558</u>
Charges to Appropriations (Outflows):				
Emergency management	220,192	220,192	226,405	(6,213)
District attorney	602,999	602,999	544,018	58,981
Administration	615,362	615,362	625,153	(9,791)
Superior Court building	155,761	155,761	126,116	29,645
Houlton Complex building	420,700	420,700	401,725	18,975
Sheriff's office building	32,655	32,655	27,230	5,425
Caribou Courthouse	231,924	231,924	231,842	82
Fort Kent registry	80,144	80,144	79,889	255
Jail building	113,755	113,755	107,556	6,199
Regional assessing	111,405	111,405	84,270	27,135
Register of Deeds - South	265,142	265,142	255,983	9,159
Register of Deeds - North	220,755	220,755	217,637	3,118
Register of Probate	318,005	318,005	312,400	5,605
LE outside employment	-	-	2,306	(2,306)
LE stonegarden details	-	-	3,421	(3,421)
LE civil process	-	-	96,692	(96,692)
Maine Drug Enforcement	450,419	450,419	467,435	(17,016)
Law enforcement	2,162,527	2,162,527	2,228,054	(65,527)
Fire marshal	7,500	7,500	7,478	22
Outside agencies	147,626	147,626	147,626	-
Information technology	85,820	85,820	79,014	6,806
PSAP	180,900	180,900	165,825	15,075
Debt service:				
Interest	26,000	26,000	26,540	(540)
Employee benefits	17,150	17,150	19,731	(2,581)
Insurance	28,050	28,050	22,324	5,726
Other	85,858	85,858	79,343	6,515
Transfers to other funds	462,478	462,478	462,478	-
Total Charges to Appropriations	<u>7,043,127</u>	<u>7,043,127</u>	<u>7,048,491</u>	<u>(5,364)</u>
Budgetary Fund Balance, December 31	<u>\$ 1,308,419</u>	<u>\$ 1,308,419</u>	<u>\$ 1,737,613</u>	<u>\$ 429,194</u>
Utilization of Unassigned Fund Balance	<u>\$ 211,465</u>	<u>\$ 211,465</u>	<u>\$ -</u>	<u>\$ (211,465)</u>
	<u>\$ 211,465</u>	<u>\$ 211,465</u>	<u>\$ -</u>	<u>\$ (211,465)</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*

	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>						
Proportion of the net pension liability (asset)	0.81%	0.76%	0.74%	0.74%	0.73%	0.73%
Proportionate share of the net pension liability (asset)	\$ 3,216,372	\$ 2,309,911	\$ 2,033,335	\$ 3,026,100	\$ 1,291,252	\$ 2,322,411
Covered payroll	\$ 5,028,471	\$ 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	63.96%	49.88%	47.91%	83.77%	40.40%	83.20%
Plan fiduciary net position as a percentage of the total pension liability (asset)	88.35%	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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>						
Contractually required contribution	\$ 536,517	\$ 499,082	\$ 420,195	\$ 378,815	\$ 343,015	\$ 271,693
Contributions in relation to the contractually required contribution	<u>(536,517)</u>	<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>	<u>\$ -</u>
Covered payroll	\$ 4,947,398	\$ 4,988,382	\$ 4,447,774	\$ 3,954,148	\$ 3,854,101	\$ 3,745,557
Contributions as a percentage of covered payroll	10.84%	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, 2020

