Federal Compliance Audit

County of Aroostook, Maine

December 31, 2022

RHR SMITH & COMPANY
Certified Public Accountants

Proven Expertise & Integrity

COUNTY OF AROOSTOOK, MAINE

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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, 2022 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, 2022 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 56 through 62 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 April 13, 2026, 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
April 13, 2026

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

(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, 2022. 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 marshal, 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 five columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The County's major governmental funds are the general fund, jail fund, ARPA and the CDBG grant 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 increased by $885,951 from a deficit of $445,597 to a balance of $440,354.

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 - increased to a deficit balance of $1,836,548 at the end of this period.

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

	2022	2021
Assets:		
Current Assets	$16,719,443	$ 10,404,751
Noncurrent Assets - Capital Assets	2,704,964	2,673,066
Total Assets	19,424,407	13,077,817
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	1,158,985	1,410,522
Deferred Outflows Related to OPEB	981,812	879,876
Total Deferred Outflows of Resources	2,140,797	2,290,398
Liabilities:		
Current Liabilities	1,047,660	1,182,109
Noncurrent Liabilities	6,288,013	4,279,760
Total Liabilities	7,335,673	5,461,869
Deferred Inflows of Resources:		
Deferred Revenue	11,609,112	6,076,358
Deferred Inflows Related to Pensions	909,885	3,579,091
Deferred Inflows Related to OPEB	1,270,180	696,494
Total Deferred Inflows of Resources	13,789,177	10,351,943
Net Position (Deficit):		
Net Investment in Capital Assets	1,825,287	1,580,624
Restricted	451,615	239,331
Unrestricted	(1,836,548)	(2,265,552)
Total Net Position (Deficit)	$ 440,354	$ (445,597)

Revenues and Expenses

Revenues increased by 5.68%, while expenses increased by 13.39% over the prior period. The largest increase in revenues was in taxes. The largest increase in expenses was in law enforcement.

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

	2022	2021
Revenues		
Program revenues:		
Charges for services	$ 2,497,206	$ 1,769,417
Operating grants and contributions	2,731,401	4,901,759
General revenues:		
Taxes	9,997,684	8,040,571
Intergovernmental revenues	783,485	904,101
Investment income-gain/(loss)	29,833	22,397
Miscellaneous revenues	586,348	94,710
Total Revenues	16,625,957	15,732,955
Expenses		
Emergency management	236,440	231,967
District attorney	418,905	517,350
Administration	707,903	654,686
Superior Court building	209,496	149,934
Houlton Complex building	460,856	439,332
Sheriff's office building	43,406	29,721
Caribou Courthouse	246,587	222,297
Fort Kent registry	82,916	78,505
Jail building	109,386	113,276
Jail operations	4,189,250	4,078,955
Register of Deeds - South	271,999	260,721
Register of Deeds - North	201,056	190,087
Register of Probate	293,978	275,007
LE outside employment	3,414	20,356
LE stonegarden details	28,243	26,089
LE civil process	173,233	111,057
Maine Drug Enforcement	622,717	482,183
Law enforcement	3,348,004	1,329,851
Fire marshal	8,321	8,000
Outside agencies	144,381	150,875
Information technology	103,410	92,323
PSAP	187,650	183,994
Employee benefits	79,176	18,211
Insurance	22,190	23,496
Other	35,150	50,078
Program expenses	3,095,395	3,849,767
Contingency	20,689	62,085
Unallocated depreciation (Note 5)	365,360	206,753
Interest on long term debt	30,495	24,299
Total Expenses	15,740,006	13,881,255
Change in Net Position (Deficit)	885,951	1,851,700
Net Position (Deficit) - January 1	(445,597)	(2,297,297)
Net Position (Deficit) - December 31	$ 440,354	$ (445,597)

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,

	2022	2021	Increase/ (Decrease)
Major Funds:			
General Fund:			
Restricted	$ 9,213	$ 233,424	$ (224,211)
Committed	60,504	12,943	47,561
Assigned	242,758	212,536	30,222
Unassigned	1,902,695	1,546,814	355,881
Total General Fund	$ 2,215,170	$ 2,005,717	$ 209,453
Jail:			
Committed	$ 321,048	$ 216,662	$ 104,386
Total Jail Fund	$ 321,048	$ 216,662	$ 104,386
ARPA Fund:			
Assigned	$ -	$ 12,937	$ (12,937)
Total ARPA Fund	$ -	$ 12,937	$ (12,937)
CDBG Grant:			
Restricted	$ 51,125	$ -	$ 51,125
Total CDBG Grant	$ 51,125	$ -	$ 51,125
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	$ 391,277	$ 5,907	$ 385,370
Unassigned (Deficit)	(23,994)	(19,927)	(4,067)
Capital Projects Funds:			
Committed	2,204	2,853	(649)
Assigned	1,306,328	1,144,042	162,286
Total Nonmajor Funds	$ 1,675,815	$ 1,132,875	$ 542,940

The changes to total fund balances for the general fund, jail fund, ARPA 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 $742,035. This was the result of all revenue categories being received over budgeted amounts.

The general fund actual expenditures were over budgeted amounts by $84,461. All expenditures categories were at or under budgeted amounts with the exception of administration, superior court building, Houlton complex building, Caribou courthouse, LE outside employment, LE stonegarden details, LE civil process, Maine drug enforcement, information technology, employee benefits, debt service - interest and transfers to other funds.

Capital Assets and Debt Administration

Capital Assets

As of December 31, 2022, the net book value of capital assets recorded by the County increased by $31,898 from the prior year. This increase is the result of capital additions of $397,258 less current year depreciation expense of $365,360.

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

	2022	2021
Land	$ 18,400	$ 18,400
Buildings and building improvements	754,769	785,033
Land improvements	181,560	71,836
Machinery and equipment	1,192,033	1,300,732
Vehicles	558,202	497,065
Total	$ 2,704,964	$ 2,673,066

Long-Term Obligations

At December 31, 2022, the County had $879,677 in notes from direct borrowings payable versus $1,092,442 in the prior year. See Note 7 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions or Conditions

The County has also noted subsequent events as a currently known fact. Refer to Note 21 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.

STATEMENT A

COUNTY OF AROOSTOOK, MAINE

STATEMENT OF NET POSITION
DECEMBER 31, 2022

		Governmental Activities
ASSETS		
Current assets:		
Cash and cash equivalents	$	12,038,017
Investments		4,021,757
Accounts receivable (net of allowance for uncollectibles):		
Other		659,669
Total current assets		16,719,443
Noncurrent assets:		
Capital assets:		
Land and other assets not being depreciated		18,400
Depreciable assets, net of accumulated depreciation		2,686,564
Total noncurrent assets		2,704,964
TOTAL ASSETS		19,424,407
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions		1,158,985
Deferred outflows related to OPEB		981,812
TOTAL DEFERRED OUTFLOWS OF RESOURCES		2,140,797
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	21,565,204
LIABILITIES		
Current liabilities:		
Accounts payable	$	274,987
Accrued liabilities		324,443
Due to other governments		247,743
Current portion of long-term obligations		200,487
Total current liabilities		1,047,660
Noncurrent liabilities:		
Noncurrent portion of long-term obligations:		
Notes from direct borrowings payable		688,332
Accrued compensated absences		327,813
Net pension liability/(asset)		2,151,430
Net OPEB liability		3,120,438
Total noncurrent liabilities		6,288,013
TOTAL LIABILITIES		7,335,673
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue		11,609,112
Deferred inflows related to pensions		909,885
Deferred inflows related to OPEB		1,270,180
TOTAL DEFERRED INFLOWS OF RESOURCES		13,789,177
NET POSITION		
Net investment in capital assets		1,825,287
Restricted		451,615
Unrestricted (deficit)		(1,836,548)
TOTAL NET POSITION		440,354
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$	21,565,204

