

**County of Aroostook, Maine**

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

**December 31, 2018**

**Ron L. Beaulieu & Company**

**CERTIFIED PUBLIC ACCOUNTANTS**

COUNTY OF AROOSTOOK, MAINE

DECEMBER 31, 2018

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# Ron L. Beaulieu & Company

## CERTIFIED PUBLIC ACCOUNTANTS

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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, 2018, 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, 2018, 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 32 through 34, and budgetary comparison information on pages 31 and 35 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 January 27, 2020, 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 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 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 County of Aroostook, Maine's internal control over financial reporting and compliance.

*Ron L. Beaulieu & Co.*

Portland, Maine  
January 27, 2020

County of Aroostook, Maine

Management's Discussion and Analysis  
For the Year Ended December 31, 2018

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 A, B, & E) 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, 2018

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>2018</u>	<u>2017</u>
Current and other assets		\$4,147,533	3,808,502
Capital assets, net		<u>3,728,853</u>	<u>3,613,561</u>
	Total assets	7,876,386	7,422,063
Deferred outflows of resources		845,831	1,548,656
Current liabilities		231,015	502,166
Noncurrent liabilities		<u>5,244,484</u>	<u>4,722,116</u>
	Total liabilities	5,475,499	5,224,282
Deferred inflows of resources		557,548	1,273,871
Net position			
	Net investment in capital assets	3,728,853	3,613,561
	Restricted	1,698,504	1,332,974
	Unrestricted	<u>(2,738,187)</u>	<u>(2,472,969)</u>
	Total net position (deficit)	<u><u>2,689,170</u></u>	<u><u>2,473,566</u></u>

County of Aroostook, Maine

Management's Discussion and Analysis  
For the Year Ended December 31, 2018

UNAUDITED

**Table 2**  
**Change in Net Position**

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 1,177,604	\$1,299,901
Operating grants	<u>94,419</u>	<u>468,116</u>
	1,272,023	1,768,017
General revenues:		
Municipal tax	6,869,068	6,156,133
State of Maine appropriation	1,351,013	1,270,030
Excise Tax	339,789	336,004
Intergovernmental revenue	1,632,825	980,654
Investment income	15,639	16,505
Other revenue	<u>261,776</u>	<u>252,868</u>
	10,470,110	9,012,194
<b>Total Revenues</b>	<b><u>11,742,133</u></b>	<b><u>10,780,211</u></b>
<b>Expenses:</b>		
Program expenses:		
Emergency management	388,881	449,041
Roads	295,883	161,082
Administration	937,831	888,353
Public safety	102,627	56,664
Ambulance	53,134	52,902
Public works	174,662	105,604
Snow Removal	431,802	397,690
Solid waste disposal	132,451	127,219
Operation of courts	971,052	948,883
Registry operations	721,819	781,321
Drug and law enforcement	2,357,444	2,260,995
Fire Marshal	6,048	6,048
Fire Protection	163,372	165,796
Other	53,080	57,416
Outside requests	400,861	452,136
Capital outlays	131,947	195,178
County jail	2,679,436	3,466,839
Grant expenditures	246,134	
Unallocated depreciation	<u>293,488</u>	<u>280,605</u>
Other		
<b>Total Expenses</b>	<b><u>10,541,952</u></b>	<b><u>10,853,772</u></b>

County of Aroostook, Maine

Management's Discussion and Analysis  
For the Year Ended December 31, 2018

UNAUDITED

**ANALYSIS OF FINANCIAL POSITION**

	<b>Table 2</b>	
	<b>Change in Net Position</b>	
	<b>Cont'd</b>	
	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Increase (decrease) in net position	\$ 1,200,180	\$ ( 73,561)
Net position – January 1 – original	2,461,048	2,546,127
Prior period adjustment	<u>(972,058)</u>	<u>0</u>
Net position – January 1 –revised	<u>2,689,170</u>	<u>2,472,566</u>
Net position – December 31	<u><b>\$2,689,170</b></u>	<u><b>2,472,566</b></u>

In the 2016 year, it was determined that by the auditing firm 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, 2018, the total net position increased from \$2,461,048 to \$2,689,170 at year end.

The net investment in capital assets increased by \$115,292 to \$3,728,853, restricted net position increased by \$365,530 to \$1,698,504 and unrestricted net position increased by \$265,218 to \$2,738,187.

