

**Audited Financial Statements and  
Other Financial Information**

**County of Androscoggin, Maine**

**December 31, 2019**



*Proven Expertise & Integrity*

COUNTY OF ANDROSCOGGIN, MAINE

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## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
County of Androscoggin  
Auburn, Maine

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the County of Androscoggin, Maine, as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the County of Androscoggin, 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 of material misstatement.

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

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

### Opinions

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

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB information on pages 4 through 11 and 62 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Androscoggin, Maine's basic financial statements. The Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2020, on our consideration of the County of Androscoggin, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Androscoggin, Maine's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
June 19, 2020

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

**(UNAUDITED)**

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

**Financial Statement Overview**

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

**Basic Financial Statements**

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

**Government-Wide Financial Statements**

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

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

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



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

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the County's basic services are reported in governmental activities, which include superior court, district attorney, county commissioners, county treasurer, restitution specialist, county buildings, jail (support of prisoners), human resources, registry of deeds, registry of probate, auditing, sheriff, extension service, law enforcement death benefit, employee benefits, soil conservation, communications, insurances, emergency management agency, civil process, telecommunications and unclassified.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Androscoggin, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the County of Androscoggin can be divided into two categories: governmental funds and fiduciary funds.

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

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

reconciliations are presented on the page immediately following each governmental fund financial statement.

The County of Androscoggin presents four columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The County's major governmental funds are the general fund, jail fund and deeds surcharge fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund and jail fund are the only funds for which the County legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year. The jail fund budget was legally adopted for the period ending June 30, 2019 and the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - Jail Fund is reported in the Androscoggin County Jail Department report issued for the June 30, 2019 period.

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

### **Notes to the Financial Statements**

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

### **Required Supplementary Information**

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

### **Other Supplementary Information**

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

## Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the County's governmental activities. The County's total net position increased by \$165,660 from a deficit balance of \$1,832,235 to a deficit balance of \$1,666,575.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased to a deficit balance of \$3,890,607 at the end of this year.

**Table 1**  
**County of Androscoggin, Maine**  
**Net Position**  
**December 31,**

	2019	2018 (Restated)
<b>Assets:</b>		
Current Assets	\$ 3,843,404	\$ 2,884,893
Noncurrent Assets	1,433,915	1,522,409
Total Assets	5,277,319	4,407,302
<b>Deferred Outflows of Resources:</b>		
Deferred Outflows Related to Pensions	767,552	786,648
Deferred Outflows Related to OPEB	539,667	555,004
Total Deferred Outflows of Resources	1,307,219	1,341,652
<b>Liabilities:</b>		
Current Liabilities	456,275	792,953
Noncurrent Liabilities	6,024,208	5,674,083
Total Liabilities	6,480,483	6,467,036
<b>Deferred Inflows of Resources:</b>		
Deferred Revenues	839,713	393,610
Deferred Inflows Related to Pensions	663,640	663,071
Deferred Inflows Related to OPEB	267,277	57,472
Total Deferred Inflows of Resources	1,770,630	1,114,153
<b>Net Position:</b>		
Net Investment in Capital Assets	1,323,885	1,265,892
Restricted	900,147	484,875
Unrestricted (Deficit)	(3,890,607)	(3,583,002)
Total Net Position (Deficit)	\$ (1,666,575)	\$ (1,832,235)

## Revenues and Expenses

Revenues for the County's governmental activities increased by 13.69%, while total expenses increased by 18.75%. The main increase in revenues was in operating grants and contributions. The largest increases in expenses were in employee benefits and unclassified.

**Table 2**  
**County of Androscoggin, Maine**  
**Change in Net Position**  
**For The Years Ended December 31,**

	2019	2018
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for services	\$ 1,611,825	\$ 1,815,713
Operating grants and contributions	2,728,329	1,454,006
<i>General Revenues:</i>		
Taxes	10,158,018	9,670,853
Other grants/contracts	421,229	141,442
Interest income	29,370	23,191
Miscellaneous	226,009	242,574
Total Revenues	15,174,780	13,347,779
<b>Expenses</b>		
Superior court	15,071	13,022
District attorney	646,241	595,555
County commissioners	171,036	170,191
County treasurer	168,716	145,993
Restitution specialist	61,361	28,421
County buildings	349,413	467,703
Jail (support of prisoners)	6,758,258	6,545,180
Human resources	3,996	3,024
Registry of deeds	183,725	151,750
Registry of probate	171,538	155,950
Auditing	11,300	17,000
Sheriff	1,752,315	1,786,158
Extension service	49,557	49,557
Law enforcement death benefit	17,942	17,942
Employee benefits	2,534,888	950,797
Soil conservation	14,000	14,000
Communications	702,740	676,403
Insurances	79,533	71,513
Emergency management agency	194,287	208,469
Civil process	233,245	207,189
Telecommunications	86,837	75,987
Unclassified	685,509	213,687
TAN interest	81,454	41,619
Unallocated depreciation (Note 4)	36,158	32,025
Total Expenses	15,009,120	12,639,135
Change in Net Position (Deficit)	165,660	708,644
Net Position (Deficit) - January 1, Restated	(1,832,235)	(2,540,879)
Net Position (Deficit) - December 31	\$ (1,666,575)	\$ (1,832,235)

## Financial Analysis of the County's Fund Statements

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

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

	2019	2018 (Restated)
General Fund:		
Nonspendable	\$ 8,006	\$ 5,700
Restricted	110,366	111,550
Assigned	560,855	670,190
Unassigned	881,014	862,160
Total General Fund	\$ 1,560,241	\$ 1,649,600
Jail Fund:		
Restricted	\$ 572,983	\$ 42,319
Total Jail Fund	\$ 572,983	\$ 42,319
Deeds Surcharge Fund:		
Restricted	\$ 241,219	\$ 240,152
Total Deeds Surcharge Fund	\$ 241,219	\$ 240,152
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 132,749	\$ 90,854
Unassigned	(1,399)	(1,399)
Total Nonmajor Funds	\$ 131,350	\$ 89,455

The general fund total fund balance decreased by \$89,359 from the prior fiscal year due to expenditures and transfers to other funds that exceeded revenues. The jail fund total fund balance increased by \$530,664 from the prior fiscal year as a result of revenues and transfers from other funds exceeding expenditures. The deeds surcharge fund total fund balance increased by \$1,067 from the prior fiscal year as result of revenues exceeding expenditures. The nonmajor funds total fund balance increased by \$41,895 from the prior fiscal year primarily due to activity in the victim advocate grant fund.

## Budgetary Highlights

The difference between the original and final budget for the general fund was due to the adjustment for the jail budget's year end.

The general fund actual revenues were under budgeted amounts by \$43,068. All revenue categories were within or under budgeted amounts with the exception of taxes - charges for services, interest income and miscellaneous.

The general fund actual expenditures were under budgeted amounts by \$185,897. All expenditure categories were within or under budgeted amounts with the exception of superior court, registry of probate, sheriff, employee benefits, communications, civil process and telecommunications.

## Capital Asset and Debt Administration

### Capital Assets

As of December 31, 2019, the net book value of capital assets recorded by the County decreased by \$88,494 over the prior year. This decrease was due to current year net additions of \$76,281 less depreciation expense of \$164,775.

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

	<u>2019</u>	<u>2018</u> <u>(Restated)</u>
Land	\$ 809,900	\$ 809,900
Construction in progress	-	82,656
Buildings and improvements	278,972	201,256
Vehicles	139,797	220,183
Machinery and equipment	178,677	193,660
Furniture and fixtures	13,115	14,754
Total	<u>\$ 1,420,461</u>	<u>\$ 1,522,409</u>

### Debt

At December 31, 2019, the County had \$110,030 in notes from direct borrowings payable versus \$256,517 from the prior year. Refer to Note 6 of Notes to Financial Statements for more detailed information.