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

COUNTY OF AROOSTOOK, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Total Governmental Activities
Governmental activities:					
Emergency management	$ 236,440	$ 111,263	$ -	$ -	$ (125,177)
District attorney	418,905	48,002	-	-	(370,903)
Administration	707,903	148,220	-	-	(559,683)
Superior Court building	209,496	105,784	-	-	(103,712)
Houlton Complex building	460,856	-	-	-	(460,856)
Sheriff's office building	43,406	-	-	-	(43,406)
Caribou Courthouse	246,587	-	-	-	(246,587)
Fort Kent registry	82,916	-	-	-	(82,916)
Jail building	109,386	-	-	-	(109,386)
Jail operations	4,189,250	-	-	-	(4,189,250)
Register of Deeds - South	271,999	468,520	-	-	196,521
Register of Deeds - North	201,056	179,564	-	-	(21,492)
Register of Probate	293,978	134,432	-	-	(159,546)
LE outside employment	3,414	-	-	-	(3,414)
LE stonegarden details	28,243	28,120	-	-	(123)
LE civil process	173,233	-	-	-	(173,233)
Maine Drug Enforcement	622,717	639,112	-	-	16,395
Law enforcement	3,348,004	631,801	-	-	(2,716,203)
Fire marshal	8,321	-	-	-	(8,321)
Outside agencies	144,381	2,388	-	-	(141,993)
Information technology	103,410	-	-	-	(103,410)
PSAP	187,650	-	-	-	(187,650)
Employee benefits	79,176	-	-	-	(79,176)
Insurance	22,190	-	-	-	(22,190)
Other	35,150	-	-	-	(35,150)
Program expenses	3,095,395	-	2,731,401	-	(363,994)
Contingency	20,689	-	-	-	(20,689)
Unallocated depreciation (Note 5)*	365,360	-	-	-	(365,360)
Interest on long term debt	30,495	-	-	-	(30,495)
Total government	$ 15,740,006	$ 2,497,206	$ 2,731,401	$ -	(10,511,399)

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

COUNTY OF AROOSTOOK, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Governmental Activities
Changes in net position:	
Net (expense) revenue	(10,511,399)
General revenues:	
Property taxes, levied for general purposes	9,997,684
Intergovernmental revenue	783,485
Investment income-gain/(loss)	29,833
Other	586,348
Total general revenues	11,397,350
Change in net position (deficit)	885,951
NET POSITION (DEFICIT) - JANUARY 1	(445,597)
NET POSITION (DEFICIT) - DECEMBER 31	$ 440,354

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

STATEMENT C

COUNTY OF AROOSTOOK, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General Fund	Jail Fund	ARPA	CDBG Grant	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 2,835,026	$ 1,005,455	$ 8,197,536	$ -	$ -	$ 12,038,017
Investments	-	-	4,021,757	-	-	4,021,757
Accounts receivable (net of allowance for uncollectibles):						
Other	659,669	-	-	-	-	659,669
Due from other funds	1,119,609	-	-	51,125	1,699,809	2,870,543
TOTAL ASSETS	$ 4,614,304	$ 1,005,455	$ 12,219,293	$ 51,125	$ 1,699,809	$ 19,589,986
LIABILITIES						
Accounts payable	$ 141,695	$ 11,827	$ 121,465	$ -	$ -	$ 274,987
Accrued expenses	258,762	65,681	-	-	-	324,443
Due to other governments	247,743	-	-	-	-	247,743
Due to other funds	1,750,934	606,899	488,716	-	23,994	2,870,543
TOTAL LIABILITIES	2,399,134	684,407	610,181	-	23,994	3,717,716
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	11,609,112	-	-	11,609,112
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	11,609,112	-	-	11,609,112
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	9,213	-	-	51,125	391,277	451,615
Committed	60,504	321,048	-	-	2,204	383,756
Assigned	242,758	-	-	-	1,306,328	1,549,086
Unassigned (deficit)	1,902,695	-	-	-	(23,994)	1,878,701
TOTAL FUND BALANCES	2,215,170	321,048	-	51,125	1,675,815	4,263,158
TOTAL LIABILITIES AND FUND BALANCES	$ 4,614,304	$ 1,005,455	$ 12,219,293	$ 51,125	$ 1,699,809	$ 19,589,986

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

STATEMENT D

COUNTY OF AROOSTOOK, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Total Governmental Funds
Total Fund Balances (Statement C)	$ 4,263,158
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	2,704,964
Deferred outflows of resources related to pension are not financial resources and therefore are not reported in the funds	1,158,985
Deferred outflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	981,812
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	(879,677)
Accrued compensated absences	(336,955)
Net pension liability	(2,151,430)
Net OPEB liability	(3,120,438)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(909,885)
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	(1,270,180)
Net position of governmental activities (Statement A)	$ 440,354

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, 2022

	General Fund	Jail Fund	ARPA	CDBG Grant	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes - municipalities	$ 5,873,041	$ 4,124,643	$ -	$ -	$ -	$ 9,997,684
Charges for services	1,531,939	132,868	-		-	1,664,807
Intergovernmental	-	-	1,063,154	1,668,247	783,485	3,514,886
Register of Deeds	697,967	-	-		-	697,967
Register of Probate	134,432	-	-		-	134,432
Miscellaneous:				-		
Investment income-gain(loss)	29,833	-	-	-	-	29,833
Other revenues	210,139	-	-	-	376,209	586,348
TOTAL REVENUES	8,477,351	4,257,511	1,063,154	1,668,247	1,159,694	16,625,957
EXPENDITURES						
Current:						
Emergency management	236,440	-	-	-	-	236,440
District attorney	631,670	-	-	-	-	631,670
Administration	707,903	-	-	-	-	707,903
Superior Court building	209,496	-	-	-	-	209,496
Houlton Complex building	460,856	-	-	-	-	460,856
Sheriff's office building	43,406	-	-	-	-	43,406
Caribou Courthouse	246,587	-	-	-	-	246,587
Fort Kent registry	82,916	-	-	-	-	82,916
Jail building	109,386	-	-	-	-	109,386
Jail operations	-	4,153,125	-	-	-	4,153,125
Register of Deeds - South	271,999	-	-	-	-	271,999
Register of Deeds - North	201,056	-	-	-	-	201,056
Register of Probate	293,978	-	-	-	-	293,978
LE outside employment	3,414	-	-	-	-	3,414
LE stonegarden details	28,243	-	-	-	-	28,243
LE civil process	173,233	-	-	-	-	173,233
Maine Drug Enforcement	622,717	-	-	-	-	622,717
Law enforcement	2,571,635	-	-	-	-	2,571,635
Fire marshal	8,321	-	-	-	-	8,321
Outside agencies	144,381	-	-	-	-	144,381
Information technology	103,410	-	-	-	-	103,410
PSAP	187,650	-	-	-	-	187,650
Debt service:						
Interest	30,495	-	-	-	-	30,495
Employee benefits	79,176	-	-	-	-	79,176
Insurance	22,190	-	-	-	-	22,190
Other	35,150	-	-	-	-	35,150
Program expenses	-	-	1,076,091	1,617,122	402,182	3,095,395
Capital outlay	-	-	-	-	956,073	956,073
Contingency	20,689	-	-	-	-	20,689
TOTAL EXPENDITURES	7,526,397	4,153,125	1,076,091	1,617,122	1,358,255	15,730,990
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	950,954	104,386	(12,937)	51,125	(198,561)	894,967
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	741,501	741,501
Transfers (out)	(741,501)	-	-	-	-	(741,501)
TOTAL OTHER FINANCING SOURCES (USES)	(741,501)	-	-	-	741,501	-
NET CHANGE IN FUND BALANCES (DEFICITS)	209,453	104,386	(12,937)	51,125	542,940	894,967
FUND BALANCES (DEFICITS) - JANUARY 1	2,005,717	216,662	12,937	-	1,132,875	3,368,191
FUND BALANCES (DEFICITS) - DECEMBER 31	$ 2,215,170	$ 321,048	$ -	$ 51,125	$ 1,675,815	$ 4,263,158