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/19 (Reporting December 31, 2019)	\$ 2,814,209	\$ -	\$ 2,814,209
Changes for the year:			
Service cost	122,552	-	122,552
Interest	119,318	-	119,318
Changes of benefits	(57,577)	-	(57,577)
Differences between expected and actual experience	(641,735)	-	(641,735)
Changes of assumptions	689,645	-	689,645
Contributions - employer	-	53,681	(53,681)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(53,681)	(53,681)	-
Administrative expense	-	-	-
Net changes	<u>178,522</u>	<u>-</u>	<u>178,522</u>
Balances at 1/1/20 (Reporting December 31, 2020)	<u><u>\$ 2,992,731</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,992,731</u></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>2020</u>	<u>2019</u>	<u>2018</u>
<u>Total OPEB liability</u>			
Service cost (BOY)	\$ 122,522	\$ 139,333	\$ 112,061
Interest (includes interest on service cost)	119,318	103,648	96,949
Changes of benefit terms	(57,577)	-	-
Differences between expected and actual experience	(641,735)	-	(49,196)
Changes of assumptions	689,645	(276,436)	303,948
Benefit payments, including refunds of member contributions	(53,681)	(51,616)	(34,090)
Net change in total OPEB liability	<u>\$ 178,492</u>	<u>\$ (85,071)</u>	<u>\$ 429,672</u>
Total OPEB liability - beginning	\$ 2,814,209	\$ 2,899,280	\$ 2,469,608
Total OPEB liability - ending	\$ 2,992,731	\$ 2,814,209	\$ 2,899,280
<u>Plan fiduciary net position</u>			
Contributions - employer	53,681	51,616	34,090
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of member contributions	(53,681)	(51,616)	(34,090)
Administrative expense	-	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 2,992,731</u>	<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%	0.0%
Covered payroll	\$ 3,801,477	\$ 3,573,590	\$ 3,573,590
Net OPEB liability as a percentage of covered payroll	78.7%	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>2020</u>	<u>2019</u>	<u>2018</u>
<u>MMEHT:</u>			
Employer contributions	\$ 53,681	\$ 51,616	\$ 34,090
Benefit payments	<u>(53,681)</u>	<u>(51,616)</u>	<u>(34,090)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,801,477	\$ 3,573,590	\$ 3,573,590
Contributions as a percentage of covered payroll	1.41%	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, 2020

Changes of Assumptions

MMEHT OPEB Plan:

There was a change in the discount rate from 4.10% to 2.74% per GASB 75 discount rate selection. The repeal of the “Cadillac Tax” was reflected in this valuation by removing the previously planned excise tax.

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, 2020

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Due from other funds	\$ 6,450	\$ 1,213,817	\$ 1,220,267
TOTAL ASSETS	<u>\$ 6,450</u>	<u>\$ 1,213,817</u>	<u>\$ 1,220,267</u>
LIABILITIES			
Due to other funds	\$ 18,236	\$ -	\$ 18,236
TOTAL LIABILITIES	<u>18,236</u>	<u>-</u>	<u>18,236</u>
FUND BALANCES (DEFICITS)			
Nonspendable	-	-	-
Restricted	6,450	-	6,450
Committed	-	9,740	9,740
Assigned	-	1,204,077	1,204,077
Unassigned	(18,236)	-	(18,236)
TOTAL FUND BALANCES (DEFICITS)	<u>(11,786)</u>	<u>1,213,817</u>	<u>1,202,031</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 6,450</u>	<u>\$ 1,213,817</u>	<u>\$ 1,220,267</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, 2020

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental revenues	\$ 1,981,174	\$ -	\$ 1,981,174
Other	7,176	389,936	397,112
TOTAL REVENUES	<u>1,988,350</u>	<u>389,936</u>	<u>2,378,286</u>
EXPENDITURES			
Program expenses	2,010,303	8,245	2,018,548
Capital outlay	-	409,348	409,348
TOTAL EXPENDITURES	<u>2,010,303</u>	<u>417,593</u>	<u>2,427,896</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(21,953)</u>	<u>(27,657)</u>	<u>(49,610)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	462,478	462,478
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>462,478</u>	<u>462,478</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(21,953)	434,821	412,868
FUND BALANCES (DEFICITS) - JANUARY 1	<u>10,167</u>	<u>778,996</u>	<u>789,163</u>
FUND BALANCES (DEFICITS) - DECEMBER 31	<u>\$ (11,786)</u>	<u>\$ 1,213,817</u>	<u>\$ 1,202,031</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, 2020