## **Currently Known Facts, Decisions or Conditions**

### **Economic Factors and Next Year's Budgets and Rates**

The County's unassigned fund balance has fallen below a level sufficient to sustain government operations for a period of approximately one month. The County is working to rebuild this balance to a sufficient level.

### **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Treasurer's Office at 2 Turner Street, Auburn, Maine 04210.

## COUNTY OF ANDROSCOGGIN, MAINE

STATEMENT OF NET POSITION  
DECEMBER 31, 2019

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 3,607,059
Accounts receivable (net of allowance for uncollectibles)	40,156
Due from other governments	188,183
Prepaid items	7,643
Inventory	363
<b>Total current assets</b>	<u>3,843,404</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	809,900
Depreciable assets, net of accumulated depreciation	624,015
<b>Total noncurrent assets</b>	<u>1,433,915</u>
<b>TOTAL ASSETS</b>	<u>5,277,319</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	767,552
Deferred outflows related to OPEB	539,667
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,307,219</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 6,584,538</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 105,991
Accrued expenses	262,263
Current portion of long-term obligations	127,873
<b>Total current liabilities</b>	<u>541,739</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Notes from direct borrowings payable	24,566
Accrued compensated absences	240,320
Net pension liability	2,649,519
Net OPEB liability	3,024,339
<b>Total noncurrent liabilities</b>	<u>5,938,744</u>
<b>TOTAL LIABILITIES</b>	<u>6,480,483</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred revenues	839,713
Deferred inflows related to pensions	663,640
Deferred inflows related to OPEB	267,277
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>1,770,630</u>
<b>NET POSITION (DEFICIT)</b>	
Net investment in capital assets	1,323,885
Restricted	946,951
Unrestricted (deficit)	(3,937,411)
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>(1,666,575)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 6,584,538</u>

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



## STATEMENT B

## COUNTY OF ANDROSCOGGIN, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Superior court	\$ 15,071	\$ -	\$ -	\$ -	(15,071)
District attorney	646,241	-	-	-	(646,241)
County commissioners	171,036	-	-	-	(171,036)
County treasurer	168,716	-	-	-	(168,716)
Restitution specialist	61,361	-	-	-	(61,361)
County buildings	349,413	-	-	-	(349,413)
Jail (support of prisoners)	6,758,258	29,029	2,285,209	-	(4,444,020)
Human resources	3,996	-	-	-	(3,996)
Registry of deeds	183,725	898,458	-	-	714,733
Registry of probate	171,538	187,668	-	-	16,130
Auditing	11,300	-	-	-	(11,300)
Sheriff	1,752,315	4,188	-	-	(1,748,127)
Extension service	49,557	-	-	-	(49,557)
Employee benefits	2,534,888	-	-	-	(2,534,888)
Soil conservation	14,000	-	-	-	(14,000)
Communications	702,740	153,495	-	-	(549,245)
Insurances	79,533	-	-	-	(79,533)
Emergency management agency	194,287	-	-	-	(194,287)
Civil process	233,245	204,360	-	-	(28,885)
Law enforcement death benefit	17,942	-	-	-	(17,942)
Telecommunications	86,837	15,000	-	-	(71,837)
Unclassified	685,509	119,627	443,120	-	(122,762)
TAN interest	81,454	-	-	-	(81,454)
Unallocated depreciation (Note 4)*	36,158	-	-	-	(36,158)
Total government	\$ 15,009,120	\$ 1,611,825	\$ 2,728,329	\$ -	(10,668,966)

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

STATEMENT B (CONTINUED)

COUNTY OF ANDROSCOGGIN, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(10,668,966)</u>
General revenues:	
Property taxes, levied for general purposes	10,158,018
Other grants/contracts	421,229
Interest income	29,370
Miscellaneous	<u>226,009</u>
Total general revenues	<u>10,834,626</u>
CHANGE IN NET POSITION (DEFICIT)	165,660
NET POSITION (DEFICIT) - JANUARY 1, RESTATED	<u>(1,832,235)</u>
NET POSITION (DEFICIT) - DECEMBER 31	<u>\$ (1,666,575)</u>

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

## STATEMENT C

## COUNTY OF ANDROSCOGGIN, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2019

	General Fund	Jail Fund	Deeds Surcharge Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,286,292	\$ -	\$ 279,000	\$ 41,767	\$ 3,607,059
Accounts receivables (net of allowance for uncollectibles)	30,833	-	-	9,323	40,156
Due from other governments	58,666	84,032	-	45,485	188,183
Prepaid items	7,643	-	-	-	7,643
Inventory	363	-	-	-	363
Due from other funds	75,704	1,671,600	-	74,655	1,821,959
<b>TOTAL ASSETS</b>	<b>\$ 3,459,501</b>	<b>\$ 1,755,632</b>	<b>\$ 279,000</b>	<b>\$ 171,230</b>	<b>\$ 5,665,363</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 6,633	\$ 99,348	\$ -	\$ 10	\$ 105,991
Accrued expenses	100,760	159,556	85	1,862	262,263
Accrued compensated absences	-	84,032	-	-	84,032
Due to other governments	45,612	-	-	-	45,612
Due to other funds	1,746,255	-	37,696	38,008	1,821,959
<b>TOTAL LIABILITIES</b>	<b>1,899,260</b>	<b>342,936</b>	<b>37,781</b>	<b>39,880</b>	<b>2,319,857</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenues	-	839,713	-	-	839,713
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>839,713</b>	<b>-</b>	<b>-</b>	<b>839,713</b>
<b>FUND BALANCES</b>					
Nonspendable - prepaid items and inventory	8,006	-	-	-	8,006
Restricted	110,366	572,983	241,219	132,749	1,057,317
Committed	-	-	-	-	-
Assigned	560,855	-	-	-	560,855
Unassigned	881,014	-	-	(1,399)	879,615
<b>TOTAL FUND BALANCES</b>	<b>1,560,241</b>	<b>572,983</b>	<b>241,219</b>	<b>131,350</b>	<b>2,505,793</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 3,459,501</b>	<b>\$ 1,755,632</b>	<b>\$ 279,000</b>	<b>\$ 171,230</b>	<b>\$ 5,665,363</b>

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

## COUNTY OF ANDROSCOGGIN, MAINE

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

	<u>Total Governmental Funds</u>
Total fund balances	\$ 2,505,793
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	1,433,915
Deferred outflows of resources related to pension and OPEB are not financial resources and therefore are not reported in the funds:	
Pension	767,552
OPEB	539,667
Long-term obligations shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Notes from direct borrowings payable	(110,030)
Accrued compensated absences	(198,697)
Net pension liability	(2,649,519)
Net OPEB liability	(3,024,339)
Deferred inflows of resources related to pensions and OPEB are not financial resources and therefore are not reported in the funds:	
Pension	(663,640)
OPEB	<u>(267,277)</u>
<b>Net position of governmental activities</b>	<b><u>\$ (1,666,575)</u></b>