**CAPITAL ASSET ACTIVITY**

Capital assets, net of depreciation totaled \$3,728,853 as of December 31, 2018, representing a \$115,292 increase from the prior year end due to a purchase of three new law enforcement vehicles, District Attorney vehicle, and a lease for dispatch equipment at the Sherriff's department in Houlton.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The County had increased in their net position of \$1,200,180 which was directly correlated to an increase in intergovernmental revenue and excise tax. Along with these decreases in revenues.

**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, 2018

STATEMENT A

	Governmental Activities
<b>ASSETS</b>	
Cash	\$ 4,059,980
Taxes receivable	-
Accounts receivable	87,553
Prepaid items	-
Capital assets (net)	3,728,853
<b>TOTAL ASSETS</b>	<b>7,876,386</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	579,877
Deferred outflows related to OPEB	265,954
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>845,831</b>
<b>LIABILITIES</b>	
Accounts payable	126,225
Accrued payroll	-
Deferred revenues	-
Accrued expenses	87,509
Long-term liabilities:	
Due within one year	17,281
Due more than one year	5,244,484
<b>TOTAL LIABILITIES</b>	<b>5,475,499</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	514,502
Deferred inflows related to OPEB	43,046
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>557,548</b>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	3,728,853
Restricted for:	
Unorganized Territory	1,582,153
Deed and Probate	116,351
Unrestricted	(2,738,187)
<b>TOTAL NET POSITION</b>	<b>\$ 2,689,170</b>

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, 2018

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Governmental activities:					
Emergency management	\$ 388,881	\$ 95,166	\$ 88,332	\$ -	\$ (205,383)
Roads	295,883	-	-	-	(295,883)
Administration	937,831	97,744	-	-	(840,087)
Public safety	102,627	47,229	24,684	-	(30,714)
Ambulance service	53,134	-	-	-	(53,134)
Public works	174,662	-	80,512	-	(94,150)
Snow removal	431,802	-	-	-	(431,802)
Solid waste disposal	132,451	-	-	-	(132,451)
Operation of courts	971,052	161,422	-	-	(809,630)
Registry operations	721,819	703,972	-	-	(17,847)
Drug and law enforcement	2,357,444	34,940	505,551	-	(1,816,953)
Fire marshal	6,048	-	-	-	(6,048)
Fire protection	163,372	-	4,207	-	(159,165)
Other	53,080	-	16,450	-	(36,630)
Outside requests	400,861	-	-	-	(400,861)
Capital outlays	131,947	-	-	-	(131,947)
County jail	2,679,436	37,130	1,007,508	-	(1,634,798)
Grant expenditures	246,134	-	-	-	(246,134)
Unallocated depreciation	293,488	-	-	-	(293,488)
Total	<u>\$ 10,541,952</u>	<u>\$ 1,177,603</u>	<u>\$ 1,727,244</u>	<u>\$ -</u>	<u>(7,637,105)</u>
General revenues:					
					6,869,068
					1,351,013
					339,789
					-
					15,639
					261,776
					<u>8,837,285</u>
					1,200,180
					<u>2,461,048</u>
					<u>(972,058)</u>
					<u>1,488,990</u>
					<u>\$ 2,689,170</u>

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

COUNTY OF AROOSTOOK, MAINE  
BALANCE SHEET – GOVERNMENTAL FUNDS  
DECEMBER 31, 2018

	Major	Major	
	General	Unorganized Territory	
<b>ASSETS</b>			
Cash	\$ 2,253,366	\$ 1,806,613	\$ 4,059,979
Accounts receivable	87,554	-	87,554
Prepaid items	-	-	-
Due from other funds	221,602	-	221,602
<b>TOTAL ASSETS</b>	<b>\$ 2,562,522</b>	<b>\$ 1,806,613</b>	<b>\$ 4,369,135</b>
<b>LIABILITIES</b>			
Accounts payable	117,352	8,873	126,225
Accrued payroll	-	-	-
Due to other funds	-	221,602	221,602
Deferred revenues	-	-	-
Accrued expenses	85,338	2,171	87,509
<b>TOTAL LIABILITIES</b>	<b>202,690</b>	<b>232,646</b>	<b>435,336</b>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	116,351	1,573,967	1,690,318
Committed	87,613	-	87,613
Assigned	679,252	-	679,252
Unassigned	1,476,616	-	1,476,616
<b>TOTAL FUND BALANCES</b>	<b>2,359,832</b>	<b>1,573,967</b>	<b>3,933,799</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,562,522</b>	<b>\$ 1,806,613</b>	<b>\$ 4,369,135</b>