	<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>Mitigation Grant</u>	<u>Total</u>
ASSETS								
Due from other funds	\$ -	\$ -	\$ -	\$ -	\$ 5,491	\$ 959	\$ -	\$ 6,450
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,491</u>	<u>\$ 959</u>	<u>\$ -</u>	<u>\$ 6,450</u>
LIABILITIES								
Due to other funds	\$ -	\$ 10,999	\$ -	\$ 7,237	\$ -	\$ -	\$ -	\$ 18,236
TOTAL LIABILITIES	<u>-</u>	<u>10,999</u>	<u>-</u>	<u>7,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,236</u>
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	5,491	959	-	6,450
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	(10,999)	-	(7,237)	-	-	-	(18,236)
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>(10,999)</u>	<u>-</u>	<u>(7,237)</u>	<u>5,491</u>	<u>959</u>	<u>-</u>	<u>(11,786)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)								
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,491</u>	<u>\$ 959</u>	<u>\$ -</u>	<u>\$ 6,450</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 SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	CDBG Grant	Law Enforcement Grant	Coke Fund Caribou Courthouse	Homeland Security	Emergency Planning Funds	MMEHT Wellness Program	Mitigation Grant	Total
REVENUES								
Intergovernmental revenues	\$1,786,609	\$ 43,171	\$ -	\$ 146,949	\$ -	\$ -	\$ 4,445	\$ 1,981,174
Other	-	-	-	-	6,107	1,069	-	7,176
TOTAL REVENUES	<u>1,786,609</u>	<u>43,171</u>	<u>-</u>	<u>146,949</u>	<u>6,107</u>	<u>1,069</u>	<u>4,445</u>	<u>1,988,350</u>
EXPENDITURES								
Program expenses	<u>1,786,611</u>	<u>54,170</u>	<u>-</u>	<u>156,537</u>	<u>7,211</u>	<u>1,329</u>	<u>4,445</u>	<u>2,010,303</u>
TOTAL EXPENDITURES	<u>1,786,611</u>	<u>54,170</u>	<u>-</u>	<u>156,537</u>	<u>7,211</u>	<u>1,329</u>	<u>4,445</u>	<u>2,010,303</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(2)	(10,999)	-	(9,588)	(1,104)	(260)	-	(21,953)
FUND BALANCES (DEFICITS) - JANUARY 1	<u>2</u>	<u>-</u>	<u>-</u>	<u>2,351</u>	<u>6,595</u>	<u>1,219</u>	<u>-</u>	<u>10,167</u>
FUND BALANCES (DEFICITS) - DECEMBER 31	<u>\$ -</u>	<u>\$ (10,999)</u>	<u>\$ -</u>	<u>\$ (7,237)</u>	<u>\$ 5,491</u>	<u>\$ 959</u>	<u>\$ -</u>	<u>\$ (11,786)</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, 2020

	EMA Capital	District Attorney Capital	Administration Capital	Superior Court Bldg Capital	Houlton Building Capital	Houlton Sheriff Bldg Capital
ASSETS						
Due from other funds	\$ 53,075	\$ 62,125	\$ 33,442	\$ 167,180	\$ 36,161	\$ 58,211
TOTAL ASSETS	<u>\$ 53,075</u>	<u>\$ 62,125</u>	<u>\$ 33,442</u>	<u>\$ 167,180</u>	<u>\$ 36,161</u>	<u>\$ 58,211</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	53,075	62,125	33,442	167,180	36,161	58,211
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>53,075</u>	<u>62,125</u>	<u>33,442</u>	<u>167,180</u>	<u>36,161</u>	<u>58,211</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 53,075</u>	<u>\$ 62,125</u>	<u>\$ 33,442</u>	<u>\$ 167,180</u>	<u>\$ 36,161</u>	<u>\$ 58,211</u>

COUNTY OF AROOSTOOK, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2020

	Caribou Courtthouse 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	\$ 127,949	\$ 8,813	\$ 237,654	\$ 41,671	\$ 30,773	\$ 13,125
TOTAL ASSETS	\$ 127,949	\$ 8,813	\$ 237,654	\$ 41,671	\$ 30,773	\$ 13,125
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	127,949	8,813	237,654	41,671	30,773	13,125
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	127,949	8,813	237,654	41,671	30,773	13,125
TOTAL LIABILITIES AND FUND BALANCES	\$ 127,949	\$ 8,813	\$ 237,654	\$ 41,671	\$ 30,773	\$ 13,125