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

## COUNTY OF ANDROSCOGGIN, MAINE

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

	General Fund	Jail Fund	Deeds Surcharge Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 10,158,018	\$ -	\$ -	\$ -	\$ 10,158,018
Intergovernmental revenues	421,229	2,285,209	-	443,120	3,149,558
Charges for services	1,475,927	29,029	51,225	55,644	1,611,825
Interest income	27,268	-	1,954	148	29,370
Miscellaneous revenues	109,910	65,795	-	50,304	226,009
<b>TOTAL REVENUES</b>	<b>12,192,352</b>	<b>2,380,033</b>	<b>53,179</b>	<b>549,216</b>	<b>15,174,780</b>
<b>EXPENDITURES</b>					
Current:					
Superior court	15,071	-	-	-	15,071
District attorney	653,374	-	-	-	653,374
County commissioners	171,036	-	-	-	171,036
County treasurer	168,716	-	-	-	168,716
Restitution specialist	61,361	-	-	-	61,361
County buildings	364,563	-	-	-	364,563
Jail (support of prisoners)	-	6,749,646	-	-	6,749,646
Human resources	3,996	-	-	-	3,996
Register of deeds	183,725	-	-	-	183,725
Register of probate	171,538	-	-	-	171,538
Auditing	11,300	-	-	-	11,300
Sheriff	1,832,795	-	-	-	1,832,795
Extension service	49,557	-	-	-	49,557
Employee benefits	2,158,288	-	-	-	2,158,288
Soil conservation	14,000	-	-	-	14,000
Communications	702,740	-	-	-	702,740
Insurances	79,533	-	-	-	79,533
Emergency management agency	194,287	-	-	-	194,287
Civil process	233,245	-	-	-	233,245
Law enforcement death benefit	17,942	-	-	-	17,942
Telecommunications	86,837	-	-	-	86,837
Unclassified	42,500	-	52,112	590,897	685,509
Debt service:					
TAN interest	81,454	-	-	-	81,454
<b>TOTAL EXPENDITURES</b>	<b>7,297,858</b>	<b>6,749,646</b>	<b>52,112</b>	<b>590,897</b>	<b>14,690,513</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>					
	<b>4,894,494</b>	<b>(4,369,613)</b>	<b>1,067</b>	<b>(41,681)</b>	<b>484,267</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	4,900,277	-	83,576	4,983,853
Transfers (out)	(4,983,853)	-	-	-	(4,983,853)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(4,983,853)</b>	<b>4,900,277</b>	<b>-</b>	<b>83,576</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(89,359)</b>	<b>530,664</b>	<b>1,067</b>	<b>41,895</b>	<b>484,267</b>
<b>FUND BALANCES - JANUARY 1, RESTATED</b>	<b>1,649,600</b>	<b>42,319</b>	<b>240,152</b>	<b>89,455</b>	<b>2,021,526</b>
<b>FUND BALANCES - DECEMBER 31</b>	<b>\$ 1,560,241</b>	<b>\$ 572,983</b>	<b>\$ 241,219</b>	<b>\$ 131,350</b>	<b>\$ 2,505,793</b>

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

## COUNTY OF ANDROSCOGGIN, MAINE

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

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 484,267</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	76,281
Depreciation expense	<u>(164,775)</u>
	<u>(88,494)</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	(19,096)
OPEB	<u>(15,337)</u>
	<u>(34,433)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	<u>159,941</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	<u>(13,454)</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	(569)
OPEB	<u>(209,805)</u>
	<u>(210,374)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	(28,964)
Net pension liability	(299,806)
Net OPEB liability	<u>196,977</u>
	<u>(131,793)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 165,660</u>

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

## COUNTY OF ANDROSCOGGIN, MAINE

STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
DECEMBER 31, 2019

	<u>Total Custodial Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 437,674
Due from other governments	<u>1,800,504</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,238,178</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$ 26,650
Deposits held for others	<u>2,211,528</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 2,238,178</u></u>

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

## COUNTY OF ANDROSCOGGIN, MAINE

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Total Custodial Funds</u>
ADDITIONS	
Charges for services	\$ 807,126
Interest income	673
Other	777
TOTAL ADDITIONS	<u>808,576</u>
DELETIONS	
Program charges	<u>830,518</u>
TOTAL DELETIONS	<u>830,518</u>
NET CHANGE IN DEPOSITS HELD FOR OTHERS	(21,942)
DEPOSITS HELD FOR OTHERS, JANUARY 1, RESTATED	<u>2,233,470</u>
DEPOSITS HELD FOR OTHERS, DECEMBER 31	<u>\$ 2,211,528</u>

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



COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The County of Androscoggin was incorporated under the laws of the State of Maine. The County operates under the County Manager-Commissioner form of government and provides the following services: superior court, district attorney, county commissioners, county treasurer, restitution specialist, county buildings, jail (support of prisoners), human resources, registry of deeds, registry of probate, auditing, sheriff, extension service, employee benefits, soil conservation, communications, insurances, emergency management agency, civil process, law enforcement death benefit, telecommunications and unclassified.

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

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

**Implementation of New Accounting Standards**

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

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

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Government-Wide and Fund Financial Statements**

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

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

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

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

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

**Measurement Focus - Basic Financial Statements and Fund Financial Statements**

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

1. Governmental Funds:

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

**Major Funds**

- a. The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Jail Fund is another operating fund of the County that was established by state statutes. It is used to account for the revenues and expenditures of the jail.
- c. The Deeds Surcharge Fund is a major special revenue fund. It is used to account for the revenues and expenditures for Deeds.

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonmajor Funds

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

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.

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

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

**Basis of Accounting**

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

1. Accrual

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

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Modified Accrual

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

**Budget**

The County's policy is to adopt an annual budget for operations of the General Fund. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

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

1. Early in the second half of the year the County prepares a budget for the fiscal year beginning January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the County Commissioners was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the County Commissioners.

**Deposits and Investments**

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

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

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations and credit unions

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Repurchase agreements
- Money market mutual funds

The County of Androscoggin has no formal investment policy but instead follows the State of Maine Statutes.

**Receivables**

Receivables include amounts due for services provided. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$946,406 as of December 31, 2019. Allowances for uncollectible accounts netted with accounts receivable were \$1,983,231 for the year ended December 31, 2019.

**Inventories and Prepaid Items**

Inventories consist of expendable supplies held for consumption and are valued at cost. Under the consumption method, the costs of inventory items are recognized as expenditures when used. In the general fund, inventory consists of office supplies. The cost value is determined using the first-in, first-out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Interfund Receivables and Payables**

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

**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

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

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

Estimated useful lives are as follows:

Buildings	20 - 50 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

**Long-term Obligations**

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

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

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

**Pensions**

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



COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Other Postemployment Benefits (OPEB)**

For purposes of measuring the County's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Maine Public Employees Retirement System OPEB Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

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

**Net Position**

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

**Fund Balances**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

**Committed** - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the County. Please refer to the budgeting process for the authority for committing items within the budget.

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

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

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

**Deferred Outflows and Inflows of Resources**

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

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred revenues qualify for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions and OPEB qualifies for reporting in this category as well. These items are reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Revenue Recognition - Property Taxes - Modified Accrual Basis**

The County's property tax for the current year was assessed based on the values obtained by the State of Maine for all real and personal property located in the County. Property taxes were to be paid in one installment with a due date of September 1, 2019. Interest will begin accruing at rate of 0% after 60 days from the due date.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. All property taxes were collected prior to December 31, 2019.

**Program Revenues**

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

**Encumbrance Accounting**

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

**Use of Estimates**

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

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS

The County follows state statutes for the investment of funds, which authorize the County to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. These apply to all County funds.

**Deposits:**

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

At December 31, 2019, the County's cash balance of \$3,940,155 was comprised of bank deposits amounting to \$4,695,610. Of these deposits, \$3,976,947 were insured by federal depository insurance and consequently not exposed to custodial credit risk. Of the remaining deposits, \$631,803 was collateralized by an irrevocable stand-by letter of credit and the remaining balance of \$86,860 was uninsured and uncollateralized.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 971,865
NOW Checking accounts	358,663
Savings accounts	24,225
ICS accounts	<u>3,340,857</u>
	<u>\$ 4,695,610</u>

**Investments:**

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

At December 31, 2019, the County had \$0 of investments.