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, 2018

Fund balances - total governmental funds	\$ 3,933,799
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets	3,728,853
Deferred outflows related to pensions	579,877
Deferred outflows related to OPEB	265,954
Deferred inflows related to pensions	(514,502)
Deferred inflows related to OPEB	(43,046)
Short-term liabilities	(17,281)
Long-term liabilities	<u>(5,244,484)</u>
Net position of governmental activities	<u><u>\$ 2,689,170</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, 2018

	Major	Major	
	General	Unorganized Territory	
<b>REVENUES</b>			
Taxes from cities and towns	\$ 6,869,068	\$ -	\$ 6,869,068
State of Maine appropriation	-	1,351,013	1,351,013
Excise tax	-	339,789	339,789
Charges for services	473,632	-	473,632
Federal and state assistance	94,419	-	94,419
Registry of deeds and probate	703,972	-	703,972
Intergovernmental revenue	1,547,969	84,856	1,632,825
Interest	7,635	8,004	15,639
Other revenue	254,924	6,851	261,775
<b>TOTAL REVENUES</b>	<b>9,951,619</b>	<b>1,790,513</b>	<b>11,742,132</b>
<b>EXPENDITURES</b>			
<b>Current:</b>			
Emergency management	182,117	-	182,117
Roads	-	295,883	295,883
Administration	871,040	66,532	937,572
Public safety	25,998	76,629	102,627
Ambulance service	-	53,134	53,134
Public works	63,289	111,373	174,662
Snow removal	-	431,802	431,802
Solid waste disposal	-	132,451	132,451
Operation of courts	971,052	-	971,052
Registry operations	721,819	-	721,819
Drug and law enforcement	2,342,397	-	2,342,397
Fire marshal	6,048	-	6,048
Fire protection	-	163,372	163,372
Other	-	53,080	53,080
Outside requests	403,861	-	403,861
Grant expenditures	211,036	35,098	246,134
County jail	3,462,790	-	3,462,790
Capital outlays	429,715	130,190	559,905
<b>TOTAL EXPENDITURES</b>	<b>\$ 9,691,162</b>	<b>\$ 1,549,544</b>	<b>\$ 11,240,706</b>

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, 2018

	Major	Major	
	General	Unorganized Territory	Total
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	\$ 260,457	\$ 240,969	\$ 501,426
OTHER FINANCING SOURCES (USES)			
Issuance of capital lease	137,555	-	137,555
Transfer in	-	-	-
Transfer out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	137,555	-	137,555
NET CHANGE IN FUND BALANCE	398,012	240,969	638,981
FUND BALANCE - JANUARY 1 - ORIGINAL	1,961,820	1,332,998	3,294,818
PRIOR PERIOD ADJUSTMENT	-	-	-
FUND BALANCE - JANUARY 1 - REVISED	1,961,820	1,332,998	3,294,818
FUND BALANCE - DECEMBER 31	\$ 2,359,832	\$ 1,573,967	\$ 3,933,799

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, 2018

Net change in fund balances - total governmental funds	\$ 638,981
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.	409,625
This is the amount of gain / (loss) on disposal.	(844)
This is the amount of depreciation expense.	(293,489)
Acquisition of or payments of capital leases are revenues or expenditures in the governmental funds, but are an increase or reduction of long-term liabilities in the statement of net position.	(115,637)
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.	783,355
Changes in OPEB do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(206,764)
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>(15,047)</u>
Change in net position of governmental activities.	<u>\$ 1,200,180</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, 2018

	<u>Agency Funds</u>	<u>Total</u>
<b>ASSETS</b>		
Cash	\$ 63,363	\$ 63,363
Investments	-	-
<b>TOTAL ASSETS</b>	<u>63,363</u>	<u>63,363</u>
<b>LIABILITIES</b>		
Due to specific individuals	63,363	63,363
<b>TOTAL LIABILITIES</b>	<u>\$ 63,363</u>	<u>\$ 63,363</u>

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



COUNTY OF AROOSTOOK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**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, 2018

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, 2018

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, 2018

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, 2018

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 1<sup>st</sup> of each year. Taxes are due on or near September 1<sup>st</sup>. 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 1<sup>st</sup>.

