

County of Aroostook, Maine

**Independent Auditors' Report
and
Management's Financial Statements**

December 31, 2017

Ron L. Beaulieu & Company

CERTIFIED PUBLIC ACCOUNTANTS

COUNTY OF AROOSTOOK, MAINE

DECEMBER 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of
County of Aroostook, Maine
Caribou, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of County of Aroostook, Maine, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise County of Aroostook, Maine's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of County of Aroostook, Maine, as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3.1 through 3.4, post-employment benefit schedules on pages 30 through 32, and budgetary comparison information on pages 29 and 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2019, on our consideration of 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Aroostook, Maine's internal control over financial reporting and compliance.

Ron L. Beaulieu & Co.

Portland, Maine
June 12, 2019

County of Aroostook, Maine

Management's Discussion and Analysis
For the Year Ended December 31, 2017

UNAUDITED

The following narrative is an overview of the County of Aroostook's financial performance designed to assist the reader in focusing on significant financial issues. This discussion and analysis should be read in conjunction with the attached financial statements together with the related notes.

USING THIS ANNUAL REPORT

In accordance with generally accepted accounting principles, the basic financial statements are presented in two formats. Each format presents information by a different measurement focus. The first of these formats is called the government-wide statements which presents the County of Aroostook as a whole and presents a longer-term view of the County's finances. The second format uses fund accounting and the focus is on current resources available for current obligations.

Reporting the County as a Whole

The government-wide statements are designed to present the County as a whole similar to the way a business presents financial statements. The Statement of Net Position (Statement A) combines the assets and liabilities as presented in the governmental funds with the County's capital assets and long-term obligations. In the Statement of Activities (Statement B) the focus is on both the gross and net cost of the various activities (or departments) which are funded by various general revenues including tax assessment and intergovernmental revenues. Revenues are recognized when earned regardless of when they are collected and expenses are recognized when the liability becomes due. Since capital asset purchases are not considered an expense under this measurement focus, annual charges for depreciation are recognized to indicate the use of these assets over time.

Fund Financial Statements

In the preparation of these statements, fund accounting is used which is described more fully in the notes to the financial statements. The focus under GASB 34 is on "major funds" which presents a separate column for only the most significant funds of the County. These statements (Statements B, C, & D) present the County's financial position and results of operations using a shorter-term view and show how money flows into and out of funds and the balances left at year-end that are available for spending. These funds report using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash.

The County also has custody and maintains funds for the operation of the county jail for the State of Maine Department of Corrections. These funds are included in the Statement of Net Position and Activities discussed above.

County of Aroostook, Maine

Management's Discussion and Analysis
For the Year Ended December 31, 2017

UNAUDITED

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 fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

		Table 1 Net Position	
		<u>Governmental Activities</u>	
		<u>2016</u>	<u>2017</u>
Current and other assets		\$3,205,744	3,808,502
Capital assets, net		<u>3,566,879</u>	<u>3,613,561</u>
Total assets		6,772,623	7,422,063
Deferred outflows of resources		2,183,726	1,548,656
Current liabilities		174,338	502,166
Noncurrent liabilities		<u>5,374,978</u>	<u>4,722,116</u>
Total liabilities		5,549,316	5,224,282
Deferred inflows of resources		850,745	1,273,871
Net position			
Net investment in capital assets		3,566,879	3,613,561
Restricted		990,050	1,332,974
Unrestricted		<u>(2,000,641)</u>	<u>(2,472,969)</u>
Total net position (deficit)		<u><u>2,556,288</u></u>	<u><u>2,473,566</u></u>

County of Aroostook, Maine

Management's Discussion and Analysis
For the Year Ended December 31, 2017

UNAUDITED

Table 2
Change in Net Position

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2017</u>
Revenues:		
Program revenues:		
Charges for services	\$ 1,242,137	\$1,299,901
Operating grants	<u>205,719</u>	<u>468,116</u>
	1,447,856	1,768,017
General revenues:		
Municipal tax	5,937,094	6,156,133
State of Maine appropriation	1,233,699	1,270,030
Excise Tax	346,336	336,004
Intergovernmental revenue	1,476,259	980,654
Investment income	16,039	16,505
Other revenue	<u>14,401</u>	<u>252,868</u>
	9,023,828	9,012,194
Total Revenues	<u>10,471,684</u>	<u>10,780,211</u>
Expenses:		
Program expenses:		
Emergency management	827,728	449,041
Roads	110,568	161,082
Administration	879,324	888,353
Public safety	90,545	56,664
Ambulance	52,243	52,902
Public works	104,591	105,604
Snow Removal	374,347	397,690
Solid waste disposal	119,817	127,219
Operation of courts	861,134	948,883
Registry operations	698,488	781,321
Drug and law enforcement	1,815,273	2,260,995
Fire Marshal	8,365	6,048
Fire Protection	151,220	165,796
Other	53,869	57,416
Outside requests	394,081	452,136
Capital outlays	90,564	195,178
County jail	3,253,151	3,466,839
Grant expenditures	278,343	
Unallocated depreciation	296,226	280,605
Other		
Total Expenses	<u>10,459,877</u>	<u>10,853,772</u>