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

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

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 75,704	\$ 1,730,833
Jail Fund	1,656,178	-
Deeds Surcharge Fund	-	37,696
Nonmajor Special Revenue Funds	74,655	38,008
	<u>\$ 1,806,537</u>	<u>\$ 1,806,537</u>

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 4 - CAPITAL ASSETS

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

	Balance, 1/1/19 (Restated)	Additions	Disposals/ Transfers	Balance, 12/31/19
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 809,900	\$ -	\$ -	\$ 809,900
Construction in progress	82,656	-	(82,656)	-
Total	<u>892,556</u>	<u>-</u>	<u>(82,656)</u>	<u>809,900</u>
Depreciated assets:				
Buildings/improvements	11,534,096	97,806	-	11,631,902
Vehicles	719,224	13,454	-	732,678
Machinery/equipment	773,031	47,677	-	820,708
Furniture/fixtures	30,053	-	-	30,053
	<u>13,056,404</u>	<u>158,937</u>	<u>-</u>	<u>13,215,341</u>
Less accumulated depreciation	<u>(12,426,551)</u>	<u>(164,775)</u>	<u>-</u>	<u>(12,591,326)</u>
	<u>629,853</u>	<u>(5,838)</u>	<u>-</u>	<u>624,015</u>
Net capital assets	<u>\$ 1,522,409</u>	<u>\$ (5,838)</u>	<u>\$ (82,656)</u>	<u>\$ 1,433,915</u>
<u>Current year depreciation</u>				
Jail				\$ 8,612
District attorney				1,320
Sheriff's department				118,685
County-wide				<u>36,158</u>
Total depreciation expense				<u>\$ 164,775</u>

NOTE 5 - SHORT-TERM DEBT

On January 2, 2019, the County issued a tax anticipation note to provide liquidity for governmental operations financed by property taxes, which are collected in annual payments due October 1. The note, a line of credit, allowed principal draws up to \$6,000,000 at 3.19% interest per annum with a maturity date of December 27, 2019.

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 5 - SHORT-TERM DEBT (CONTINUED)

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

	Balance 1/1/19	Additions	Deletions	Balance 12/31/19
Tax anticipation note	\$ -	\$ 6,000,000	\$ (6,000,000)	\$ -

On December 27, 2019, the note was paid in full. Interest expense for the note was \$81,454.

NOTE 6 - LONG-TERM DEBT

The General Fund of the County is used to pay for all long-term debt. A summary of long-term debt for the year ended December 31, 2019 is as follows:

	Balance, 1/1/19	Additions	Deletions	Balance, 12/31/19	Current Portion
Notes from direct borrowings payable	\$ 256,517	\$ 13,454	\$ (159,941)	\$ 110,030	\$ 85,464

The following is a summary of outstanding notes from direct borrowings payable for the year ended December 31, 2019:

\$4,100 Capital Lease for a copier with a fixed interest rate of 3.32% per annum. Due in monthly principal and interest payments of \$91. Maturity in November of 2020.	\$ 988
\$94,680 Capital Lease for Sheriff's Department radios with a fixed interest rate of 3.28% per annum. Due in annual principal and interest payments of \$20,219. Maturity in June of 2020.	19,577
\$17,824 Capital Lease for a 2017 Ford Fusion with a fixed interest rate of 3.31% per annum. Due in annual principal and interest payments of \$4,683. Maturity in April of 2020.	4,533
\$133,923 Capital Lease for a 4 Sheriff's Department cruisers with a fixed interest rate of 4.00% per annum. Due in annual principal and interest payments of \$46,428. Maturity in August of 2020.	44,643
\$45,426 Capital Lease for office equipment with a fixed interest rate varying from 3.52% to 4.80% per annum. Due in monthly principal and interest payments of \$834. Maturity in July of 2023.	33,435
\$20,553 Capital Lease for a 2015 Chevy Equinox with a fixed interest rate of 3.85% per annum. Due in annual principal and interest payments of \$7,118. Maturity in March of 2020.	6,854
Total notes from direct borrowings payable	<u>\$ 110,030</u>

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 6 - LONG-TERM DEBT (CONTINUED)

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

	Principal	Interest	Total Debt Service
2020	\$ 85,464	\$ 4,002	\$ 89,466
2021	9,219	793	10,012
2022	9,584	428	10,012
2023	5,763	75	5,838
	<u>\$ 110,030</u>	<u>\$ 5,298</u>	<u>\$ 115,328</u>

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended December 31, 2019 is as follows:

	Balance, 1/1/19	Additions	Deletions	Balance, 12/31/19	Current Portion
Accrued compensated absences	\$ 259,994	\$ 28,964	\$ (6,229)	\$ 282,729	\$ 42,409
Net pension liability	2,349,713	830,050	(530,244)	2,649,519	-
Net OPEB liability	3,221,316	11,128	(208,105)	3,024,339	-
Totals	<u>\$ 5,831,023</u>	<u>\$ 870,142</u>	<u>\$ (744,578)</u>	<u>\$ 5,956,587</u>	<u>\$ 42,409</u>

Please see Notes 8, 12 and 13 for detailed information on each of the other long-term obligations.

NOTE 8 - ACCRUED COMPENATED ABSENCES

The County's policy regarding vacation is to permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded in the jail fund for the jail's portion as a liability but for all other funds it is recorded as a long-term obligation in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. At December 31, 2019, the County reported a liability of \$282,729.



COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 9 - RESTRICTED FUND BALANCES

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

General Fund:	
Undesignated Jail Surplus	\$ 3
Electronic Monitoring	6,854
Dive Team Equipment	547
Asset Forfeiture	2,962
Contingency	100,000
Subtotal General Fund	<u>110,366</u>
Jail Fund	572,983
Deeds Surcharge Fund	241,219
Nonmajor Special Revenue Funds (Schedule D)	132,749
	<u>\$ 1,057,317</u>

NOTE 10 - ASSIGNED FUND BALANCES

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

General Fund:	
Communication Reserve	\$ 8,846
Building Imp Account	74,191
Sheriff Vehicle Reserve	40,000
Facilities Truck Reserve	4,000
Office Equipment	22,088
County Capital Reserves	411,730
	<u>\$ 560,855</u>

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 11 - DEFINED BENEFIT PENSION PLANS

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

PARTICIPATING LOCAL DISTRICT CONSOLIDATED PLAN

**Plan Description**

County employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at [www.mainebers.org](http://www.mainebers.org) or by contacting the System at (207) 512-3100.

**Benefits Provided**

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

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

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

**Contributions**

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. All County employees hired after June 30, 1997 are part of the following plans: law enforcement and corrections officer employees are part of the PLD's special plan "2C" and are required to contribute 8.0% of their annual salary, while all other employees are part of the PLD's plan "AC" and are required to contribute 8.0% of their annual salary. Prior to July 1, 1997, all County employees were part of the PLD's special plan "1C". Employees in that group are also required to contribute 8.0% of their annual salary. The County is required to contribute at an actuarially determined rate of 10.5% of special plan "2C" members' covered payroll, 10.0% of the plan "AC" members' covered payroll and 16.3% of special plan "1C" members' covered payroll. The contribution rates of plan members and the County are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The County's contribution to the MainePERS PLD Consolidated Plan for the year ended December 31, 2019 was \$541,187.

**Pension Liabilities**

*PLD Consolidated Plan*

At December 31, 2019, the County reported a liability of \$2,649,519 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2019 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The County's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2019, the Town's proportion was 0.866809%, which was an increase of 0.036870% from its proportion measured as of June 30, 2018.