COUNTY OF AROOSTOOK, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2020

	Law Enforcement Capital	Tele- communications Capital	Underground Storage Tank Capital	Excess Jail Cost Reserve	Technology Upgrade	Law Enforcement K9 Reserve	Total
ASSETS							
Due from other funds	\$ 58,676	\$ 36,744	\$ 21,134	\$ 182,182	\$ 35,162	\$ 9,740	\$ 1,213,817
TOTAL ASSETS	<u>\$ 58,676</u>	<u>\$ 36,744</u>	<u>\$ 21,134</u>	<u>\$ 182,182</u>	<u>\$ 35,162</u>	<u>\$ 9,740</u>	<u>\$ 1,213,817</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	-	-	-	-	-	-	-
Committed	-	-	-	-	-	9,740	9,740
Assigned	58,676	36,744	21,134	182,182	35,162	-	1,204,077
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>58,676</u>	<u>36,744</u>	<u>21,134</u>	<u>182,182</u>	<u>35,162</u>	<u>9,740</u>	<u>1,213,817</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 58,676</u>	<u>\$ 36,744</u>	<u>\$ 21,134</u>	<u>\$ 182,182</u>	<u>\$ 35,162</u>	<u>\$ 9,740</u>	<u>\$ 1,213,817</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, 2020

	EMA Capital	District Attorney Capital	Administration Capital	Superior Court Bldg Capital	Houlton Building Capital	Houlton Sheriff Bldg Capital
REVENUES						
Other	\$ 13,800	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>13,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Capital outlay	13,194	17,733	36,162	13,979	-	-
Program expenses	-	-	-	-	934	3,263
TOTAL EXPENDITURES	<u>13,194</u>	<u>17,733</u>	<u>36,162</u>	<u>13,979</u>	<u>934</u>	<u>3,263</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>606</u>	<u>(17,733)</u>	<u>(36,162)</u>	<u>(13,979)</u>	<u>(934)</u>	<u>(3,263)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	16,225	27,500	28,320	37,650	7,550	14,033
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>16,225</u>	<u>27,500</u>	<u>28,320</u>	<u>37,650</u>	<u>7,550</u>	<u>14,033</u>
NET CHANGE IN FUND BALANCES	16,831	9,767	(7,842)	23,671	6,616	10,770
FUND BALANCES, JANUARY 1	<u>36,244</u>	<u>52,358</u>	<u>41,284</u>	<u>143,509</u>	<u>29,545</u>	<u>47,441</u>
FUND BALANCES, DECEMBER 31	<u>\$ 53,075</u>	<u>\$ 62,125</u>	<u>\$ 33,442</u>	<u>\$ 167,180</u>	<u>\$ 36,161</u>	<u>\$ 58,211</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, 2020

	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	\$ -	\$ 475	\$ -	\$ 20,000	\$ 15,000	\$ -
TOTAL REVENUES	-	475	-	20,000	15,000	-
EXPENDITURES						
Capital outlay	6,984	-	10,722	14,898	-	-
Program expenses	-	3,258	-	-	505	-
TOTAL EXPENDITURES	6,984	3,258	10,722	14,898	505	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(6,984)	(2,783)	(10,722)	5,102	14,495	-
OTHER FINANCING SOURCES (USES)						
Transfers in	19,025	3,000	63,425	2,500	4,000	2,500
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	19,025	3,000	63,425	2,500	4,000	2,500
NET CHANGE IN FUND BALANCES	12,041	217	52,703	7,602	18,495	2,500
FUND BALANCES, JANUARY 1	115,908	8,596	184,951	34,069	12,278	10,625
FUND BALANCES, DECEMBER 31	\$ 127,949	\$ 8,813	\$ 237,654	\$ 41,671	\$ 30,773	\$ 13,125