County of Aroostook, Maine

Management's Discussion and Analysis
For the Year Ended December 31, 2017

UNAUDITED

ANALYSIS OF FINANCIAL POSITION

	Table 2	
	Change in Net Position	
	Cont'd	
	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2017</u>
Increase (decrease) in net position	\$ 11,806	\$ (73,561)
Net position – January 1 – original	(90,488)	2,546,127
Prior period adjustment	<u>2,634,970</u>	<u>0</u>
Net position – January 1 –revised	<u>2,556,288</u>	<u>2,472,566</u>
Net position – December 31	<u>\$ 2,556,288</u>	<u>2,472,566</u>

In the 2016 fiscal year, it was determined that the County of Aroostook, Maine's financial statements should include all operating departments and special revenue funds of the County, including the Jail department and the Unorganized Territory Fund.

During the year ending December 31, 2017, the total net position decreased from \$73,561 to \$2,472,566 at year end.

The net investment in capital assets increased by \$46,682 to \$3,613,561, restricted net position increased by \$342,924 to \$1,332,974, and unrestricted net position decreased by \$472,328 to \$2,473,566.

CAPITAL ASSET ACTIVITY

Capital assets, net of depreciation totaled \$3,613,561 as of December 31, 2017, representing a \$46,682 increase from the prior year end due to a purchase of a new law enforcement vehicle and a boiler system replacement at the Caribou Courthouse.

GENERAL FUND BUDGETARY HIGHLIGHTS

The County had a decrease in their net position of \$73,561, which was directly correlated to a decrease in intergovernmental revenue and excise tax. Along with these decreases in revenues, the County utilized the restricted reserve for restoration of deed records, which amounted to \$133,676 in expenses not originally budgeted for.

FINANCIAL CONTACT

The individual to be contacted regarding this report is the County Administrator, County of Aroostook, 144 Sweden Street, Suite 1, Caribou, ME 04736.

COUNTY OF AROOSTOOK, MAINE
STATEMENT OF NET POSITION
DECEMBER 31, 2017

STATEMENT A

	Governmental Activities
ASSETS	
Cash	\$ 3,379,413
Taxes receivable	-
Accounts receivable	245,245
Prepaid items	183,844
Capital assets (net)	3,613,561
TOTAL ASSETS	7,422,063
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,548,656
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,548,656
LIABILITIES	
Accounts payable	380,738
Accrued payroll	118,334
Deferred revenues	728
Accrued expenses	2,366
Long-term liabilities:	
Due within one year	-
Due more than one year	4,722,116
TOTAL LIABILITIES	5,224,282
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	1,273,871
TOTAL DEFERRED INFLOWS OF RESOURCES	1,273,871
NET POSITION	
Invested in capital assets, net of related debt	3,613,561
Restricted for:	
Unorganized Territory	1,332,974
Unrestricted	(2,473,969)
TOTAL NET POSITION	\$ 2,472,566

See accompanying independent auditors' report and management's notes to the financial statements.

COUNTY OF AROOSTOOK, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Governmental activities:					
Emergency management	\$ 449,041	\$ 104,473	\$ -	\$ -	\$ (344,568)
Roads	161,082	-	-	-	(161,082)
Administration	888,353	97,040	-	-	(791,313)
Public safety	56,664	93,558	-	-	36,894
Ambulance service	52,902	-	-	-	(52,902)
Public works	105,604	-	-	-	(105,604)
Snow removal	397,690	-	-	-	(397,690)
Solid waste disposal	127,219	-	-	-	(127,219)
Operation of courts	948,883	153,397	-	-	(795,486)
Registry operations	781,321	712,648	-	-	(68,673)
Drug and law enforcement	2,260,995	88,565	468,116	-	(1,704,314)
Fire marshal	6,048	-	-	-	(6,048)
Fire protection	165,796	-	-	-	(165,796)
Other	57,416	-	-	-	(57,416)
Outside requests	452,136	-	-	-	(452,136)
Capital outlays	195,178	-	-	-	(195,178)
County jail	3,466,839	50,220	888,234	-	(2,528,385)
Grant expenditures	-	-	-	-	-
Unallocated depreciation	280,605	-	-	-	(280,605)
Total	<u>\$ 10,853,772</u>	<u>\$ 1,299,901</u>	<u>\$ 1,356,350</u>	<u>\$ -</u>	<u>(8,197,521)</u>
General revenues:					
					6,156,133
					1,270,030
					336,004
					92,420
					16,505
					252,868
					<u>8,123,960</u>
					(73,561)
					<u>2,546,127</u>
					-
					<u>2,546,127</u>
					<u>\$ 2,472,566</u>

See accompanying independent auditors' report and management's notes to the financial statements.