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended December 31, 2019, the County recognized total pension expense of \$319,471 for the PLD plan. At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 313,711	\$ -
Changes of assumptions	134,181	-
Net difference between projected and actual earnings on pension plan investments	-	663,640
Changes in proportion and differences between contributions and proportionate share of contributions	67,289	-
Contributions subsequent to the measurement date	252,371	-
<b>Total</b>	<b>\$ 767,552</b>	<b>\$ 663,640</b>

\$252,371 for the PLD plan was reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan
Year ended June 30:	
2020	\$ 171,031
2021	(280,350)
2022	(38,718)
2023	(420)
2024	-
Thereafter	-

**Actuarial Methods and Assumptions**

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

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

*Actuarial Cost Method*

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

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

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

*Asset Valuation Method*

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

*Amortization*

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

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

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

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

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

*Cost of Living Benefit Increases* - 1.91%

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

Asset Class	PLD Plan	
	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	4.2%
Diversifiers	10.0%	5.9%

*Discount Rate*

The discount rate used to measure the collective total pension liability was 6.75% for 2019 for the Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
County's proportionate share of the net pension liability	\$ 6,035,433	\$ 2,649,519	\$ (517,680)

**Changes in Net Pension Liability**

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

*Differences between Expected and Actual Experience*

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

*Differences between Expected and Actual Investment Earnings*

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

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

*Changes in Assumptions*

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

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

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

**Pension Plan Fiduciary Net Position**

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



COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

**Plan Description**

County employees contribute to the Group Life Insurance Plan for Retired Participating Local District (PLD) (the PLD Consolidated Plan of the Maine Public Employees Retirement System (MainePERS)), a cost-sharing multiple-employer defined benefit plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. As of June 30, 2019, there were 239 employers participating in the plan. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at [www.maineper.org](http://www.maineper.org) or by contacting the System at (207) 512-3100.

**Benefits Provided**

The Group Life Insurance Plan (the Plan) provides basic group life insurance benefits, during retirement, to retirees who participated in the Plan prior to retirement for a minimum of 10 years (the 10-year participation requirement does not apply to recipients of disability retirement benefits). The level of coverage in retirement is initially set to an amount equal to the retiree's average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

**Contributions**

Life insurance benefits are funded by contributions from members and employers. Premium rates are those determined by the MainePERS's Board of Trustees to be actuarially sufficient to pay anticipated claims. For state employees, the premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage while participants are active members. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. PLD employers are required to remit a premium of \$0.46 per \$1,000 of coverage for covered active employees, a portion of which is to provide a level of coverage in retirement. PLD employers with retired PLD employees continue to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retired period. The County's contribution to the Plan for the year ended June 30, 2019 was \$13,093.

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

**Proportionate Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At December 31, 2019, the County reported a liability of \$254,562 for its proportionate share of the net OPEB liabilities for the Plan. The net OPEB liabilities were measured as of June 30, 2018 and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation as of that date. The County's proportion of the net OPEB liabilities were based on a projection of the County's long-term share of contributions to the Plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2019, the County's proportion was 1.189681%, which was a decrease of 0.01077% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the County recognized net OPEB expense of \$12,060. At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	PLD Life Insurance	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,225	\$ -
Changes of assumptions	21,188	33,259
Net difference between projected and actual earnings on pension plan investments	-	11,383
Changes in proportion and differences between contributions and proportionate share of contributions	10,822	1,972
Contributions subsequent to the measurement date	-	-
<b>Total</b>	<b>\$ 48,235</b>	<b>\$ 46,614</b>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

	<u>PLD Life Insurance</u>
Plan year ended June 30:	
2020	\$ (4,194)
2021	(4,194)
2022	(1,813)
2023	10,443
2024	1,378
Thereafter	-

**Actuarial Methods and Assumptions**

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

*Actuarial Cost Method*

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

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

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

*Asset Valuation Method*

Investments are reported at fair value.

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

*Amortization*

The net OPEB liability of the Plan is amortized on a level percentage of payroll over a thirty-year period on a closed basis. As of June 30, 2019, there were 11 years remaining for the Plan.

The actuarial assumptions used in the June 30, 2019 and June 30, 2018 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015.

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

*Investment Rate of Return* - For the PLD Plan, 6.75% per annum, compounded annually.

*Inflation Rate* - 2.75%

*Annual Salary Increases including Inflation* - For the PLD Plan, 2.75% to 9.00% per year.

*Mortality Rates* - For active members and non-disabled retirees of the Plan, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used. These tables are adjusted by percentages ranging from 104% to 120% based on actuarially determined demographic differences.

*Participation Rate for Future Retirees* - 100% of those currently enrolled.

*Conversion Charges* - Apply to the cost of active group life insurance, not retiree group life insurance.

*Form of Benefit Payment* - Lump sum

The long-term expected rate of return on the Plan's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of long-term real rates of return for each major asset class included in the

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

target asset allocation as of June 30, 2019 are summarized in the following table. Assets for the defined benefit plan are comingled for investment purposes.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.00%	6.00%
Real estate	5.00%	5.20%
Traditional credit	15.00%	3.00%
US Government securities	10.00%	2.30%
Total	100.00%	

*Discount Rate*

The discount rate used to measure the collective total OPEB liability was 4.98% for 2019. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined.

The following table shows how the collective net OPEB liability/(asset) as of June 30, 2018 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 4.98% for the PLD Plan.

	1% Decrease	Discount Rate	1% Increase
PLD Life Insurance: Discount rate	3.98%	4.98%	5.98%
County's proportionate share of the net OPEB benefits liability	\$ 336,173	\$ 254,562	\$ 190,223

**Changes in Net OPEB Liability**

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

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

*Differences between Expected and Actual Experience*

The difference between expected and actual experience with regard to economic or demographic factors are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. There were no differences between expected and actual experience as of June 30, 2019.

*Differences between Projected and Actual Investment Earnings on OPEB Plan Investments*

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

*Changes in Assumptions*

Differences due to changes in assumptions about future economic or demographic factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the June 30, 2019 and June 30, 2018 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period for the PLD Plan was six years for 2019. For the fiscal year ended June 30, 2019, there were no changes in assumptions with the exception of the use of a blended discount rate for the PLD Plan. Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pensions Plans*, requires the use of a blended discount rate for determining the total OPEB liability when it is projected that plan assets are not sufficient to meet benefit obligations in the future. In years where assets are projected to be sufficient to pay benefits, the Plan's assumed rate of return is used; in years where assets are not projected to be sufficient to pay benefits, the use of a municipal bond rate is required. The result is a single blended discount rate.

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability. There were no differences between employer contributions and proportionate share of contributions as of June 30, 2019.

**OPEB Plan Fiduciary Net Position**

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

**MAINE MUNICIPAL EMPLOYEES HEALTH TRUST**

**Plan Description**

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

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

**Benefits Provided**

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

**Employees Covered by Benefit Terms**

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

Active members	103
Retirees and spouses	<u>71</u>
Total	<u><u>174</u></u>

**Contributions**

Retiree and spouse premium amounts are funded by the retiree at the rate for the coverage elected by the retiree. Premium rates are those determined by the MMEHT's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage. Retirees and spouses must contribute 0% of the premium amounts. The sponsoring employer pays the remainder of the premium. Medical benefits are provided for the life of the retiree and surviving spouses.

**Retiree Premium Amounts**

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

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
POS C	\$879	\$1,971
PPO 500	\$779	\$1,748
<b><u>Medicare</u></b>		
Medicare eligible retirees	\$526	\$1,051



COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

At December 31, 2019, the County reported a liability of \$2,769,777 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2019 and was determined by an actuarial valuation as of that date. The County's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended December 31, 2019, the County recognized OPEB expense of \$16,105. At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 196,508	\$ -
Changes of assumptions	207,825	220,663
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	87,099	-
<b>Total</b>	<b>\$ 491,432</b>	<b>\$ 220,663</b>

\$87,099 were reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

	<u>MMEHT</u>
Plan year ended December 31:	
2020	\$ 56,950
2021	56,950
2022	56,950
2023	56,951
2024	(44,131)
Thereafter	-

**Discount Rate**

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

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	3.10%	4.10%	5.10%
Total OPEB liability	\$ 3,186,230	\$ 2,769,777	\$ 2,431,370
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 3,186,230</u>	<u>\$ 2,769,777</u>	<u>\$ 2,431,370</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

**Healthcare Trend**

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

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 2,406,185	\$ 2,769,777	\$ 3,218,664
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 2,406,185</u>	<u>\$ 2,769,777</u>	<u>\$ 3,218,664</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

**Actuarial Methods and Assumptions**

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

*Actuarial Cost Method*

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

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

*Amortization*

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

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

*Assumptions*

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

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

Discount Rate - 4.10% per annum.