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 state 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, 2018

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, 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, 2018

NOTE 2 - CASH

The total amount of the County's cash consists of the following at December 31, 2018:

Cash - Governmental Activities	\$ 4,059,980
Cash - Fiduciary	<u>63,363</u>
Total	<u><u>\$ 4,123,343</u></u>

The total amount of the County's deposits in financial institutions, per the bank statements, at December 31, 2018 was \$3,739,649 of which \$881,984 was covered by federal depository insurance. The remaining deposits of \$2,857,665 were uncollateralized by a bank.

NOTE 3 - ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

The allowance for uncollectible accounts receivable at December 31, 2018 is estimated to be:

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

The allowance for uncollectible accounts due from other governments at December 31, 2018 is estimated to be:

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

COUNTY OF AROOSTOOK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets:

GOVERNMENTAL ACTIVITIES

	Balance 01/01/18	Additions	Deletions	Balance 12/31/18
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	13,601,296	-	-	13,601,296
Vehicles	1,065,670	269,695	(66,158)	1,269,207
Equipment	1,856,410	139,930	(16,951)	1,979,389
Land Improvements	289,853	-	-	289,853
Infrastructure	2,092,429	-	-	2,092,429
Total capital assets (depreciable)	<u>18,905,658</u>	<u>409,625</u>	<u>(83,109)</u>	<u>19,232,174</u>
Less accum. depreciation for:				
Buildings & Improvements	(12,569,609)	(60,706)	-	(12,630,315)
Vehicles	(793,659)	(91,244)	66,158	(818,745)
Equipment	(1,527,424)	(74,953)	16,108	(1,586,269)
Land Improvements	(158,867)	(14,275)	-	(173,142)
Infrastructure	(335,839)	(52,311)	-	(388,150)
Total accum. depreciation	<u>(15,385,398)</u>	<u>(293,489)</u>	<u>82,266</u>	<u>(15,596,621)</u>
Net capital assets	<u>\$ 3,613,560</u>	<u>\$ 116,136</u>	<u>\$ (843)</u>	<u>\$ 3,728,853</u>

Depreciation was charged to governmental functions as follows:

Unallocated	<u>\$ 293,489</u>
Total	<u>\$ 293,489</u>



COUNTY OF AROOSTOOK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**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, 2018, is as follows:

Type	Purpose	Rate	Due Date	Balance at 01/01/18	Issued	Retired	Balance at 12/31/18
TAN	Cash flow	2.90%	12/31/2018	\$ -	\$ 2,045,000	\$ 2,045,000	\$ -
				<u>\$ -</u>	<u>\$ 2,045,000</u>	<u>\$ 2,045,000</u>	<u>\$ -</u>

**NOTE 6 – LONG-TERM DEBT**

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

	Balance 01/01/18	Additions	Deletions	Balance 12/31/18	Current Portion
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds and notes payable:	\$ -	\$ -	\$ -	\$ -	\$ -
Total bonds and notes payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other liabilities					
Compensated absences	198,466	15,047	-	213,513	-
Capital lease	-	137,554	(21,917)	115,637	17,281
Net pension liability	3,026,100	-	(992,765)	2,033,335	-
OPEB liability	2,469,608	429,672	-	2,899,280	-
Total other liabilities	<u>\$5,694,174</u>	<u>\$582,273</u>	<u>\$ (1,014,682)</u>	<u>\$5,261,765</u>	<u>\$17,281</u>
Governmental activities long-term liabilities	<u>\$5,694,174</u>	<u>\$582,273</u>	<u>\$ (1,014,682)</u>	<u>\$5,261,765</u>	<u>\$17,281</u>

COUNTY OF AROOSTOOK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 7 – CAPITAL LEASES

The County leases Radio Communication equipment. The liabilities under the capital leases are recorded at the present value of the minimum lease payments.

	2019		\$	22,311
	2020			22,311
	2021			22,311
	2022			22,311
	2023			22,311
	2024-2028			22,311
Total minimum lease payments				133,866
Less interest				(18,229)
Present value				\$ 115,637

Amortization of assets held under capital leases is included with depreciation expense.

The following is an analysis of the leased assets included in capital assets.