COUNTY OF AROOSTOOK, MAINE
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	Major	Major	
	General	Unorganized Territory	
ASSETS			
Cash	\$ 2,045,590	\$ 1,333,823	\$ 3,379,413
Accounts receivable	245,244	-	245,244
Prepaid items	183,844	-	183,844
Due from other funds	-	-	-
TOTAL ASSETS	\$ 2,474,678	1,333,823	\$ 3,808,501
LIABILITIES			
Accounts payable	379,888	849	380,737
Accrued payroll	118,334	-	118,334
Due to other funds	-	-	-
Deferred revenues	728	-	728
Accrued expenses	2,366	-	2,366
TOTAL LIABILITIES	501,316	849	502,165
FUND BALANCES			
Nonspendable	183,844	-	183,844
Restricted	-	1,332,974	1,332,974
Committed	-	-	-
Assigned	619,948	-	619,948
Unassigned	1,169,570	-	1,169,570
TOTAL FUND BALANCES	1,973,362	1,332,974	3,306,336
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,474,678	\$ 1,333,823	\$ 3,808,501

See accompanying independent auditors' report and management's notes to the financial statements.

COUNTY OF AROOSTOOK, MAINE
RECONCILIATION OF THE BALANCE SHEET –
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2017

Fund balances - total governmental funds	\$ 3,306,336
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets	3,613,561
Deferred outflows related to pensions	1,548,656
Deferred inflows related to pensions	(1,273,871)
Short-term liabilities	-
Long-term liabilities	<u>(4,722,116)</u>
Net position of governmental activities	<u><u>\$ 2,472,566</u></u>

See accompanying independent auditors' report and management's notes to the financial statements.

COUNTY OF AROOSTOOK, MAINE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Major	Major	Total
	General	Unorganized Territory	
REVENUES			
Municipal tax return	\$ 6,156,133	\$ -	\$ 6,156,133
State of Maine appropriation	-	1,270,030	1,270,030
Excise tax	-	336,004	336,004
Charges for services	587,253	-	587,253
Federal and state assistance	25,633	-	25,633
Registry of deeds and probate	712,648	-	712,648
Intergovernmental revenue	1,330,717	92,420	1,423,137
Interest	6,912	9,593	16,505
Other revenue	250,828	2,041	252,869
TOTAL REVENUES	9,070,124	1,710,088	10,780,212
EXPENDITURES			
Current:			
Emergency management	249,831	-	249,831
Roads	-	161,082	161,082
Administration	843,985	102,010	945,995
Public safety	28,573	72,909	101,482
Ambulance service	-	52,902	52,902
Public works	-	105,604	105,604
Snow removal	-	397,690	397,690
Solid waste disposal	-	127,219	127,219
Operation of courts	948,883	-	948,883
Registry operations	781,321	-	781,321
Drug and law enforcement	2,255,182	-	2,255,182
Fire marshal	6,048	-	6,048
Fire protection	-	165,796	165,796
Other	3,200	54,216	57,416
Outside requests	452,136	-	452,136
Grant expenditures	-	-	-
County jail	3,266,528	-	3,266,528
Capital outlays	292,276	127,730	420,006
TOTAL EXPENDITURES	\$ 9,127,963	\$ 1,367,158	\$ 10,495,121

See accompanying independent auditors' report and management's notes to the financial statements.