Trend Assumptions:

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

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

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

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

Administrative and claims expense - 3% per annum.

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

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

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

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

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

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

Administrative expenses - Included in the per capita claims cost.

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

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

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

Rate of Mortality - Based on 104% and 120% of the RP2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC \_2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120 and convergence to the ultimate rate in the year 2020. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

Retiree Continuation Percentage:

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

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

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

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

**Changes in Net OPEB Liability**

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

*Differences between Expected and Actual Experience*

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2019 was \$196,508.

*Changes in Assumptions*

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

*Differences between Projected and Actual Earnings on OPEB Plan Investments*

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

**OPEB Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to this Plan can be found at the County Finance office at 2 Turner Street, Auburn, Maine 04210.

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 13 - JAIL OPERATIONS

During its 2007 Fiscal Year, the State of Maine enacted legislation known as LD 2080 "An Act to Better Coordinate and Reduce the Cost of the delivery of State and County Correctional Services", located in Public Laws 2007, Chapter 653. This Act has in essence capped what Counties can assess their municipalities for taxes to fund their corrections budgets and will also establish the annual growth limitations for future corrections expenditures. A Board of Overseers at the State of Maine has been appointed to supervise county correction operations. The Act has raised many accounting and auditing issues regarding both financial and budgetary reporting. It is the position of the County that it has addressed, to the best of its ability, these issues in its 2019 annual audit report.

At the present time issues such as the funding of accrued benefits; ownership and maintenance of correction assets; external funding of certain corrections operations; corrections capital / reserve funding and ownership and the treatment of net asset balances (deficits) have not been specifically addressed in this Act. However, we have included a liability and offsetting receivable from the State of Maine for accrued compensated absences that are expected to be paid by the State. If the State decides not to cover these amounts, the jail will be liable for them. Any financial and/or other impact on the County and the Jail Department cannot be determined at the time of the issuance of this report.

NOTE 14 - LETTER OF CREDIT

At December 31, 2019, the County has an outstanding irrevocable standby letter of credit issued by the Federal Home Loan Bank of Pittsburgh serving as collateral for its deposits held at TD, Bank, N.A. This letter of credit, which expires at the close of business on January 21, 2020, authorizes one draw only up to the amount of \$750,000. There were no draws for the year ended December 31, 2019.

NOTE 15 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the County either carries commercial insurance or participates in a public entity and self-insured risk pool sponsored by the Maine County Commissioners Association Self-Funded Risk Management Pool.

Based on the coverage provided by the insurance purchased, the County is not aware of any material actual or potential claim liabilities which should be recorded at December 31, 2019. The amount of settlements has not exceeded insurance coverage for each of the past three years and there were no significant reductions in insurance coverage from that of the prior year.

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 16 - CONTINGENCIES

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

The County participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the County's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

NOTE 17 - RESTATEMENT

In 2019, the County determined that certain transactions in prior years had been recorded incorrectly, therefore, a restatement to the 2018 government-wide and fund financial statements was required. The beginning net position and general fund fund balance were restated by \$170,966 to correct errors in various balance sheet accounts. The beginning net position was restated by \$170,150 to correct accumulated depreciation. The resulting restatements decreased net position from a deficit balance of \$1,491,119 to a deficit balance of \$1,832,235 and the general fund fund balance from \$1,820,566 to \$1,649,600.

A restatement to the 2018 fiduciary funds financial statements was also required. The beginning net position of the restitution fund was restated by \$74,570 to correct the allowance for doubtful accounts. The resulting restatement decreased net position from \$1,922,013 to \$1,847,443.

NOTE 18 - SUBSEQUENT EVENT

On January 2, 2020, the County issued a tax anticipation note to meet its operating obligations. The note in the amount of \$6,000,000 has an interest rate of 2.28% per annum with a maturity date of December 24, 2020.



## Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pension
- Schedule of Proportionate Share of the Net OPEB Liability - Group Life
- Schedule of Changes in the Net OPEB Liability - Health Plan
- Schedule of Changes in the Net OPEB Liability and Related Ratios - Health Plan
- Schedule of Contributions - OPEB - Group Life and Health Plan
- Notes to Required Supplementary Information

## COUNTY OF ANDROSCOGGIN, MAINE

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

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, January 1, Restated	\$ 1,649,600	1,649,600	\$ 1,649,600	\$ -
Resources (Inflows):				
Taxes - municipalities	10,158,018	10,158,018	10,158,018	-
Intergovernmental revenues	2,525,443	558,970	421,229	(137,741)
Charges for services	1,449,902	1,449,902	1,475,927	26,025
Interest income	2,500	2,500	27,268	24,768
Miscellaneous	66,030	66,030	109,910	43,880
Transfers from Other Funds	15,422	-	-	-
Amounts Available for Appropriation	<u>15,866,915</u>	<u>13,885,020</u>	<u>13,841,952</u>	<u>(43,068)</u>
Charges to Appropriations (Outflows):				
Superior court	11,200	11,200	15,071	(3,871)
District attorney	740,129	658,741	653,374	5,367
County commissioners	185,030	185,030	171,036	13,994
County treasurer	171,305	171,305	168,716	2,589
Restitution specialist	62,261	62,261	61,361	900
County buildings	396,525	396,525	364,563	31,962
Human resources	4,100	4,100	3,996	104
Registry of deeds	184,787	184,787	183,725	1,062
Registry of probate	163,974	163,974	171,538	(7,564)
Auditing	14,500	14,500	11,300	3,200
Sheriff	1,826,896	1,826,896	1,832,795	(5,899)
Extension service	49,557	49,557	49,557	-
Employee benefits	2,127,500	2,127,500	2,158,288	(30,788)
Soil conservation	14,000	14,000	14,000	-
Communications	695,430	695,430	702,740	(7,310)
Insurances	95,000	95,000	79,533	15,467
Emergency management agency	207,730	207,730	194,287	13,443
Civil process	231,950	231,950	233,245	(1,295)
Law enforcement death benefit	17,942	17,942	17,942	-
Telecommunications	86,523	86,523	86,837	(314)
Debt service:				
TAN interest	102,387	102,387	81,454	20,933
Unclassified	116,284	116,284	42,500	73,784
Transfers to other funds	6,942,305	5,043,986	4,983,853	60,133
Total Charges to Appropriations	<u>14,447,315</u>	<u>12,467,608</u>	<u>12,281,711</u>	<u>185,897</u>
Budgetary Fund Balance, December 31	<u>\$ 1,419,600</u>	<u>\$ 1,417,412</u>	<u>\$ 1,560,241</u>	<u>\$ 142,829</u>
Utilization of Assigned Fund Balance	<u>\$ 230,000</u>	<u>\$ 232,188</u>	<u>\$ -</u>	<u>\$ (232,188)</u>

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

SCHEDULE 2

COUNTY OF ANDROSCOGGIN, MAINE

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

	2019	2018	2017	2016	2015
<u>PLD Plan:</u>					
Proportion of the net pension liability	0.87%	0.86%	0.82%	0.84%	0.89%
Proportionate share of the net pension liability	\$ 2,649,519	\$ 2,349,713	\$ 3,362,842	\$ 4,471,562	\$ 2,849,993
Covered payroll	\$ 4,916,840	\$ 4,536,299	\$ 4,403,707	\$ 4,285,185	\$ 3,923,173
Proportionate share of the net pension liability as a percentage of its covered payroll	53.89%	51.80%	76.36%	104.35%	72.65%
Plan fiduciary net position as a percentage of the total pension liability	90.62%	91.14%	86.43%	86.40%	81.61%