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, 2022

Net change in fund balances - total governmental funds (Statement E)	$ 894,967
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	397,258
Depreciation expense	(365,360)
	31,898
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	(251,537)
OPEB	101,936
	(149,601)
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	212,765
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	2,669,206
OPEB	(573,686)
	2,095,520
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	(66,348)
Net pension liability	(2,412,709)
Net OPEB liability	279,459
	(2,199,598)
Change in net position of governmental activities (Statement B)	$ 885,951

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

COUNTY OF AROOSTOOK, MAINE

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2022

	Custodial Funds
ASSETS	
Cash and cash equivalents	$ 137,402
TOTAL ASSETS	$ 137,402
LIABILITIES	
Accounts payable	$ -
TOTAL LIABILITIES	-
NET POSITION	
Restricted	137,402
TOTAL NET POSITION	137,402
TOTAL LIABILITIES AND NET POSITION	$ 137,402

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, 2022

	Custodial Funds
ADDITIONS	
Contributions	$ 354,461
Total additions	354,461
DEDUCTIONS	
Other	375,992
Total deductions	375,992
CHANGE IN NET POSITION	(21,531)
NET POSITION - JANUARY 1	158,933
NET POSITION - DECEMBER 31	$ 137,402

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

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 marshal, outside agencies, information technology, PSAP, employee benefits, insurance, other and program expenses.

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

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

Implementation of New Accounting Standards

During the year ended December 31, 2022, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 98 "The Annual Comprehensive Financial Report". This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column and (b) 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.

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:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

c. The ARPA fund is used to account for proceeds from the American Rescue Plan Act that are legally restricted to expenditures related to the grant program. Primary revenues are intergovernmental revenues and interest income.

d. The CDBG fund is used to account for proceeds from the Community Development Block Grant that is used to fund community development, affordable housing, infrastructure, and economic opportunities for low- and moderate-income individuals. The primary revenue sources are intergovernmental revenues.

Nonmajor Funds

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

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

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

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

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, 2022. Accounts receivable netted with allowances for uncollectible accounts were $659,669 for the year ended December 31, 2022.

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.

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

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Net Position

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

Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the statement of financial position and/or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred revenue qualifies for reporting in this category. This item is reported in both the statement of net position and the governmental funds balance sheet. 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.

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 November 10, 2021 on the assessed value listed as of April 1, 2021, for all real and personal property located in the County. Taxes were due in one installment on September 1, 2022. Interest on unpaid taxes commenced on November 1, 2022 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.

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, 2022, the County's cash and cash equivalents balances amounting to $12,175,419 were comprised of bank deposits of $12,116,616. 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.

Account Type	Bank Balance
Checking accounts	$ 3,873,638
ICS accounts	8,242,978
	$ 12,116,616

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. Certificates of deposit held with local financial institutions for $4,021,757 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value

At December 31, 2022, the County's investments in certificates of deposit in the amount of $4,021,757 were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2022 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General Fund	$ 1,119,609	$ 1,750,934
Jail Fund	-	606,899
ARPA Fund	-	488,716
CDBG Grant	51,125	-
Nonmajor Special Revenue Funds	391,277	23,994
Nonmajor Capital Projects Funds	1,308,532	-
	$ 2,870,543	$ 2,870,543

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, 2022 consisted of the following:

	Transfers From	Transfers To
General Fund	$ 741,501	$ -
Nonmajor Capital Projects Funds	-	741,501
	$ 741,501	$ 741,501

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

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2022:

	Balance, 1/1/22	Additions	Disposals	Balance, 12/31/22
Governmental activities				
Non-depreciated assets:				
Land	$ 18,400	$ -	$ -	$ 18,400
Depreciated assets:				
Buildings and improvements	13,231,360	25,618	-	13,256,978
Land improvements	285,098	123,700	-	408,798
Machinery and equipment	2,967,687	50,924	-	3,018,611
Vehicles	1,265,842	197,016	(65,550)	1,397,308
	17,749,987	397,258	(65,550)	18,081,695
Less accumulated depreciation				
Buildings and improvements	(12,446,327)	(55,882)	-	(12,502,209)
Land improvements	(213,262)	(13,976)	-	(227,238)
Machinery amd equipment	(1,666,955)	(159,623)	-	(1,826,578)
Vehicles	(768,777)	(135,879)	65,550	(839,106)
Total accumulated depreciation	(15,095,321)	(365,360)	65,550	(15,395,131)
Net capital assets	$ 2,673,066	$ 31,898	$ -	$ 2,704,964

NOTE 6 - SHORT-TERM DEBT

Short-term debt activity for the year ended December 31, 2022 is as follows:

	Balance, 1/1/22	Additions	Deletions	Balance, 12/31/22
Tax Anticipation Note	$ -	$ 3,100,000	$(3,100,000)	$ -

On March 22, 2022, 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 $3,100,000 at a fixed rate of 2.21% per annum with a maturity date of December 31, 2022. As of December 31, 2022, the note was paid in full. Interest expense for the note was $30,495.

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended December 31, 2022:

	Balance, 1/1/22	Additions	Deletions	Balance, 12/31/22	Current Portion
Notes from direct borrowings payable	$ 1,092,442	$ -	$ (212,765)	$ 879,677	$ 191,345

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.	$ 822,722
$137,555, Lease purchase agreement with Gorham Savings Leasing Group for communication equipment due in annual payments of $22,311, through November of 2024. Interest is charged at a fixed rate of 4.35% per annum.	41,871
$45,250, Lease purchase agreement with Gorham Savings Leasing Group for a 2021 Chevy Tahoe, due in annual payments of $15,357, through October of 2023. Interest is charged at a fixed rate of 1.81% per annum.	15,084
	$ 879,677

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
2023	$ 191,345	$ 24,637	$ 215,982
2024	181,420	19,205	200,625
2025	164,424	13,889	178,313
2026	168,930	9,384	178,314
2027	173,558	4,755	178,313
	$ 879,677	$ 71,870	$ 951,547

NOTE 7 - LONG-TERM DEBT (CONTINUED)

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.

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, 2022:

	Balance, 1/1/22	Additions	Deletions	Balance, 12/31/22	Current Portion
Accrued compensated absences	$ 270,607	$ 66,348	$ -	$ 336,955	$ 9,142
Net pension liability/(asset)	(261,279)	2,982,677	(569,968)	2,151,430	-
Net OPEB liability	3,399,897	294,227	(573,686)	3,120,438	-
Total	$ 3,409,225	$ 3,343,252	$(1,143,654)	$ 5,608,823	$ 9,142

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, 2022, the County's liability for compensated absences is $336,955.

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, 2022:

Invested in capital assets	$ 18,100,095
Accumulated depreciation	(15,395,131)
Outstanding capital related debt	(879,677)
	$ 1,825,287

NOTE 11 - RESTRICTED NET POSITION AND FUND BALANCES

At December 31, 2022, the County had the following restricted net position and fund balances:

General fund:		
Federal forfeiture	$	9,213
CDBG grant		51,125
Nonmajor special revenue funds (Schedule C):		
Connect ME grant		13,000
LATCF grant		50,000
Emergency planning funds		1,684
MMEHT wellness program		1,110
Opioids settlement		325,483
	$	451,615

NOTE 12 - COMMITTED FUND BALANCES

At December 31, 2022, the County has the following committed fund balances:

General fund:		
Contingency reserve	$	60,504
Jail fund		321,048
Nonmajor capital projects funds (Schedule F)		2,204
	$	383,756

NOTE 13 - ASSIGNED FUND BALANCES

At December 31, 2022, the County has the following assigned fund balances:

General fund:		
Sick and vacation accrual	$	242,758
Nonmajor capital projects funds (Schedule E)		1,306,328
	$	1,549,086

NOTE 14 - DEFICIT FUND BALANCES

At December 31, 2022, the County has the following deficit fund balances:

Nonmajor capital projects funds (Schedule E):		
Law enforcement grant	$	5,768
Mitigation grant		1,068
Homeland security		17,158
	$	23,994

NOTE 15 - OVERSPENT APPROPRIATIONS

At December 31, 2022, the County has the following overspent appropriations:

General fund:		
Administration	$	27,705
Superior court building		36,883
Houlton Complex building		1,039
Caribou courthouse		155
LE outside employment		3,414
LE stonegarden details		28,243
LE civil process		173,233
Maine Drug Enforcement		72,781
Information technology		2,082
Employee benefits		46,946
Transfer to other funds		63,329
	$	455,810

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.