STATEMENT E (CONTINUED)

COUNTY OF AROOSTOOK, MAINE
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Major	Major	
	General	Unorganized Territory	Total
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	\$ (57,839)	\$ 342,930	\$ 285,091
OTHER FINANCING SOURCES (USES)			
Transfer in	-	-	-
Transfer out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCE	(57,839)	342,930	285,091
FUND BALANCE - JANUARY 1 - ORIGINAL	2,031,201	990,044	3,021,245
PRIOR PERIOD ADJUSTMENT	-	-	-
FUND BALANCE - JANUARY 1 - REVISED	2,031,201	990,044	3,021,245
FUND BALANCE - DECEMBER 31	\$ 1,973,362	\$ 1,332,974	\$ 3,306,336

See accompanying independent auditors' report and management's notes to the 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, 2017

Net change in fund balances - total governmental funds	\$ 285,091
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
This is the amount of capital outlays.	327,287
This is the amount of capital deletions.	-
This is the amount of depreciation expense.	(280,605)
Changes in net pension liability and related deferred outflows and inflows do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(200,311)
Changes in OPEB do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(199,210)
Expenses for accrued compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>(5,813)</u>
Change in net position of governmental activities.	<u><u>\$ (73,561)</u></u>

See accompanying independent auditors' report and management's notes to the financial statements.

COUNTY OF AROOSTOOK, MAINE
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 DECEMBER 31, 2017

	<u>Agency Funds</u>	<u>Total</u>
ASSETS		
Cash	\$ 31,373	\$ 31,373
Investments	-	-
TOTAL ASSETS	<u>31,373</u>	<u>31,373</u>
LIABILITIES		
Due to specific individuals	31,373	31,373
TOTAL LIABILITIES	<u>\$ 31,373</u>	<u>\$ 31,373</u>

See accompanying independent auditors' report and management's notes to the financial statements.

COUNTY OF AROOSTOOK, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Aroostook, Maine (the County), was incorporated as a County in 1839. The County operates under the authority of a County Charter and State of Maine law. Under this form of a government, the County Commissioners set the policy for the organization and the County Administrator is in charge of implementing that policy.

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 more significant accounting policies established in GAAP and used by the County are discussed below.

A. REPORTING ENTITY

These financial statements present the County (the primary government) and its component units, if any. As defined by GASB No. 14, component units are legally separate entities that are included in the County's reporting entity because of the significance of the operating or financial relationships with the County.

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE 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.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions and business-type activities. The functions are also supported by general government revenues (property, certain intergovernmental 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 or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net cost (by function or business-type activity) are normally covered by general revenue (property, intergovernmental revenues, interest income, etc).

The County does not allocate indirect costs.

COUNTY OF AROOSTOOK, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

This 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.

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the County are reported in 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 equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of either 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.

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The County reports these major governmental funds and fund types:

- a. The general fund is the County's primary operating fund. It is used to account for and report all financial resources except those required to be accounted for in another fund.
- b. The Unorganized Territory fund is a special revenue fund that accounts for the municipal services provided to the unorganized territories within the County.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

2. Fiduciary Funds:

Fiduciary Funds are used to report assets held in a trustee or agency 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 are reported using accounting principles similar to proprietary funds.

COUNTY OF AROOSTOOK, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which levied. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

2. Modified accrual:

The governmental funds 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 within 60 days after year end. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

COUNTY OF AROOSTOOK, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. FINANCIAL STATEMENTS ACCOUNTS

1. Cash:

The County has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agent.

2. Inventories:

Inventories in the general fund consist of expendable supplies held for the County's use and are carried at cost using the first-in, first-out method.

3. Receivables:

All receivables are reported net of estimated uncollectible amounts.

4. Capital assets:

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. 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. The County reports all major general infrastructure assets constructed or acquired in fiscal years ending after June 30, 1980, or that received major renovations, restorations, or improvements during that period. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and Improvements	7-40 years
Machinery and Equipment	5-20 years
Vehicles	5-15 years
Infrastructure	40 years

COUNTY OF AROOSTOOK, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Property Tax Calendar and Revenues:

Taxes from Cities and Towns are committed on or around March 1st of each year. Taxes are due on or near September 1st. If the taxes are not paid by the City or Town on or before the due date, they will be charged interest of 7% A.P.R. beginning November 1st.

6. Compensated Absences:

The County accrues accumulated unpaid vacation and sick leave when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is reported only as a general long-term obligation in the government-wide statement of net position and represents a reconciling item between the fund and government-wide presentations.

7. Government-wide and Proprietary Fund Net Position:

Government-wide and proprietary fund net positions are divided into three components:

- Net investments in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted net position – consist of assets that are restricted by the County's creditors (for example, through debt covenants), by the state enabling legislation (though restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted – all other net position is reported in this category.

COUNTY OF AROOSTOOK, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Governmental Fund Balances:

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted – Amounts that can be spent only for specific purposes because of the County Charter, the County Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed – Amounts that can be used only for specific purposes determined by a formal action by vote of the County Commissioners.
- Assigned – Amounts that are designated by the County Administrator for a particular purpose.
- Unassigned – All amounts not included in other spendable classifications. There is no policy on minimum unassigned fund balance.