	Balance 01/01/18	Additions	Deletions	Balance 12/31/18
Max Pro Dispatch	\$ -	\$ 137,555	\$ -	\$ 137,555
Total capital assets	-	137,555	-	137,555
Accumulated depreciation	-	(9,170)	-	(9,170)
Net capital assets	\$ -	\$ 128,385	\$ -	\$ 128,385

COUNTY OF AROOSTOOK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 8 - COMPONENTS OF FUND BALANCE

At December 31, 2018, the components of fund balances consisted of the following:

	Nonspendable	Restricted	Committed	Assigned
General Fund				
Registry of Deeds Reserve	\$ -	\$ 63,098	\$ -	\$ -
Registry of Probate Reserve	-	16,410	-	-
Medical/IPP/Vision/Dental, AFLAC, Other	-	-	-	-
MainePERS	-	-	-	2,367
Sick, Vacation Leave	-	-	-	31,767
Workers Compensation	-	-	-	-
Sheriff's Equipment	-	-	-	645,118
Grants: EMA, CDBG, Wellness, Law	-	12,377	-	-
Inmate activity fund	-	24,466	-	-
Contingency	-	-	81,693	-
Federal Forfeiture	-	-	5,920	-
Prepaid items	-	-	-	-
Unorganized Territory	-	1,573,967	-	-
Total	<u>\$ -</u>	<u>\$ 1,690,318</u>	<u>\$ 87,613</u>	<u>\$ 679,252</u>

NOTE 9 - 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.

COUNTY OF AROOSTOOK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 9 - EMPLOYEE BENEFIT PLANS (CONTINUED)

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

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: 30% domestic equity, 15% private equity, 7.5% fixed income, 25% real assets, 12.5% traditional and alternative credit, 10% diversifiers.

Net Pension Liability Sensitivity:

- 1) Discount rate 1% higher: \$(545,541)
- 2) Discount rate 1% lower: \$4,792,301

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 0.00388% from the prior measurement date of June 30, 2017 to the current measurement date of June 30, 2018. The actuarial valuation date is June 30, 2018.

Pension expense recognized during December 31, 2018 was \$346,103

COUNTY OF AROOSTOOK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 9 - EMPLOYEE BENEFIT PLANS (CONTINUED)

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
\$6,366	\$	\$324,535	\$23,578	\$225,398	\$579,877

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

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
\$22,333	\$490,970	\$	\$1,199	\$514,502

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

	2019	2020	2021	2022	2023
Deferred Outflows and (Inflows)	\$509,320	\$16,953	\$(334,004)	\$(126,894)	\$-

COUNTY OF AROOSTOOK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS**

The County provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer defined benefit plan.

The plan covers County employees. Benefit provisions are established through negotiations between the County and the various unions representing the employees. The County does not issue a stand-alone financial report for the plan.

At January 1, 2018, plan membership consisted of the following:

Retired members and spouses of retired members	14
Active plan members	<u>85</u>
Total	<u>99</u>

**Funding Policy**

The contribution requirements of plan members and the County are also negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute as established by the County and may be amended by the County.

**Annual OPEB Cost and Net OPEB Liability**

The County's annual other postemployment benefit (OPEB) cost is calculated based on the net OPEB liability, an amount actuarially determined in accordance with the parameters of GASB Statement 75. The net OPEB liability represents the OPEB liability less the fiduciary net position.

**Actuarial Assumptions**

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

Inflation	3.00%
Salary increases	2.75%
Medical Trend Rate	4.00% - 9.60%
Cost method	Entry age normal
Amortization method	Level dollar

COUNTY OF AROOSTOOK, MAINE  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2018

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Mortality rates were based on the RP-2014 Total Dataset Healthy Annuitant Mortality Table, with separate tables for males and females, using the RP-2014 Total Dataset Employee Mortality Table.

Actuarial experience study based on June 30, 2012 – June 30, 2015 period was used.

Net OPEB

The net OPEB liability at June 30, 2018 was as follows:

Total OPEB liability	\$2,899,280
Plan fiduciary net position	\$0
Net OPEB Liability	\$2,899,280

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

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the Plan, calculated using the current trend rate, as well as what the net OPEB (asset) liabilities would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB liability	\$2,443,666	\$2,899,280	\$3,478,197

Discount Rate

The discount rate used to measure the total OPEB liability was 3.44% (Bond Buyer 20-Bond GO Index) for the Plan. The projection of cash flows used to determine the discount rate assumed that plan member and County contributions will be made at the current contribution rate. Based on those assumptions, the pension plan's fiduciary net position was not projected to make all projected future benefit payments of current plan members. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plans' fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments, to the extent that the plan's fiduciary net position is not projected to be sufficient.