NOTE 16 - RISK MANAGEMENT (CONTINUED)

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

Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchased, the County is not aware of any material actual or potential claim liabilities which should be recorded at December 31, 2022. 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.mainepers.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

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2022, there were 311 employers in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 1.52%.

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 7.8% of their annual covered salary and the County is required to contribute at an actuarially determined rate. The current rate is 10.3% 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, 2022 was $636,682.

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

At December 31, 2022, the County reported a liability of $2,151,520 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2022 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, 2022, the County's proportion was 0.809344% which was a decrease of 0.003692% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the County recognized total pension revenue of $4,960. At December 31, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 399,846	$ -
Changes of assumptions	436,684	-
Net difference between projected and actual earnings on pension plan investments	-	903,005
Changes in proportion and differences between contributions and proportionate share of contributions	4,114	6,880
Contributions subsequent to the measurement date	318,341	-
Total	$ 1,158,985	$ 909,885

$318,341 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, 2023. 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:	
2023	$ 271,956
2024	(204,331)
2025	(560,997)
2026	424,130
2027	-
Thereafter	-

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2022, using the following methods and assumptions applied to all periods included in the measurement:

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Cost Method

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

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits and dividing it by the value, also as of the member's entry age, of the member’s expected future salary. The normal cost for each employee is the product of the member’s pay and their 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, 2022 are as follows:

Investment Rate of Return - 6.50% per annum for the year ended June 30, 2022 and June 30, 2021, compounded annually.

Salary Increases, Merit and Inflation - 2.75% -11.48%

Mortality Rates - Based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

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, 2022 are summarized in the following table. Assets for each of the defined benefit plans are commingled for investment purposes.

Asset Class	Long-term Expected Real Rate of Return
Public equities	6.00%
US Government	2.30%
Private equity	7.60%
Real assets:	
Real estate	5.20%
Infrastructure	5.30%
Natural resources	5.00%
Traditional credit	3.20%
Alternative credit	7.40%
Diversifiers	5.90%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.50% for 2022 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, 2022 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 6.50% for each of the Plans.

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
PLD Plan:			
Discount rate	5.50%	6.50%	7.50%
County's proportionate share of the net pension liability	$ 6,356,202	$ 2,151,520	$ (1,323,800)

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, 2022 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, 2022 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 2022, 2021 and 2020, this was three years for the PLD Consolidated Plan. For 2019, this was four years for the PLD Consolidated Plan. For 2018 and 2017, this was three years; prior to 2017, 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.

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2022 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020. 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' 2022 Comprehensive Annual Financial Report available online at www.mainepers.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.

NOTE 18 - CONTINGENCIES (CONTINUED)

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

NOTE 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 2022 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

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

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by contacting MMEHT at (800) 852-8300.

Benefits Provided

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

Employees Covered by Benefit Terms

At January 1, 2022, the following employees were covered by the benefit terms:

Active members	85
Retirees and spouses	5
Total	90

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.

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

Pre-Medicare	**Single Coverage**	**Family Coverage**
POS C	$1,063.66	$2,385.95
PPO 500	$980.48	$2,199.31
Medicare		
Medicare-Eligible Retirees	$600.50	$1,201.00

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

At December 31, 2022, the County reported a liability of $3,120,438 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2022 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, 2022, the County recognized OPEB expense of $192,291. At December 31, 2022, 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	$ 216,096	$ 446,269
Changes of assumptions	713,780	823,911
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	51,936	-
Total	$ 981,812	$ 1,270,180

$51,936 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

	MMEHT
Plan year ended December 31:	
2023	$ (29,559)
2024	(29,559)
2025	(29,559)
2026	(61,399)
2027	(26,848)
Thereafter	(163,380)

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, 2022. 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 2.06% per annum for January 1, 2022 was based upon a measurement date of December 30, 2021. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	1% Decrease	Discount Rate	1% Increase
	1.06%	2.06%	3.06%
Total OPEB liability	$ 3,667,709	$ 3,120,438	$ 2,673,593
Plan fiduciary net position	-	-	-
Net OPEB liability	$ 3,667,709	$ 3,120,438	$ 2,673,593
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

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

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

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	$ 2,576,412	$ 3,120,438	$ 3,831,854
Plan fiduciary net position	-	-	-
Net OPEB liability	$ 2,576,412	$ 3,120,438	$ 3,831,854
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, 2022, 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, 2021. 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.

Assumptions

The actuarial assumptions used in the January 1, 2022 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. As of January 1, 2021, they are as follows:

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

Discount Rate - 2.06% per annum for year end 2022 reporting. 2.12% per annum for year end 2021 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 2022_fa was used for this valuation. The following assumptions were input into this model:

Variable	Rate
Rate of Inflation	2.40%
Rate of Growth in Real Income/GDP per capital 2031+	1.10%
Extra Trend due to Taste/Technology 2031+	1.00%
Expected Health Share of GDP 2031	19.00%
Health Share of GDP Resistance Point	20.00%
Year for Limiting Cost Growth to GDP Growth	2042

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 trends selected from 2022 to 2025 were based on plan design, population weighting, renewal projections and market analysis. For years 2026 to 2030, these are interpolated from 2025 to 2031 (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.

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, 2021.

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

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims. A constant cost sharing in plan design between employer and employees is assumed.

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.

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:

Healthy Annuitant - Based on 112% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. The proposed rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95 and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

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

Active Employees - Rates of mortality are based on 83.5% and 88.6% of the 2010 Public Plan General Benefits- Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

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 December 31, 2022 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, 2022 was ($230,173).

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 January 1, 2022 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021

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

and based on the experience study covering the period from June 30, 2016 through June 30, 2020. 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.

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 EVENTS

On March 31, 2023, the County executed a tax anticipation note with Katahdin Trust Company for $3,380,000 at a fixed rate of 5.41% per annum with a maturity date of December 31, 2023.

On April 18, 2023, the County approved a fiscal year change from December to June. The County approved the option for Town’s to pay the January 1, 2024 - June 30, 2024 tax bills over a three year installment and the July 1, 2024 - June 30, 2025 tax bills on September 30, 2024.