9. Use of Restricted Resources:

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the County's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the County's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

10. Interfund Activity:

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

COUNTY OF AROOSTOOK, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2 - CASH AND INVESTMENTS

The total amount of the County's cash consists of the following at December 31, 2017:

Cash	\$ 3,379,413
Cash - Fiduciary	<u>31,373</u>
Total	<u><u>\$ 3,410,786</u></u>

The total amount of the County's deposits in financial institutions, per the bank statements, at December 31, 2017 was \$3,668,869 of which \$3,204,683 was covered by federal depository insurance. The remaining deposits of \$464,186 were collateralized by a bank.

NOTE 3 - ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

The allowance for uncollectible accounts receivable at December 31, 2017 is estimated to be:

General Fund	\$ -
Governmental Activities	<u><u>\$ -</u></u>

The allowance for uncollectible accounts due from other governments at December 31, 2017 is estimated to be:

General Fund	\$ -
Governmental Activities	<u><u>\$ -</u></u>

COUNTY OF AROOSTOOK, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets:

GOVERNMENTAL ACTIVITIES

	Balance 01/01/17	Additions	Deletions	Balance 12/31/17
Capital assets (non-depreciable):				
Land	\$ 93,300	\$ -	\$ -	\$ 93,300
Total capital assets (non-depreciable)	<u>93,300</u>	<u>-</u>	<u>-</u>	<u>93,300</u>
Capital assets (depreciable):				
Buildings & Improvements	13,586,650	14,646	-	13,601,296
Vehicles	1,061,215	57,642	(53,187)	1,065,670
Equipment	1,809,093	47,317	-	1,856,410
Land Improvements	289,853	-	-	289,853
Infrastructure	1,884,747	207,682	-	2,092,429
Total capital assets (depreciable)	<u>18,631,558</u>	<u>327,287</u>	<u>(53,187)</u>	<u>18,905,658</u>
Less accum. depreciation for:				
Buildings & Improvements	(12,509,226)	(60,383)	-	(12,569,609)
Vehicles	(767,242)	(79,604)	53,187	(793,659)
Equipment	(1,452,524)	(74,900)	-	(1,527,424)
Land Improvements	(144,594)	(14,273)	-	(158,867)
Infrastructure	(284,394)	(51,445)	-	(335,839)
Total accum. depreciation	<u>(15,157,980)</u>	<u>(280,605)</u>	<u>53,187</u>	<u>(15,385,398)</u>
Net capital assets	<u>\$ 3,566,878</u>	<u>\$ 46,682</u>	<u>\$ -</u>	<u>\$ 3,613,560</u>

Depreciation was charged to governmental functions as follows:

Unallocated	<u>\$ 280,605</u>
Total	<u>\$ 280,605</u>

COUNTY OF AROOSTOOK, MAINE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2017

NOTE 5 - SHORT-TERM FINANCING

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANs or TANs).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANs) or grant anticipation notes (GANs).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the General Fund.

Details related to the short-term debt activity for the fiscal year ended December 31, 2017, is as follows:

Type	Purpose	Rate	Due Date	Balance at 01/01/17	Issued	Retired	Balance at 12/31/17
TAN	Cash flow	2.90%	12/31/2017	\$ -	\$ 1,350,000	\$ 1,350,000	\$ -
				<u>\$ -</u>	<u>\$ 1,350,000</u>	<u>\$ 1,350,000</u>	<u>\$ -</u>

NOTE 6 – LONG-TERM DEBT

The following is a summary of changes in long-term liabilities:

	Balance 01/01/17	Additions	Deletions	Balance 12/31/17	Current Portion
GOVERNMENTAL ACTIVITIES					
Bonds and notes payable:					
Total bonds and notes payable	-	-	-	-	-
Other liabilities					
Compensated absences	192,653	5,813	-	198,466	-
Net pension liability	3,883,985	-	(857,885)	3,026,100	-
OPEB obligation	1,298,340	199,210	-	1,497,550	-
Total other liabilities	<u>\$5,374,978</u>	<u>\$205,023</u>	<u>\$(857,885)</u>	<u>\$4,722,116</u>	<u>\$ -</u>
Governmental activities long-term liabilities	<u>\$5,374,978</u>	<u>\$205,023</u>	<u>\$(857,885)</u>	<u>\$4,722,116</u>	<u>\$ -</u>

COUNTY OF AROOSTOOK, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 7 - COMPONENTS OF FUND BALANCE

At December 31, 2017, the components of fund balances consisted of the following:

	Nonspendable	Restricted	Committed	Assigned
General Fund				
Capital Balance Carry forward from FY16	\$ -	\$ -	\$ -	\$ 419,362
Registry of Deeds Reserve	-	-	-	-
Registry of Probate Reserve	-	-	-	-
Contingency	-	-	-	100,000
Welcome to Aroostook Signs	-	-	-	-
Part-time Officers	-	-	-	-
Sheriff's Equipment	-	-	-	3,016
Unemployment	-	-	-	-
Radion Maintenance - Law Enforcement	-	-	-	-
Equipment Maintenance - Houlton Building	-	-	-	-
EMA/Wellness Grants	-	-	-	4,109
Compensation study	-	-	-	-
Sick and Vacation Fund	-	-	-	35,736
Retiree / Administrator Medical	-	-	-	10,983
Contingency	-	-	-	-
Technology Upgrade	-	-	-	35,162
Applied to 2017 Budget	-	-	-	-
Capital cleanup	-	-	-	11,580
Prepaid items	183,844	-	-	-
Unorganized Territory	-	1,332,974	-	-
Total	\$ 183,844	\$ 1,332,974	\$ -	\$ 619,948

COUNTY OF AROOSTOOK, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 8 - EMPLOYEE BENEFIT PLANS

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

A. Plan Description

County employees contribute to the Maine Public Employees Retirement System (MEPERS), a cost-sharing multiple-employer contributory defined benefit public employee pension plan (The Plan) that acts as a common investment and administrator for its participants.

The MEPERS provides retirement, annual cost-of-living adjustments, and death and disability benefits to members and beneficiaries. These benefit provisions and all other requirements are established by state statute. The MEPERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine, 04333-0046.

B. Funding Policy

The contribution requirements of plan members are established and may be amended by the state statute. This year, members contributed 8.0% of gross earnings. The County is required to contribute the remaining amounts necessary to fund the system, using the actuarial basis specified by the statute.

The Plan's fiduciary net position uses the same basis as the plan. The Plan uses the accrual basis of accounting, and benefits and refunds are recognized when due and payable. Plan investments are measured at fair value.

Net Pension Liability assumptions:

- 1) Investment rate of return 6.875%
- 2) Price inflation 2.75%
- 3) Salary increases 2.75% - 9.0%
- 4) Mortality source was the RP-2014 mortality table
- 5) Experience studies were from 2012-2015

COUNTY OF AROOSTOOK, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 8 - EMPLOYEE BENEFIT PLANS (CONTINUED)

Discount rate assumptions:

- 1) Rate equals investment rate of return
- 2) Projected cash flows assume required contributions
- 3) Long-term expected rate of return equals investment rate of return and is applied to all periods
- 4) Asset allocation is as follows: 45% domestic equity, 7.5% US Government, 12.5% credit, 10% diversifiers and 25% real assets

Net Pension Liability Sensitivity:

- 1) Discount rate 1% higher: \$733,547
- 2) Discount rate 1% lower: \$6,071,287

The proportion of total liability was determined by taking the County's actual contributions divided by the Plan's actual contributions. The proportion increased by 0.008095% from the prior measurement date of June 30, 2016 to the current measurement date of June 30, 2017. The actuarial valuation date is June 30, 2017.

Pension expense recognized during December 31, 2017 was \$699,591.

The following is the composition of deferred outflows related to pension:

Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Share of Contributions	Contributions to Plan Subsequent to Measurement	Total Deferred Outflows Related to Pension
\$0	\$1,042,881	\$257,502	\$47,687	\$200,586	\$1,548,656
Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Share of Contributions	Total Deferred Inflows Related to Pension	
(\$145,383)	(\$1,126,091)	\$-	(\$2,397)	(\$1,237,871)	

COUNTY OF AROOSTOOK, MAINE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2017

NOTE 8 - EMPLOYEE BENEFIT PLANS (CONTINUED)

The following is a 5 year schedule of changes in Deferred Outflows and Deferred Inflows related to pensions:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Deferred Outflows and (Inflows)	\$174,571	\$285,941	\$20,302	(\$206,029)	\$-

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS

The County, in accordance with its current health insurance company agreement, provides optional health and other benefits to eligible retirees. Benefit provisions for contractual employees are established and amended through negotiations between the County Commissioners and the respective unions. For all other employees, benefit provisions are established and amended by the County Commissioners.

Funding policy – The County currently funds claims and administrative costs for postemployment benefits through its health insurance company or through current year expenditures.

Active members	80
Retirees	<u>2</u>
Total	82

Annual OPEB Cost and Net OPEB Obligations

The County of Aroostook’s annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of future events. Assumptions include future employment, mortality, and healthcare and other benefit cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future.