COUNTY OF AROOSTOOK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The following presents the net OPEB liability of the Plan, calculated using the current discount rate, as well as what the net OPEB (asset) liabilities would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB liability	\$3,368,106	\$2,899,280	\$2,513,065

Changes in net OPEB liability

	Increase (Decrease)		
	Plan		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2017	\$2,469,608	\$ -	\$2,469,608
Changes for the year:			
Service cost	112,061	-	112,061
Interest on total OPEB liability	96,949	-	96,949
Difference between expected and actual exp.	(49,196)	-	(49,196)
Changes in assumptions	303,948	-	303,948
Employer contributions	-	-	-
Employee contributions	-	-	-
Net investment income	-	-	-
Benefit payments	(34,090)	-	(34,090)
Administrative expenses	-	-	-
Net changes	429,672	-	429,672
Balances as of June 30, 2018	\$2,899,280	\$ -	\$2,899,280

OPEB Expense

For the year ended June 30, 2018, the County recognized OPEB expense of \$240,854 for the Plan.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.



COUNTY OF AROOSTOOK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

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

Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Investments	Changes of Assumptions	Contributions to Plan Subsequent to Measurement	Total Deferred Outflows Related to OPEB
\$-	\$-	\$265,954	\$-	\$265,954

The following is the composition of deferred inflows related to OPEB:

Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Investments	Changes of Assumptions	Total Deferred Inflows Related to OPEB
\$43,046	\$-	\$-	\$43,046

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

	2019	2020	2021	2022	2023	Thereafter
Deferred Outflows and (Inflows)	\$31,844	\$31,844	\$31,844	\$31,844	\$31,844	\$63,688

COUNTY OF AROOSTOOK, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**NOTE 11 - 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 12 - 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, 2018 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, 2018

NOTE 13 - SUBSEQUENT EVENTS

Adoption of New Accounting Pronouncements –

The GASB has issued the following statements, which will require adoption subsequent to December 31, 2018 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)
83	Certain Asset Retirement Obligations	06/15/18
84	Fiduciary Activities	12/15/18
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
91	Conduit Debt Obligations	12/15/20

NOTE 14 - PRIOR PERIOD ADJUSTMENT

Statement of Activities

The County adopted GASB 75 – Accounting for Financial Reporting for Postemployment Benefits Other Than Pensions. The adoption of GASB 75 required that the beginning Net OPEB Liability be adjusted due to the new valuation methods used. This increased Long-term Liabilities by \$972,058 and decreased Net Position by \$972,058.

NOTE 15 - MANAGEMENT REVIEW

Management has reviewed subsequent events as of January 27, 2020, 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, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes from cities and towns	\$ 6,734,371	\$ 6,734,371	\$ 6,869,068	\$ 134,697
Charges for services	497,943	432,165	473,632	41,467
Federal and state assistance	18,955	30,441	94,419	63,978
Registry of deeds and probate	846,300	846,300	703,972	(142,328)
Intergovernmental revenue	487,387	541,679	542,474	795
Interest	5,000	5,000	7,635	2,635
Other revenue	300	300	254,924	254,624
<b>TOTAL REVENUES</b>	<b>8,590,256</b>	<b>8,590,256</b>	<b>8,946,124</b>	<b>355,868</b>
<b>EXPENDITURES</b>				
Current:				
Emergency management	234,290	234,290	182,117	52,173
Administration	848,632	863,031	871,040	(8,009)
Public safety	33,083	33,083	25,998	7,085
Public works	62,000	62,000	63,289	(1,289)
Operation of courts	1,102,853	1,102,853	971,052	131,801
Registry operations	793,212	793,212	721,819	71,393
Drug and law enforcement	2,292,345	2,292,345	2,342,397	(50,052)
Fire marshal	6,048	6,048	6,048	-
Other	-	-	-	-
Outside requests	422,790	507,483	403,861	103,622
Grant expenditures	-	84,734	99,628	(14,894)
County jail	2,448,703	2,448,703	2,457,296	(8,593)
Capital outlays	346,300	493,842	429,715	64,127
<b>TOTAL EXPENDITURES</b>	<b>8,590,256</b>	<b>8,921,624</b>	<b>8,574,260</b>	<b>347,364</b>
<b>EXCESS OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES BEFORE OTHER</b>				
<b>FINANCING SOURCES (USES)</b>	<b>-</b>	<b>(331,368)</b>	<b>371,864</b>	<b>703,232</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Utilization of unassigned fund balance	-	-	-	-
Issuance of capital lease	-	-	137,555	137,555
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>137,555</b>	<b>137,555</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ (331,368)</b>	<b>\$ 509,419</b>	<b>\$ 840,787</b>