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

SCHEDULE 1

COUNTY OF AROOSTOOK, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual	Variance Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, January 1	$ 2,005,717	$ 2,005,717	$ 2,005,717	$ -
Resources (Inflows):				
Taxes - municipalities	5,705,107	5,705,107	5,873,041	167,934
Charges for services	1,385,209	1,385,209	1,531,939	146,730
Register of Deeds	645,000	645,000	697,967	52,967
Register of Probate	-	-	134,432	134,432
Miscellaneous:				
Investment income-gain(loss)	-	-	29,833	29,833
Other revenues	-	-	210,139	210,139
Amounts Available for Appropriation	9,741,033	9,741,033	10,483,068	742,035
Charges to Appropriations (Outflows):				
Emergency management	242,126	242,126	236,440	5,686
District attorney	712,303	712,303	631,670	80,633
Administration	680,198	680,198	707,903	(27,705)
Superior Court building	172,613	172,613	209,496	(36,883)
Houlton Complex building	459,817	459,817	460,856	(1,039)
Sheriff's office building	45,197	45,197	43,406	1,791
Caribou Courthouse	246,432	246,432	246,587	(155)
Fort Kent registry	84,560	84,560	82,916	1,644
Jail building	120,179	120,179	109,386	10,793
Register of Deeds - South	288,486	288,486	271,999	16,487
Register of Deeds - North	212,170	212,170	201,056	11,114
Register of Probate	339,932	339,932	293,978	45,954
LE outside employment	-	-	3,414	(3,414)
LE stonegarden details	-	-	28,243	(28,243)
LE civil process	-	-	173,233	(173,233)
Maine Drug Enforcement	549,936	549,936	622,717	(72,781)
Law enforcement	2,704,829	2,704,829	2,571,635	133,194
Fire marshal	8,400	8,400	8,321	79
Outside agencies	144,383	144,383	144,381	2
Information technology	101,328	101,328	103,410	(2,082)
PSAP	187,650	187,650	187,650	-
Debt service:				
Interest	32,000	32,000	30,495	1,505
Employee benefits	32,230	32,230	79,176	(46,946)
Insurance	31,238	31,238	22,190	9,048
Other	41,000	41,000	35,150	5,850
Contingency	68,258	68,258	20,689	47,569
Transfers to other funds	678,172	678,172	741,501	(63,329)
Total Charges to Appropriations	8,183,437	8,183,437	8,267,898	(84,461)
Budgetary Fund Balance, December 31	$ 1,557,596	$ 1,557,596	$ 2,215,170	$ 657,574
Utilization of Unassigned Fund Balance	$ 448,121	$ 448,121	$ -	$ (448,121)

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*

	2022	2021	2020	2019	2018	2017	2016	2015
PLD Plan:								
Proportion of the net pension liability (asset)	0.81%	0.81%	0.81%	0.76%	0.74%	0.74%	0.73%	0.73%
Proportionate share of the net pension liability (asset)	$ 2,151,520	$ (261,279)	$ 3,216,372	$ 2,309,911	$ 2,033,335	$ 3,026,100	$ 1,291,252	$ 2,322,411
Covered payroll	$ 5,153,384	$ 4,947,397	$ 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	41.75%	-5.28%	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)	93.26%	100.86%	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.

SCHEDULE 3

COUNTY OF AROOSTOOK, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS*

	2022	2021	2020	2019	2018	2017	2016	2015
PLD Plan:								
Contractually required contribution	$ 636,682	$ 574,240	$ 536,517	$ 499,082	$ 420,195	$ 378,815	$ 343,015	$ 271,693
Contributions in relation to the contractually required contribution	(636,682)	(574,240)	(536,517)	(499,082)	(420,195)	(378,815)	(343,015)	(271,693)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 5,882,297	$ 5,153,384	$ 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	10.82%	11.14%	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.

SCHEDULE 4

COUNTY OF AROOSTOOK, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2022

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/21 (Reporting December 31, 2021)	$ 3,399,897	$ -	$ 3,399,897
Changes for the year:			
Service cost	200,387	-	200,387
Interest	75,967	-	75,967
Changes of benefits	-	-	-
Differences between expected and actual experience	240,107	-	240,107
Changes of assumptions	(761,883)	-	(761,883)
Contributions - employer	-	34,037	(34,037)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(34,037)	(34,037)	-
Administrative expense	-	-	-
Net changes	(279,459)	-	(279,459)
Balances at 1/1/22 (Reporting December 31, 2022)	$ 3,120,438	$ -	$ 3,120,438

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*

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost (BOY)	$ 200,387	$ 173,534	$ 122,552	$ 139,333	$ 112,061
Interest (includes interest on service cost)	75,967	86,310	119,318	103,648	96,949
Changes of benefit terms	-	-	(57,577)	-	-
Differences between expected and actual experience	240,107	-	(641,735)	-	(49,196)
Changes of assumptions	(761,883)	180,050	689,645	(276,436)	303,948
Benefit payments, including refunds of member contributions	34,037	(32,728)	(53,681)	(51,616)	(34,090)
Net change in total OPEB liability	$ (211,385)	$ 407,166	$ 178,522	$ (85,071)	$ 429,672
Total OPEB liability - beginning	$ 3,399,897	$ 2,992,731	$ 2,814,209	$ 2,899,280	$ 2,469,608
Total OPEB liability - ending	$ 3,120,438	$ 3,399,897	$ 2,992,731	$ 2,814,209	$ 2,899,280
Plan fiduciary net position					
Contributions - employer	(34,037)	32,728	53,681	51,616	34,090
Contributions - member	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments, including refunds of member contributions	34,037	(32,728)	(53,681)	(51,616)	(34,090)
Administrative expense	-	-	-	-	-
Net change in fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	$ -	$ -	$ -	$ -	$ -
Plan fiduciary net position - ending	$ -	$ -	$ -	$ -	$ -
Net OPEB liability - ending	$ 3,120,438	$ 3,399,897	$ 2,992,731	$ 2,814,209	$ 2,899,280
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%
Covered payroll	$ 4,209,355	$ 3,801,477	$ 3,801,477	$ 3,573,590	$ 3,573,590
Net OPEB liability as a percentage of covered payroll	74.1%	89.4%	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*

	2022	2021	2020	2019	2018
MMEHT:					
Employer contributions	$ (34,037)	$ 32,728	$ 53,681	$ 51,616	$ 34,090
Benefit payments	34,037	(32,728)	(53,681)	(51,616)	(34,090)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 4,209,355	$ 3,801,477	$ 3,801,477	$ 3,573,590	$ 3,573,590
Contributions as a percentage of covered payroll	-0.81%	0.86%	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.

Changes of Assumptions

PLD Pension Plan:

There were no changes to the actuarial assumptions.

MMEHT OPEB Plan:

The discount rate was updated to reflect the December 30, 2021 Bond Buyer 20-Bond GO Index. The ultimate trend assumption was reduced to reflect the reduction in the Bond Buyer 20-Bond GO Index.

The following demographic assumptions were updated based on the June 30, 2021 experience study:

Mortality, termination, retirement and salary rates.

The enrollment participation for plans with no employer subsidy was update for ages 65-70.

There was a change in the discount rate from 2.12% to 2.06% per GASB 75 discount rate selection. In addition, medical and prescription drug trend arrays were updated.

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

SCHEDULE A

COUNTY OF AROOSTOOK, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Due from other funds	$ 391,277	$ 1,308,532	$ 1,699,809
TOTAL ASSETS	$ 391,277	$ 1,308,532	$ 1,699,809
LIABILITIES			
Due to other funds	$ 23,994	$ -	$ 23,994
TOTAL LIABILITIES	23,994	-	23,994
FUND BALANCES			
Nonspendable	-	-	-
Restricted	391,277	-	391,277
Committed	-	2,204	2,204
Assigned	-	1,306,328	1,306,328
Unassigned (deficits)	(23,994)	-	(23,994)
TOTAL FUND BALANCES	367,283	1,308,532	1,675,815
TOTAL LIABILITIES AND FUND BALANCES	$ 391,277	$ 1,308,532	$ 1,699,809

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

SCHEDULE B

COUNTY OF AROOSTOOK, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental revenues	$ 783,485	$ -	$ 783,485
Other	-	376,209	376,209
TOTAL REVENUES	783,485	376,209	1,159,694
EXPENDITURES			
Program expenses	402,182	-	402,182
Capital outlay	-	956,073	956,073
TOTAL EXPENDITURES	402,182	956,073	1,358,255
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	381,303	(579,864)	(198,561)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	741,501	741,501
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	741,501	741,501
NET CHANGE IN FUND BALANCES (DEFICITS)	381,303	161,637	542,940
FUND BALANCES (DEFICITS) - JANUARY 1	(14,020)	1,146,895	1,132,875
FUND BALANCES (DEFICITS) - DECEMBER 31	$ 367,283	$ 1,308,532	$ 1,675,815

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.