COUNTY OF AROOSTOOK, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Law Enforcement Capital	Tele- communications Capital	Underground Storage Tank Capital	Excess Jail Cost Reserve	Technology Upgrade	Law Enforcement K9 Reserve	Total
REVENUES							
Other	\$ 131,645	\$ -	\$ 16,809	\$ 182,182	\$ -	\$ 10,025	\$ 389,936
TOTAL REVENUES	<u>131,645</u>	<u>-</u>	<u>16,809</u>	<u>182,182</u>	<u>-</u>	<u>10,025</u>	<u>389,936</u>
EXPENDITURES							
Capital outlay	260,849	28,613	6,214	-	-	-	409,348
Program expenses	-	-	-	-	-	285	8,245
TOTAL EXPENDITURES	<u>260,849</u>	<u>28,613</u>	<u>6,214</u>	<u>-</u>	<u>-</u>	<u>285</u>	<u>417,593</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(129,204)</u>	<u>(28,613)</u>	<u>10,595</u>	<u>182,182</u>	<u>-</u>	<u>9,740</u>	<u>(27,657)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	191,300	37,950	7,500	-	-	-	462,478
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>191,300</u>	<u>37,950</u>	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>462,478</u>
NET CHANGE IN FUND BALANCES	62,096	9,337	18,095	182,182	-	9,740	434,821
FUND BALANCES, JANUARY 1	<u>(3,420)</u>	<u>27,407</u>	<u>3,039</u>	<u>-</u>	<u>35,162</u>	<u>-</u>	<u>778,996</u>
FUND BALANCES, DECEMBER 31	<u>\$ 58,676</u>	<u>\$ 36,744</u>	<u>\$ 21,134</u>	<u>\$ 182,182</u>	<u>\$ 35,162</u>	<u>\$ 9,740</u>	<u>\$ 1,213,817</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, 2020

	Jail Commissary Account	Jail Inmate Account	Restitution Account	Total
ASSETS				
Cash and cash equivalents	\$ 47,354	\$ 32,413	\$ 48,887	\$ 128,654
TOTAL ASSETS	<u>\$ 47,354</u>	<u>\$ 32,413</u>	<u>\$ 48,887</u>	<u>\$ 128,654</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 49,061	\$ 49,061
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>49,061</u>	<u>49,061</u>
NET POSITION (DEFICIT)				
Restricted	47,354	32,413	-	79,767
Unrestricted	-	-	(174)	(174)
TOTAL NET POSITION (DEFICIT)	<u>47,354</u>	<u>32,413</u>	<u>(174)</u>	<u>79,593</u>
TOTAL LIABILITIES AND NET POSITION (DEFICIT)	<u>\$ 47,354</u>	<u>\$ 32,413</u>	<u>\$ 48,887</u>	<u>\$ 128,654</u>

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

COUNTY OF AROOSTOOK, MAINE

COMBINING SCHEDULE OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Jail Commissary Account	Jail Inmate Account	Restitution Account	Total
ADDITIONS	\$ -	\$ 32,176	\$ -	\$ 32,176
DELETIONS	-	40,087	-	40,087
CHANGE IN NET POSITION	-	(7,911)	-	(7,911)
NET POSITION (DEFICIT) - JANUARY 1	47,354	40,324	(174)	87,504
NET POSITION (DEFICIT) - DECEMBER 31	<u>\$ 47,354</u>	<u>\$ 32,413</u>	<u>\$ (174)</u>	<u>\$ 79,593</u>