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

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

SCHEDULE 3

COUNTY OF ANDROSCOGGIN, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSION  
LAST 10 FISCAL YEARS\*

	2019	2018	2017	2016	2015
<u>PLD Plan:</u>					
Contractually required contribution	\$ 541,187	\$ 530,797	\$ 448,507	\$ 509,966	\$ 430,266
Contributions in relation to the contractually required contribution	<u>(541,187)</u>	<u>(530,797)</u>	<u>(448,507)</u>	<u>(509,966)</u>	<u>(430,266)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,196,014	\$ 4,747,875	\$ 4,536,299	\$ 4,398,335	\$ 4,044,026
Contributions as a percentage of covered payroll	10.42%	11.18%	9.89%	11.59%	10.64%

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

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

COUNTY OF ANDROSCOGGIN, MAINE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
GROUP LIFE  
LAST 10 FISCAL YEARS\*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>PLD Life Insurance:</u>				
Proportion of the net OPEB liability	1.19%	1.20%	1.13%	1.13%
County's proportionate share of the net OPEB liability	<u>\$ 254,562</u>	<u>\$ 242,502</u>	<u>\$ 189,165</u>	<u>\$ 254,639</u>
Total	<u>\$ 254,562</u>	<u>\$ 242,502</u>	<u>\$ 189,165</u>	<u>\$ 254,639</u>
Covered payroll	\$ 4,916,840	\$ 4,536,299	\$ 4,403,707	\$ 4,285,185
Proportionate share of the net OPEB liability as a percentage of its covered payroll	5.18%	5.35%	4.30%	5.94%
Plan fiduciary net position as a percentage of the total OPEB liability	43.18%	43.92%	47.42%	0.00%

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

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

SCHEDULE 5

COUNTY OF ANDROSCOGGIN, MAINE

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

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/18 (Reporting December 31, 2018)	\$ 2,978,814	\$ -	\$ 2,978,814
Changes for the year:			
Service cost	40,480	-	40,480
Interest	102,378	-	102,378
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(264,796)	-	(264,796)
Contributions - employer	-	87,099	(87,099)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(87,099)	(87,099)	-
Administrative expense	-	-	-
Net changes	(209,037)	-	(209,037)
Balances at 1/1/19 (Reporting December 31, 2019)	\$ 2,769,777	\$ -	\$ 2,769,777

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

## COUNTY OF ANDROSCOGGIN, MAINE

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS  
HEALTH PLAN  
LAST 10 FISCAL YEARS\*

	2019	2018
<u>Total OPEB liability</u>		
Service cost (BOY)	\$ 40,480	\$ 32,928
Interest (includes interest on service cost)	102,378	87,171
Changes of benefit terms	-	-
Differences between expected and actual experience	-	294,762
Changes of assumptions	(264,796)	311,737
Benefit payments, including refunds of member contributions	(87,099)	(41,523)
Net change in total OPEB liability	\$ (209,037)	\$ 685,075
Total OPEB liability - beginning	\$ 2,978,814	\$ 2,293,739
Total OPEB liability - ending	\$ 2,769,777	\$ 2,978,814
<u>Plan fiduciary net position</u>		
Contributions - employer	87,099	41,523
Contributions - member	-	-
Net investment income	-	-
Benefit payments, including refunds of member contributions	(87,099)	(41,523)
Administrative expense	-	-
Net change in fiduciary net position	-	-
Plan fiduciary net position - beginning	\$ -	\$ -
Plan fiduciary net position - ending	\$ -	\$ -
Net OPEB liability - ending	\$ 2,769,777	\$ 2,978,814
Plan fiduciary net position as a percentage of the total OPEB liability	-	-
Covered payroll	\$ 4,327,691	\$ 4,327,691
Net OPEB liability as a percentage of covered payroll	64.0%	68.8%

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

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

COUNTY OF ANDROSCOGGIN, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB - GROUP LIFE AND HEALTH PLAN  
LAST 10 FISCAL YEARS\*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b><u>PLD Life Insurance:</u></b>				
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,196,014	\$ 7,897,674	\$ 4,536,299	\$ 4,398,335
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%
	<u>2019</u>	<u>2018</u>		
<b><u>MMEHT:</u></b>				
Employer contributions	\$ 87,099	\$ 41,523		
Benefit payments	(87,099)	(41,523)		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>		
Covered payroll	\$ 4,327,691	\$ 4,327,691		
Contributions as a percentage of covered payroll	0.00%	0.96%		

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

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



COUNTY OF ANDROSCOGGIN, MAINE

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

**Changes of Assumptions**

Maine Municipal Health Trust:

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

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

## Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Schedule of Net Position - Fiduciary Funds - Custodial Funds
- Combining Schedule of Changes in Net Position - Fiduciary Funds - Custodial Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

SCHEDULE A

COUNTY OF ANDROSCOGGIN, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
<b>SUPERIOR COURT</b>					
Witness fees	\$ 11,000	-	\$ 11,000	\$ 15,001	\$ (4,001)
Other expenditures	200	-	200	70	130
<b>Total</b>	<b>11,200</b>	<b>-</b>	<b>11,200</b>	<b>15,071</b>	<b>(3,871)</b>
<b>DISTRICT ATTORNEY</b>					
Personnel	474,725	-	474,725	438,831	35,894
Telephone	13,500	-	13,500	16,882	(3,382)
Utilities	18,450	-	18,450	12,394	6,056
Contracted services	23,296	-	23,296	22,555	741
Office supplies/printing	37,343	-	37,343	15,202	22,141
Software/hardware	11,150	-	11,150	20,340	(9,190)
Court lease	51,000	-	51,000	51,000	-
Other expenditures	15,442	-	15,442	62,407	(46,965)
Victim advocate	81,388	(81,388)	-	-	-
Joint District Attorney	13,835	-	13,835	13,763	72
<b>Total</b>	<b>740,129</b>	<b>(81,388)</b>	<b>658,741</b>	<b>653,374</b>	<b>5,367</b>
<b>COUNTY COMMISSIONERS</b>					
Personnel	163,180	-	163,180	145,670	17,510
Telephone	1,500	-	1,500	999	501
Software/hardware	500	-	500	776	(276)
Office supplies/printing	6,050	-	6,050	3,071	2,979
Dues	13,000	-	13,000	12,294	706
Other expenditures	800	-	800	8,226	(7,426)
<b>Total</b>	<b>185,030</b>	<b>-</b>	<b>185,030</b>	<b>171,036</b>	<b>13,994</b>
<b>COUNTY TREASURER</b>					
Personnel	142,389	-	142,389	141,721	668
Software/hardware	12,000	-	12,000	11,234	766
Office supplies/printing	9,780	-	9,780	2,150	7,630
Computer equipment	1,800	-	1,800	1,552	248
Other expenditures	5,336	-	5,336	12,059	(6,723)
<b>Total</b>	<b>171,305</b>	<b>-</b>	<b>171,305</b>	<b>168,716</b>	<b>2,589</b>
<b>RESTITUTION SPECIALIST</b>					
	62,261	-	62,261	61,361	900

SCHEDULE A (CONTINUED)