SCHEDULE C

COUNTY OF AROOSTOOK, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2022

	Connect ME Grant	LATCF Grant	Law Enforcement Grant	Regional Assessing Grant	Homeland Security	Emergency Planning Funds	MMEHT Wellness Program	Mitigation Grant	Opioids Settlement	Total
ASSETS										
Due from other funds	$ 13,000	$ 50,000	$ -	$ -	$ -	$ 1,684	$ 1,110	$ -	$ 325,483	$ 391,277
TOTAL ASSETS	$ 13,000	$ 50,000	$ -	$ -	$ -	$ 1,684	$ 1,110	$ -	$ 325,483	$ 391,277
LIABILITIES										
Due to other funds	$ -	$ -	$ 5,768	$ -	$ 17,158	$ -	$ -	$ 1,068	$ -	$ 23,994
TOTAL LIABILITIES	-	-	5,768	-	17,158	-	-	1,068	-	23,994
FUND BALANCES (DEFICITS)										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	13,000	50,000	-	-	-	1,684	1,110	-	325,483	391,277
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	(5,768)	-	(17,158)	-	-	(1,068)	-	(23,994)
TOTAL FUND BALANCES (DEFICITS)	13,000	50,000	(5,768)	-	(17,158)	1,684	1,110	(1,068)	325,483	367,283
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	$ 13,000	$ 50,000	$ -	$ -	$ -	$ 1,684	$ 1,110	$ -	$ 325,483	$ 391,277

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, 2022

	Connect ME Grant	LATCF Grant	Law Enforcement Grant	Regional Assessing Grant	Homeland Security	Emergency Planning Funds	MMEHT Wellness Program	Mitigation Grant	Opioids Settlement	Total
REVENUES										
Intergovernmental revenues	$ 13,000	$ 50,000	$ 195,275	$ 121,406	$ 76,443	$ 332	$ 1,546	$ -	$ 325,483	$ 783,485
Other	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	13,000	50,000	195,275	121,406	76,443	332	1,546	-	325,483	783,485
EXPENDITURES										
Program expenses	-	-	201,043	121,406	74,742	4,007	984	-	-	402,182
TOTAL EXPENDITURES	-	-	201,043	121,406	74,742	4,007	984	-	-	402,182
NET CHANGE IN FUND BALANCES (DEFICITS)	13,000	50,000	(5,768)	-	1,701	(3,675)	562	-	325,483	381,303
FUND BALANCES (DEFICITS) - JANUARY 1	-	-	-	-	(18,859)	5,359	548	(1,068)	-	(14,020)
FUND BALANCES (DEFICITS) - DECEMBER 31	$ 13,000	$ 50,000	$ (5,768)	$ -	$ (17,158)	$ 1,684	$ 1,110	$ (1,068)	$ 325,483	$ 367,283

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.

SCHEDULE E

COUNTY OF AROOSTOOK, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2022

	EMA Capital	District Attorney Capital	Administration Capital	Superior Court Bldg Capital	Houlton Building Capital	Houlton Sheriff Bldg Capital
ASSETS						
Due from other funds	$ 77,077	$ 41,731	$ 28,705	$ 151,326	$ 36,050	$ 60,284
TOTAL ASSETS	$ 77,077	$ 41,731	$ 28,705	$ 151,326	$ 36,050	$ 60,284
LIABILITIES						
Due to other funds	$ -	$ -	$ -	$ -	$ -	$ -
TOTAL LIABILITIES	-	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	77,077	41,731	28,705	151,326	36,050	60,284
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	77,077	41,731	28,705	151,326	36,050	60,284
TOTAL LIABILITIES AND FUND BALANCES	$ 77,077	$ 41,731	$ 28,705	$ 151,326	$ 36,050	$ 60,284

COUNTY OF AROOSTOOK, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2022

	Caribou Courthouse Capital	Fort Kent Registrar Bldg Capital	Jail Building Capital	Registry of Deeds South Capital	Registry of Deeds North Capital	Service Contract (ARPA) Reserves	Registry of Probate Capital
ASSETS							
Due from other funds	$ 91,442	$ 9,776	$ 251,549	$ 54,322	$ 45,923	$ 93,652	$ 16,418
TOTAL ASSETS	$ 91,442	$ 9,776	$ 251,549	$ 54,322	$ 45,923	$ 93,652	$ 16,418
LIABILITIES							
Due to other funds	$ -	$ -	$ -	$ -	$ -	$ -	$ -
TOTAL LIABILITIES	-	-	-	-	-	-	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	91,442	9,776	251,549	54,322	45,923	93,652	16,418
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	91,442	9,776	251,549	54,322	45,923	93,652	16,418
TOTAL LIABILITIES AND FUND BALANCES	$ 91,442	$ 9,776	$ 251,549	$ 54,322	$ 45,923	$ 93,652	$ 16,418

COUNTY OF AROOSTOOK, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2022

	Law Enforcement Capital	Tele-communications Capital	Underground Storage Tank Capital	Unemployment Reserve	Excess Jail Cost Reserve	Technology Upgrade	Law Enforcement K9 Reserve	Total
ASSETS								
Due from other funds	$ -	$ 46,039	$ 38,221	$ 10,000	$ 218,651	$ 35,162	$ 2,204	$ 1,308,532
TOTAL ASSETS	$ -	$ 46,039	$ 38,221	$ 10,000	$ 218,651	$ 35,162	$ 2,204	$ 1,308,532
LIABILITIES								
Due to other funds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
TOTAL LIABILITIES	-	-	-	-	-	-	-	-
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	2,204	2,204
Assigned	-	46,039	38,221	10,000	218,651	35,162	-	1,306,328
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	-	46,039	38,221	10,000	218,651	35,162	2,204	1,308,532
TOTAL LIABILITIES AND FUND BALANCES	$ -	$ 46,039	$ 38,221	$ 10,000	$ 218,651	$ 35,162	$ 2,204	$ 1,308,532

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, 2022

	EMA Capital	District Attorney Capital	Administration Capital	Superior Court Bldg Capital	Houlton Building Capital	Houlton Sheriff Bldg Capital
REVENUES						
Other	$ -	$ -	$ 1,500	$ -	$ 1,525	$ -
TOTAL REVENUES	-	-	1,500	-	1,525	-
EXPENDITURES						
Capital outlay	45,498	61,176	14,017	11,758	10,742	13,773
TOTAL EXPENDITURES	45,498	61,176	14,017	11,758	10,742	13,773
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(45,498)	(61,176)	(12,517)	(11,758)	(9,217)	(13,773)
OTHER FINANCING SOURCES (USES)						
Transfers in	57,000	25,500	22,750	35,900	14,850	8,872
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	57,000	25,500	22,750	35,900	14,850	8,872
NET CHANGE IN FUND BALANCES	11,502	(35,676)	10,233	24,142	5,633	(4,901)
FUND BALANCES, JANUARY 1	65,575	77,407	18,472	127,184	30,417	65,185
FUND BALANCES, DECEMBER 31	$ 77,077	$ 41,731	$ 28,705	$ 151,326	$ 36,050	$ 60,284

SCHEDULE F (CONTINUED)

COUNTY OF AROOSTOOK, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Caribou Courthouse Capital	Fort Kent Registrar Bldg Capital	Jail Building Capital	Registry of Deeds South Capital	Registry of Deeds North Capital	Service Contract (ARPA) Reserves	Registry of Probate Capital
REVENUES							
Other	$ -	$ -	$ -	$ -	$ -	$ 93,652	$ -
TOTAL REVENUES	-	-	-	-	-	93,652	-
EXPENDITURES							
Capital outlay	105,323	859	19,508	349	-	-	1,457
TOTAL EXPENDITURES	105,323	859	19,508	349	-	-	1,457
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(105,323)	(859)	(19,508)	(349)	-	93,652	(1,457)
OTHER FINANCING SOURCES (USES)							
Transfers in	54,100	-	38,000	6,000	8,000	-	2,450
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	54,100	-	38,000	6,000	8,000	-	2,450
NET CHANGE IN FUND BALANCES	(51,223)	(859)	18,492	5,651	8,000	93,652	993
FUND BALANCES, JANUARY 1	142,665	10,635	233,057	48,671	37,923	-	15,425
FUND BALANCES, DECEMBER 31	$ 91,442	$ 9,776	$ 251,549	$ 54,322	$ 45,923	$ 93,652	$ 16,418