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

COUNTY OF AROOSTOOK, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal AL Number	Pass-through Grantor Number	Expenditures to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development				
Passed-through the State of Maine Department of Housing and Urban Development:				
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	20181211-1860	\$ 89,469	\$ 89,469
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	20191112-1518	13,052	13,052
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	20200723-0263	1,604,602	1,604,602
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	20200723-0263	34,676	37,686
Total U.S. Department Housing and Urban Development			<u>1,741,799</u>	<u>1,744,809</u>
U.S. Department of Justice				
Passed-through the State of Maine Department of Justice:				
Crime Victim Assistance	16.575	20190808-463	-	53,639
Bulletproof Vest Partnership Program	16.607	2000S-SX02	-	2,106
Edward Byrne Memorial Justice Assistance Grant Program	16.738	202000225-2353	18,099	22,089
Total U.S. Department of Justice			<u>18,099</u>	<u>77,834</u>
U.S. Department of Transportation				
Passed through State of Maine Department of Transportation				
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	0572-16-01-00	-	8,302
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	693JK31940019HMEP	-	7,647
Total U.S. Department of Health and Human Services			<u>-</u>	<u>15,949</u>
U.S. Department of Homeland Security				
Passed Through Maine Emergency Management Agency in the Department of Defense and Veteran's Services:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4522DRMEP00000791	-	5,090
Emergency Management Performance Grants	97.042	20201207-1745	-	9,168
Emergency Management Performance Grants	97.042	EMB-2019-EP-00004	-	59,446
Emergency Management Performance Grants	97.042	EMB-2020-EP-00007	-	19,915
Homeland Security Grant Program	97.067	EMW-2018-SS-00049	-	13,022
Homeland Security Grant Program	97.067	EMW-2019-SS-00015	15,346	19,063
Homeland Security Grant Program	97.067	20190723-0240	-	127,384
Total U.S. Department of Homeland Security			<u>15,346</u>	<u>253,088</u>
Total Federal Assistance			<u>\$ 1,775,244</u>	<u>\$ 2,091,680</u>

COUNTY OF AROOSTOOK, MAINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Aroostook, Maine under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Aroostook, Maine, it is not intended to and does not present the financial position, changes in net position or cash flows of the County of Aroostook, Maine.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The County of Aroostook, Maine has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

3. Expenditures to Subrecipients

<u>Subrecipient</u>	<u>ALN</u>	<u>Expenditures</u>
Northern Maine Development Commission	14.228	\$ 587,580
County Environmental	14.228	43,890
Catholic Charities	14.228	50,728
Coastal Enterprises, Inc.	14.228	778,619
Androscoggin Valley Council of Governments	14.228	110,649
Southern Maine Planning and Development Commission	14.228	170,334
Houlton Police Department	16.738	4,604
Caribou Police Department	16.738	1,674
Limestone Police Department	16.738	628
Van Buren Police Department	16.738	314
Fort Fairfield Police Department	16.738	1,256
Fort Kent Police Department	16.738	1,151
Madawaska Police Department	16.738	1,151
Presque Isle Police Department	16.738	7,321
Caribou Police Department	97.067	2,716
Madawaska Police Department	97.067	12,629
Total Subrecipient Expenditures		<u>\$ 1,775,244</u>



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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, 2020 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 July 8, 2024.

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.

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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*.

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
July 8, 2024



Proven Expertise & Integrity

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

County Commissioners
County of Aroostook, Maine
Caribou, Maine

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of Aroostook, Maine's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County of Aroostook, Maine's major federal programs for the year ended December 31, 2020. The County of Aroostook, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County of Aroostook, Maine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibility section of our report.

We are required to be independent of the County of Aroostook, Maine and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County of Aroostook, Maine's compliance with the compliance requirements referred to above.

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Management's Responsibility

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County of Aroostook, Maine's federal programs.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error and express an opinion on the County of Aroostook, Maine's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County of Aroostook, Maine's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County of Aroostook, Maine's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County of Aroostook, Maine's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County of Aroostook, Maine's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibility section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
July 8, 2024

COUNTY OF AROOSTOOK, MAINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR section 200.516(a)? yes no

Identification of major programs:

<u>ALN Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.228	CDBG/States Program and Non-Entitlement Grants in Hawaii

Dollar threshold used to distinguish between type A and B: \$750,000

Auditee qualified as low-risk auditee? yes no

Section II - Financial Statement Findings

None

Section III - Findings and Questioned Costs for Federal Awards

None