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County’s net OPEB obligation (asset):

COUNTY OF AROOSTOOK, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

	2017
Annual required contribution (ARC)	\$ 248,190
Interest on net OPEB obligation	51,934
Adjustment to annual required contribution	(75,083)
Annual OPEB cost	225,041
Contributions made	(25,831)
Increase in net OPEB obligation	199,210
Net OPEB obligation, beginning of year	1,298,340
 Net OPEB obligation, end of year	 \$ 1,497,550

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal years ended December 31, 2015 through 2017 is presented below:

Fiscal Year Ending		Annual OPEB Cost (AOC)		Employer Contributions		Percentage Of AOC Contributed		Net OPEB Obligation
12/31/15		262,693		15,236		5.8%		1,049,790
12/31/16		258,280		9,815		3.8%		1,298,340
12/31/17		225,041		25,831		11.5%		1,497,550

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2017 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 4% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date.

COUNTY OF AROOSTOOK, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

An annual healthcare cost blended trend rate of 8.52% is used initially, decreasing at a variable rate per year to an ultimate rate of 4.0% for 2033 and later. The remaining amortization period at December 31, 2017 was 30 years. As of January 1, 2017, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was approximately \$2,389,807, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$2,389,807.

The required schedule of funding progress, presented as required supplementary information, provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

These numbers are based on an actuarial valuation as of January 1, 2017 for a reporting date of December 31, 2017. The level dollar open amortization method that was used to calculate the numbers is presented below.

	2017
Discount rate	4.0%
Payroll growth assumption	2.75%
Accrued liability	\$2,389,807
Value of assets	-
Unfunded liability	2,389,807
Normal cost	105,757
Amortization of unfunded	132,887
Interest	9,546
Annual required contribution	\$248,190

COUNTY OF AROOSTOOK, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 10 - 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, injuries to employees, and natural disasters. The County, along with numerous other municipalities in the State, is a member of three public entity risk pools in the State currently operating as a common risk management and insurance program for which all political subdivisions in the State of Maine are eligible to participate. The pools provide coverage for worker's compensation, unemployment and property liability insurance. As a member of the pools, the County shares in contributing to the cost of and receiving benefits from a self-insured pooled risk management program. There were no deductible claims for the fiscal year.

The pool agreement permits the pool to make additional assessments to members should there be deficiency in pool assets to meet its liabilities. At this time, the pool foresees no likelihood of an additional assessment for past years.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The County participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at December 31, 2017 may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective agents; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

COUNTY OF AROOSTOOK, MAINE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2017

NOTE 12 - SUBSEQUENT EVENTS

Adoption of New Accounting Pronouncements –

The GASB has issued the following statements, which will require adoption subsequent to December 31, 2017 and are applicable to the County. The County has not yet adopted these statements, and the implication on the County’s fiscal practices and financial reports is being evaluated.

Statement No.	Title	Effective Date (FY begins after)
	Accounting and Financial Reporting for Postemployment	
75	Benefits Other Than Pensions	06/15/17
83	Certain Asset Retirement Obligations	06/15/18
84	Fiduciary Activities	12/15/18
85	Omnibus 2017	06/15/17
86	Certain Debt Extinguishment Issues	06/15/17
87	Leases	12/15/19
88	Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements	06/15/18
89	Accounting for Interest Cost Incurred before the End of a Construction Period	12/15/19
90	Majority Equity Interests	12/15/18

NOTE 13 - MANAGEMENT REVIEW

Management has reviewed subsequent events as of June 12, 2019, the date the financial statements were available to be issued. At that time, there were no material subsequent events.

COUNTY OF AROOSTOOK, MAINE
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL – GENERAL FUND
 YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Municipal tax return	\$ 6,072,484	\$ 6,072,484	\$ 6,156,133	\$ 83,649
Charges for services	441,743	450,222	484,913	34,691
Federal and state assistance	-	(18,107)	25,633	43,740
Registry of deeds and probate	891,359	891,359	712,648	(178,711)
Intergovernmental revenue	1,421,058	1,421,058	1,330,717	(90,341)
Interest	5,000	5,000	6,912	1,912
Other revenue	300	(1,668)	10,177	11,845
TOTAL REVENUES	8,831,944	8,820,348	8,727,133	(93,215)
EXPENDITURES				
Current:				
Emergency management	163,275	163,275	217,705	(54,430)
Administration	807,141	807,141	818,383	(11,242)
Public safety	32,524	32,524	28,573	3,951
Operation of courts	1,039,686	1,039,686	948,883	90,803
Registry operations	743,622	743,622	724,746	18,876
Drug and law enforcement	1,995,431	1,995,431	1,990,513	4,918
Fire marshal	6,048	6,048	6,048	-
Other	2,000	2,000	3,200	(1,200)
Outside requests	417,213	417,213	452,136	(34,923)
County jail	3,522,145	3,522,145	3,266,528	255,617
Capital outlays	233,173	233,173	292,276	(59,103)
TOTAL EXPENDITURES	8,962,258	8,962,258	8,748,991	213,267
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)				
	(130,314)	(141,910)	(21,858)	120,052
OTHER FINANCING SOURCES (USES)				
Utilization of unassigned fund balance	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ (130,314)	\$ (141,910)	\$ (21,858)	\$ 120,052