COUNTY OF AROOSTOOK, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Law Enforcement Capital	Tele-communications Capital	Underground Storage Tank Capital	Unemployment Reserve	Excess Jail Cost Reserve	Technology Upgrade	Law Enforcement K9 Reserve	Total
REVENUES								
Other	$ 60,161	$ -	$ -	$ -	$ 218,651	$ -	$ 720	$ 376,209
TOTAL REVENUES	60,161	-	-	-	218,651	-	720	376,209
EXPENDITURES								
Capital outlay	493,490	5,228	1,594	-	169,932	-	1,369	956,073
TOTAL EXPENDITURES	493,490	5,228	1,594	-	169,932	-	1,369	956,073
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(433,329)	(5,228)	(1,594)	-	48,719	-	(649)	(579,864)
OTHER FINANCING SOURCES (USES)								
Transfers in	433,329	17,250	12,500	5,000	-	-	-	741,501
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	433,329	17,250	12,500	5,000	-	-	-	741,501
NET CHANGE IN FUND BALANCES	-	12,022	10,906	5,000	48,719	-	(649)	161,637
FUND BALANCES, JANUARY 1	-	34,017	27,315	5,000	169,932	35,162	2,853	1,146,895
FUND BALANCES, DECEMBER 31	$ -	$ 46,039	$ 38,221	$ 10,000	$ 218,651	$ 35,162	$ 2,204	$ 1,308,532

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.

SCHEDULE G

COUNTY OF AROOSTOOK, MAINE

COMBINING SCHEDULE OF NET POSITION - FIDUCIARY FUNDS
CUSTODIAL FUNDS
DECEMBER 31, 2022

	Jail Commissary Account	Jail Inmate Account	Restitution Account	Total
ASSETS				
Cash and cash equivalents	$ 59,982	$ 23,129	$ 54,291	$ 137,402
TOTAL ASSETS	$ 59,982	$ 23,129	$ 54,291	$ 137,402
LIABILITIES				
Accounts payable	$ -	$ -	$ -	$ -
TOTAL LIABILITIES	-	-	-	-
NET POSITION				
Restricted	59,982	23,129	54,291	137,402
TOTAL NET POSITION	59,982	23,129	54,291	137,402
TOTAL LIABILITIES AND NET POSITION	$ 59,982	$ 23,129	$ 54,291	$ 137,402

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, 2022

	Jail Commissary Account	Jail Inmate Account	Restitution Account	Total
ADDITIONS				
Contributions	$ 72,309	$ 214,135	$ 68,017	$ 354,461
Total additions	72,309	214,135	68,017	354,461
DEDUCTIONS				
Other	135,091	177,454	63,447	375,992
Total deductions	135,091	177,454	63,447	375,992
FUND TRANSFERS	40,673	(40,673)	-	-
CHANGE IN NET POSITION	(22,109)	(3,992)	4,570	(21,531)
NET POSITION - JANUARY 1	82,091	27,121	49,721	158,933
NET POSITION - DECEMBER 31	$ 59,982	$ 23,129	$ 54,291	$ 137,402

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, 2022

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	N/A	$ 991,075	$ 991,075
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	N/A	12,314	12,314
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	N/A	100,000	100,000
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	N/A	458,030	458,030
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	N/A	121,405	121,405
Total U.S. Department Housing and Urban Development			1,682,824	1,682,824
U.S. Department of Justice				
Passed-through the State of Maine Department of Justice:				
Coronavirus Emergency Supplemental Funding Program	16.034	202010191247	29,370	42,540
Crime Victim Assistance	16.575	OPV 22-2301	-	50,291
Bulletproof Vest Partnership Program	16.607	FY2020	-	352
Bulletproof Vest Partnership Program	16.607	FY2021	-	2,728
Public Safety Partnership and Community Policing Grants	16.710	FY2021	-	128,591
Edward Byrne Memorial Justice Assistance Grant Program	16.738	ARO-01-09	20,829	25,223
Edward Byrne Memorial Justice Assistance Grant Program	16.738	ARO-01-20	-	436
Total U.S. Department of Justice			50,199	250,161
U.S. Department of Transportation				
Passed through State of Maine Department of Transportation:				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	2022 DRE/FP Training and Call Out	-	516
Subtotal Highway Safety Cluster			-	516
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	FY 2021 HVEP USDOT	-	7,320
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	FY 2022 HVEP USDOT	-	5,062
			-	12,382
Total U.S. Department of Transportation			-	12,898
U.S. Department of the Treasury				
Direct Award:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	268,647	1,076,091
Total U.S. Department of the Treasury			268,647	1,076,091
U.S. Department of Homeland Security				
Passed Through Maine Emergency Management Agency in the Department of Defense and Veteran's Services:				
Emergency Management Performance Grants	97.042	EMPG F2021 10/1/2021-1/31/2023	-	64,806
Emergency Management Performance Grants	97.042	EMPG F2021 10/1/2022-1/31/2024	-	24,332
Homeland Security Grant Program	97.067	EMW-2019-SS-00015	68,188	92,872
Homeland Security Grant Program	97.067	N/A		3,435
Homeland Security Grant Program	97.067	202008200632	-	11,616
Homeland Security Grant Program	97.067	EMW-2018-SS-00049	-	35,198
Total U.S. Department of Homeland Security			68,188	232,259
Total Federal Assistance			$ 2,069,858	$ 3,254,233

COUNTY OF AROOSTOOK, MAINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022. 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

Subrecipient	ALN	Expenditures
Northern Maine Development Commission	14.228	$ 290,030
Coastal Enterprises, Inc.	14.228	545,775
Androscoggin Valley Council of Governments	14.228	395,550
Southern Maine Planning and Development Commission	14.228	317,750
Aroostook Regional Assessing	14.228	111,405
Catholic Charities of Maine	14.228	12,314
Lewis Cousins	14.228	10,000
Houlton Police Department	16.034	8,496
Caribou Police Department	16.034	9,665
Limestone Police Department	16.034	786
Presque Isle Police Department	16.034	7,440
Washburn Police Department	16.034	2,983
Fort Kent Police Department	16.738	1,035

3. Expenditures to Subrecipients (Continued)

Subrecipient	ALN	Expenditures
Fort Fairfield Police Department	16.738	1,336
Presque Isle Police Department	16.738	8,911
Houlton Police Department	16.738	7,120
Caribou Police Department	16.738	1,942
Madawaska Police Department	16.738	485
Central Aroostook Ambulance	21.027	4,572
Stryker Sales, LLC	21.027	28,760
ACAP	21.027	3,704
Ignite Presque Isle	21.027	100,000
Homeless Service Aroostook	21.027	24,546
Town of Smyrna	21.027	75,000
Haly Ward, Inc.	21.027	32,065
Houlton Police Department	97.067	23,363
Maine Warden Service	97.067	23,591
Limestone Police Department	97.067	2,116
Caribou Police Department	97.067	10,764
Washburn Police Department	97.067	8,354
Total Subrecipient Expenditures		**$ 2,069,858**

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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, 2022 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 April 13, 2026.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 organization's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Additionally, as part of obtaining reasonable assurance about whether the County of Aroostook, Maine's financial statements are free of material misstatement, we considered the County of Aroostook, Maine's internal controls. We did this for the purpose of determining our auditing procedures but not for the purpose of expressing an opinion on the effectiveness of the County of Aroostook, Maine's internal control over financial reporting or compliance. We provided a separate letter reporting the results of our consideration of internal control to the management of the County of Aroostook, Maine's dated April 13, 2026.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
April 13, 2026

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

Qualified and Unmodified Opinions

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, 2022. 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.

Qualified Opinion on Coronavirus State and Local Fiscal Recovery Funds

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, County of Aroostook complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Coronavirus State and Local Fiscal Recovery Funds for the year ended December 31, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, County of Aroostook complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2022.