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, 2018

	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.742%	0.739%	0.731%	0.728%	*
Proportionate share of net pension liability	\$ 2,033,335	\$ 3,026,100	\$ 1,291,252	\$ 2,322,411	*
Covered payroll	\$ 4,447,774	\$ 3,954,148	\$ 3,854,101	\$ 3,745,557	*
Proportionate share of the net pension liability as a percentage of covered payroll	45.7%	76.5%	33.5%	62.0%	*
Plan fiduciary net position as a percentage of the total pension liability	91.10%	86.43%	81.61%	88.30%	*

  

	2013	2012	2011	2010	2009
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, 2018

	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 420,195	\$ 378,815	\$ 343,015	\$ 271,693	*
Contributions in relation to the actuarially determined contribution	(420,195)	(378,815)	(343,015)	(271,693)	*
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>*</u>
Covered payroll	\$ 4,447,774	\$ 3,954,148	\$ 3,854,101	\$ 3,745,557	*
Contributions as a percentage of covered payroll	9.4%	9.6%	8.9%	7.25%	*

	2013	2012	2011	2010	2009
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	*	*	*	*	*

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

**COUNTY OF AROOSTOOK, MAINE**  
**SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS**  
**LAST TEN YEARS**  
**DECEMBER 31, 2018**

	2018	2017	2016	2015	2014
Total OPEB Liability:					
Service cost	\$ 112,061	*	*	*	*
Interest on total OPEB liability	96,949	*	*	*	*
Differences between expected and actual exp.	(49,196)				
Changes of assumptions	303,948	*	*	*	*
Benefit payments	(34,090)	*	*	*	*
Net change in total OPEB liability	429,672	*	*	*	*
Total OPEB liability, beginning	2,469,608	*	*	*	*
Total OPEB liability, ending	<u>\$ 2,899,280</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Fiduciary Net Position:					
Employer contributions	-	*	*	*	*
Employee contributions	-	*	*	*	*
Net investment income	-	*	*	*	*
Benefit payments	-	*	*	*	*
Net change in plan fiduciary net position	-	*	*	*	*
Fiduciary net position, beginning	-	*	*	*	*
Fiduciary net position, ending	<u>\$ -</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Net OPEB liability, ending	\$ 2,899,280	*	*	*	*
Fiduciary net position as a % of total OPEB liability	0.00%	*	*	*	*
Covered payroll	\$ 4,447,774	*	*	*	*
Net OPEB liability as a % of covered payroll	65.18%	*	*	*	*

	2013	2012	2011	2010	2009
Total OPEB Liability:					
Service cost	*	*	*	*	*
Interest on total OPEB liability	*	*	*	*	*
Differences between expected and actual exp.	*	*	*	*	*
Changes of assumptions	*	*	*	*	*
Benefit payments	*	*	*	*	*
Net change in total OPEB liability	*	*	*	*	*
Total OPEB liability, beginning	*	*	*	*	*
Total OPEB liability, ending	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Fiduciary Net Position:					
Employer contributions	*	*	*	*	*
Employee contributions	*	*	*	*	*
Net investment income	*	*	*	*	*
Benefit payments	*	*	*	*	*
Net change in plan fiduciary net position	*	*	*	*	*
Fiduciary net position, beginning	*	*	*	*	*
Fiduciary net position, ending	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Net OPEB liability, ending	*	*	*	*	*
Fiduciary net position as a % of total OPEB liability	*	*	*	*	*
Covered payroll	*	*	*	*	*
Net OPEB liability as a % of covered payroll	*	*	*	*	*

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

COUNTY OF AROOSTOOK, MAINE  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2018

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	\$ 8,946,124
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Differences - budget to GAAP:

Grants and reimbursements are not budgeted as revenue, but are revenues under GAAP.	<u>1,005,495</u>
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Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 9,951,619</u></u>
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Expenditures:

Actual amounts (budgetary basis) from the budgetary comparison schedule	\$ 8,574,260
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Differences - budget to GAAP:

Grant expenditures are not budgeted as expenditures, but are expenditures under GAAP.	<u>1,116,902</u>
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Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 9,691,162</u></u>
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NOTE 3 – OVERSPENT APPROPRIATIONS

The following are materially overspent appropriations:

None