See accompanying independent auditors' report and management's notes to required supplementary information.

COUNTY OF AROOSTOOK, MAINE
 SCHEDULE OF PROPORTIONATE SHARE
 OF NET PENSION LIABILITY
 LAST TEN YEARS
 YEAR ENDED DECEMBER 31, 2017

	2017	2016	2015	2014	2013
Proportion of the net pension liability	0.739%	0.731%	0.728%	*	*
Proportionate share of net pension liability	\$ 3,026,100	\$ 1,291,252	\$ 2,322,411	*	*
Covered payroll	\$ 3,954,148	\$ 3,854,101	\$ 3,745,557	*	*
Proportionate share of the net pension liability as a percentage of covered payroll	76.5%	33.5%	62.0%	*	*
Plan fiduciary net position as a percentage of the total pension liability	86.43%	81.61%	88.30%	*	*
	2012	2011	2010	2009	2008
Proportion of the net pension liability	*	*	*	*	*
Proportionate share of net pension liability	*	*	*	*	*
Covered payroll	*	*	*	*	*
Proportionate share of the net pension liability as a percentage of covered payroll	*	*	*	*	*
Plan fiduciary net position as a percentage of the total pension liability	*	*	*	*	*

* - Information not available.

See accompanying independent auditors' report and management's notes to required supplementary information.

COUNTY OF AROOSTOOK, MAINE
 SCHEDULE OF CONTRIBUTIONS
 LAST TEN YEARS
 YEAR ENDED DECEMBER 31, 2017

	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 378,815	\$ 343,015	\$ 271,693	*	*
Contributions in relation to the actuarially determined contribution	(378,815)	(343,015)	(271,693)	*	*
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>*</u>	<u>*</u>
Covered payroll	\$ 3,954,148	\$ 3,854,101	\$ 3,745,557	*	*
Contributions as a percentage of covered payroll	9.6%	8.9%	7.25%	*	*

	2012	2011	2010	2009	2008
Actuarially determined contribution	*	*	*	*	*
Contributions in relation to the actuarially determined contribution	*	*	*	*	*
Contribution deficiency (excess)	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Covered payroll	*	*	*	*	*
Contributions as a percentage of covered payroll	*	*	*	*	*

* - Information not available.

See accompanying independent auditors' report and management's notes to required supplementary information.

COUNTY OF AROOSTOOK, MAINE
 SCHEDULE OF FUNDING PROGRESS
 LAST TEN YEARS
 YEAR ENDED DECEMBER 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2011	-	\$ 1,797,432	\$ 1,797,432	0.0%	\$ -	N/A
1/1/2014	-	\$ 2,260,078	\$ 2,260,078	0.0%	\$ 626,829	360.56%
1/1/2017	-	\$ 2,389,807	\$ 2,389,807	0.0%	\$ 3,321,733	71.94%

See accompanying independent auditors' report and management's notes to required supplementary information.

COUNTY OF AROOSTOOK, MAINE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The County is required to have a budget for the General Fund.

Basis of Accounting

The modified accrual basis of accounting is used in preparing budgets except when non-cash items are involved. In that case, the non-cash items are omitted from the budget.

NOTE 2 – ACTUAL (BUDGET BASIS) TO GAAP BASIS RECONCILIATION

Revenues:

Actual amounts (budgetary basis) from the budgetary comparison schedule	\$ 8,727,133
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Differences - budget to GAAP:

Grants and reimbursements are not budgeted as revenue, but are revenues under GAAP.	<u>342,991</u>
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Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 9,070,124</u>
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Expenditures:

Actual amounts (budgetary basis) from the budgetary comparison schedule	\$ 8,748,991
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Differences - budget to GAAP:

Grant expenditures are not budgeted as expenditures, but are expenditures under GAAP.	<u>378,972</u>
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Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 9,127,963</u>
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NOTE 3 – OVERSPENT APPROPRIATIONS

The following are materially overspent appropriations:

None