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 Responsibilities for the Audit of Compliance 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.

Matters Giving Rise to Qualified Opinion on ALN 21.027 Coronavirus State and Local Fiscal Recovery Funds

As described in the accompanying schedule of findings and questioned costs, Governmental Unit did not comply with requirements regarding ALN 21.027 Coronavirus State and Local Fiscal Recovery Funds as described in finding numbers 2022-001 for Procurement 2022-002 for Subrecipient Monitoring.

Compliance with such requirements is necessary, in our opinion, for County of Aroostook to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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 Responsibilities for the Audit of Compliance

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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on County of Aroostook's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. County of Aroostook's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance 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. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 to be material weaknesses.

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.

Government Auditing Standards requires the auditor to perform limited procedures on County of Aroostook's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. County of Aroostook's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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
April 13, 2026

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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 __X__no
- Significant deficiency(ies) identified? ____yes __X__no
- Noncompliance material to financial statements noted? ____yes __X__no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? __X__yes ______no
- Significant deficiency(ies) identified? _____yes __X__no

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? __X__yes _____no

Identification of major programs:

ALN Numbers	Name of Federal Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds
14.228	Community Development Block Grant State and Non-Entitlement grants

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

Auditee qualified as low-risk auditee? ____yes __X__no

Section II - Financial Statement Findings

None

Section III - Findings and Questioned Costs for Federal Awards

MATERIAL WEAKNESSES

2022-001 - Procurement

Federal Program Information:
CFDA - 21.027 - Coronavirus State and Local Fiscal Recovery Funds

Criteria: The following CFR(s) apply to this finding: 2 CFR 200.317-327, 2 CFR section 200.314, 2 CFR 200 Appendix II .

Condition: During audit procedures, it was identified that the County's policies did not include procedures for micro and small purchases. The procurement history files did not include documentation of Debarment and Suspension search's/certifications

Cause: The County does not have the necessary internal controls over compliance.

Effect: The County did not update its policies to include required micro and small purchase requirements. This increases the likelihood of using incorrect procurement methods. The lack of knowledge in procurement history file requirements to include Debarment and Suspension searches/certifications on contractors/vendors could result in contracting with ineligible contractors/vendors, increasing the likelihood of loss of federal funds.

Identification of Questioned Costs: Payments for Identified project is $169,000, which appears to have been awarded without performing a Debarment and Suspension Search, or requiring the debarment and suspension certification, remedy/breach of contract clause, or termination clause.

Context: Three of the Four Procurements for the County of Aroostook, Maine were tested. All three were missing the Debarment and Suspension search/certification. These were obtained later, after the fact. The procurement policy was missing the Micro and Small purchase threshold and requirements.

Repeat Finding: This is not a repeat finding.

Recommendation: It is recommended that the County include Micro and Small purchase threshold and methods in their Procurement Policy and implement internal control processes and procedures over Debarment and Suspension to ensure compliance with federal requirements.

Views of Responsible Officials and Corrective Action Plan: Please see the Corrective Action Plan issued by the County of Aroostook, Maine.

MATERIAL WEAKNESSES (Continued)

2022-002 - Subrecipient Monitoring

Federal Program Information:
CFDA - 21.027 - Coronavirus State and Local Fiscal Recovery Funds

Criteria: The following CFR(s) apply to this finding: 2 CFR 200.214 is the requirement of a Debarment and Suspension Search on subrecipients and 2 CFR 200.332(a) which includes what must be included in the subaward agreements and monitoring requirements.

Condition: During audit procedures, it was identified that the County's uses the ARPA program statement for the subrecipient monitoring policy and procedure and does not have a separate subrecipient policy and procedure, which has not been an effective method. The subawards did not include the required Federal Award Identification number, Assistance Listing Number, no mention of the approved indirect cost rate. The subrecipient monitoring documentation did not provide any indication of review of the financial reports, whether or not there were any deficiencies, corrective actions if needed, management letter comments/finding if needed, and no verification as to whether the subrecipient would need a single audit.

Cause: The County does not have the necessary internal controls over subrecipient monitoring compliance requirements. The lack of experience and knowledge of the program may be a key factor in the lack of internal controls.

Effect: As a pass-through entity the County is not providing the necessary federal identification information, nor is it properly monitoring the subrecipients for the required compliance requirements of the program. This increases the likelihood of ineligible subrecipients that are on the Debarment and Suspension list to receive federal funds and the likelihood of misuse of federal funds and noncompliance with the requirements of the program. Increasing the likelihood of loss of funding and inability to receive future funding.

Identification of Questioned Costs: Identified Subrecipient award Payments totaled $264,943.38. For which no Debarment or Suspension search was done, none of the monitoring requirements appeared to be performed on any of the subrecipients tested and one subrecipient did not go thru the application process for proper vetting.

Context: All Five of the Seven Subrecipients receiving funding during FY22 were reviewed. None of the Five were searched in SAM.gov for Debarment and Suspension. 1 was approved without applying for the funds, none were properly monitored for compliance requirements. All Five subawards were missing the Federal Award Identification Number, ALN, indirect cost rate.

MATERIAL WEAKNESSES (Continued)

2022-002 - Subrecipient Monitoring (Continued)

Repeat Finding: This is not a repeat finding.

Recommendation: It is recommended that the County write their own policy and procedure for subrecipient monitoring and implement a process to include a debarment and suspension search for all subrecipients on sam.gov to ensure compliance with federal requirements.

Views of Responsible Officials and Corrective Action Plan: Please see the Corrective Action Plan issued by the County of Aroostook, Maine.

County of Aroostook

COMMISSIONERS' OFFICE

INTERIM COUNTY ADMINISTRATOR
FINANCE DIRECTOR / DEPUTY TREASURER
Dana L. Gendreau

COUNTY COMMISSIONERS
PAUL J. UNDERWOOD
PRESQUE ISLE

WILLIAM T. DOBBINS
HOULTON

DANIEL V. DEVEAU
CYR PLANTATION

CORRECTIVE ACTION PLAN (Concerning Finding 2022-001)

Contact Person Responsible for Corrective Action: **Dana L. Gendreau, Interim County Administrator**

Corrective Action: **The County of Aroostook has initiated corrective action to address Finding 2022-001. Subsequent to the audit period and notice of the finding January 15, 2026, the County developed a comprehensive Federal Grant Procurement Policy that fully complies with the procurement standards of 2 CFR 200.317–327, including clearly defined micro-purchase and small-purchase thresholds and required procurement methods. The revised policy also establishes mandatory procedures for verifying and documenting contractor eligibility through Debarment and Suspension reviews using SAM.gov prior to contract award and requires inclusion of applicable federal contract provisions. The policy will be presented for formal adoption at the next available County Commissioner meeting scheduled for February 18, 2026. Upon adoption, these measures will strengthen internal controls over procurement compliance and reduce the risk of future noncompliance with federal procurement requirements.**

Anticipated Completion Date: **February 18, 2026**

CORRECTIVE ACTION PLAN (Concerning Finding 2022-002)

Contact Person Responsible for Corrective Action: **Dana L. Gendreau, Interim County Administrator**

Corrective Action: **The County of Aroostook has initiated corrective action to address Finding 2022-002. Subsequent to the audit period and notification of the finding on January 15, 2026, the County developed a formal Subrecipient Monitoring Policy intended to ensure compliance with the requirements of 2 CFR 200.214 and 2 CFR 200.332. The policy establishes procedures for subrecipient versus contractor determination, required subaward agreement elements, Debarment and Suspension verification, risk assessment, ongoing monitoring activities, Single Audit determination and follow-up, and enforcement of corrective actions. The policy is scheduled to be presented for formal adoption at the next available County Commissioner meeting on February 18, 2026. Upon adoption and implementation, these measures are expected to strengthen internal controls over subrecipient monitoring and reduce the risk of future noncompliance with federal award requirements.**

Anticipated Completion Date: **February 18, 2026**

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