COUNTY OF ANDROSCOGGIN, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
<b>COUNTY BUILDINGS</b>					
Personnel	175,140	-	175,140	184,544	(9,404)
Fuel oil	4,700	-	4,700	4,029	671
Cleaning	14,250	-	14,250	6,022	8,228
Grounds/snow removal	13,000	-	13,000	12,662	338
Repairs	30,600	-	30,600	34,800	(4,200)
Utilities	74,460	-	74,460	78,406	(3,946)
Building and improvements	80,000	-	80,000	23,509	56,491
Other expenditures	4,375	-	4,375	20,591	(16,216)
<b>Total</b>	<b>396,525</b>	<b>-</b>	<b>396,525</b>	<b>364,563</b>	<b>31,962</b>
<b>HUMAN RESOURCES</b>					
Human resources	4,100	-	4,100	3,996	104
<b>Total</b>	<b>4,100</b>	<b>-</b>	<b>4,100</b>	<b>3,996</b>	<b>104</b>
<b>REGISTRY OF DEEDS</b>					
Personnel	161,277	-	161,277	162,186	(909)
Microfilming	17,000	-	17,000	16,257	743
Office supplies/printing	5,060	-	5,060	2,190	2,870
Telephone	900	-	900	744	156
Other expenditures	550	-	550	2,348	(1,798)
<b>Total</b>	<b>184,787</b>	<b>-</b>	<b>184,787</b>	<b>183,725</b>	<b>1,062</b>
<b>REGISTRY OF PROBATE</b>					
Personnel	134,224	-	134,224	126,196	8,028
Advertising	10,000	-	10,000	11,216	(1,216)
Software/hardware	5,500	-	5,500	2,566	2,934
Insurance	1,975	-	1,975	2,113	(138)
Telephone	450	-	450	425	25
Repairs	500	-	500	229	271
Other expenditures	11,325	-	11,325	28,793	(17,468)
<b>Total</b>	<b>163,974</b>	<b>-</b>	<b>163,974</b>	<b>171,538</b>	<b>(7,564)</b>

SCHEDULE A (CONTINUED)

COUNTY OF ANDROSCOGGIN, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS -- GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
<b>AUDITING</b>					
Audit services	14,500	-	14,500	11,300	3,200
Total	14,500	-	14,500	11,300	3,200
<b>SHERIFF</b>					
Personnel	1,401,050	-	1,401,050	1,419,805	(18,755)
Service contracts	13,500	-	13,500	14,176	(676)
Gas/oil/grease	56,750	-	56,750	53,883	2,867
Clothing/uniforms	18,600	-	18,600	19,749	(1,149)
Motor vehicles	132,000	-	132,000	129,939	2,061
Telephone/teletype	25,720	-	25,720	18,970	6,750
Communications	20,220	-	20,220	20,219	1
Automotive supplies	11,000	-	11,000	11,008	(8)
Software/hardware	13,900	-	13,900	10,514	3,386
Office supplies/printing	4,350	-	4,350	5,892	(1,542)
Training/education	22,750	-	22,750	11,620	11,130
Repairs	33,300	-	33,300	35,280	(1,980)
Public safety	45,911	-	45,911	45,580	331
Other expenditures	27,845	-	27,845	36,160	(8,315)
Total	1,826,896	-	1,826,896	1,832,795	(5,899)
<b>EXTENSION SERVICE</b>					
Twin County Extension	49,557	-	49,557	49,557	-
Total	49,557	-	49,557	49,557	-
<b>EMPLOYEE BENEFITS</b>					
Health/dental insurance	1,507,000	-	1,507,000	1,607,679	(100,679)
Unemployment compensation	7,500	-	7,500	3,087	4,413
Retirement	348,000	-	348,000	290,070	57,930
Social Security	265,000	-	265,000	257,452	7,548
Total	2,127,500	-	2,127,500	2,158,288	(30,788)

SCHEDULE A (CONTINUED)

COUNTY OF ANDROSCOGGIN, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
<b>COMMUNICATIONS</b>					
Personnel	543,549	-	543,549	557,672	(14,123)
Telephone/teletype	4,330	-	4,330	4,737	(407)
Repairs	3,500	-	3,500	3,147	353
Software/hardware	4,390	-	4,390	3,110	1,280
Office supplies/printing	2,800	-	2,800	1,776	1,024
Other expenditures	136,861	-	136,861	132,298	4,563
Total	695,430	-	695,430	702,740	(7,310)
<b>SOIL CONSERVATION</b>					
Androscoggin Soil Conservation	14,000	-	14,000	14,000	-
Total	14,000	-	14,000	14,000	-
<b>LAW ENFORCEMENT</b>					
Death benefit	17,942	-	17,942	17,942	-
Totals	17,942	-	17,942	17,942	-
<b>INSURANCES</b>					
Auto/liability	45,000	-	45,000	38,266	6,734
Worker's compensation	50,000	-	50,000	41,267	8,733
Total	95,000	-	95,000	79,533	15,467
<b>EMERGENCY MANAGEMENT AGENCY</b>					
Personnel	185,661	-	185,661	127,972	57,689
Telephone	4,566	-	4,566	4,607	(41)
Utilities	7,724	-	7,724	7,359	365
Office supplies/printing	1,364	-	1,364	11,603	(10,239)
Vehicle expenditures	4,783	-	4,783	6,604	(1,821)
Repairs	1,250	-	1,250	3,062	(1,812)
Grant expenses	-	-	-	32,202	(32,202)
Other expenditures	2,382	-	2,382	878	1,504
Total	207,730	-	207,730	194,287	13,443

SCHEDULE A (CONTINUED)

COUNTY OF ANDROSCOGGIN, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
<b>CIVIL PROCESS SERVICE</b>					
Personnel	193,350	-	193,350	196,817	(3,467)
Gas, oil and grease	8,000	-	8,000	9,594	(1,594)
Repairs	3,500	-	3,500	3,505	(5)
Motor vehicle	7,100	-	7,100	7,118	(18)
Software/hardware	2,250	-	2,250	2,155	95
Office supplies/printing	6,750	-	6,750	1,618	5,132
Other expenditures	11,000	-	11,000	12,438	(1,438)
Total	231,950	-	231,950	233,245	(1,295)
<b>TELECOMMUNICATIONS</b>					
Personnel	52,223	-	52,223	53,433	(1,210)
Telephone	700	-	700	832	(132)
Repairs	5,700	-	5,700	5,388	312
Computer/software supplies	13,000	-	13,000	13,329	(329)
Other expenditures	14,900	-	14,900	13,855	1,045
Total	86,523	-	86,523	86,837	(314)
<b>DEBT SERVICE</b>					
TAN interest	102,387	-	102,387	81,454	20,933
Total	102,387	-	102,387	81,454	20,933
<b>UNCLASSIFIED</b>					
Western Maine Transportation Services	42,500	-	42,500	42,500	-
Overlay	73,784	-	73,784	-	73,784
Total	116,284	-	116,284	42,500	73,784
<b>TRANSFERS TO OTHER FUNDS</b>					
Jail fund	6,942,305	(1,981,895)	4,960,410	4,900,277	60,133
Special revenue funds	-	83,576	83,576	83,576	-
Total	6,942,305	(1,898,319)	5,043,986	4,983,853	60,133
<b>TOTAL DEPARTMENTAL OPERATIONS</b>	<b>\$ 14,447,315</b>	<b>\$ (1,979,707)</b>	<b>\$ 12,467,608</b>	<b>\$ 12,281,711</b>	<b>\$ 185,897</b>

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

COUNTY OF ANDROSCOGGIN, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2019

	Special Revenue Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 41,767	\$ 41,767
Accounts receivable (net of allowance for uncollectibles)	9,323	9,323
Due from other governments	45,485	45,485
Due from other funds	74,655	74,655
<b>TOTAL ASSETS</b>	<u>\$ 171,230</u>	<u>\$ 171,230</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 10	\$ 10
Accrued payroll	1,862	1,862
Due to other funds	38,008	38,008
<b>TOTAL LIABILITIES</b>	<u>39,880</u>	<u>39,880</u>
<b>FUND BALANCES</b>		
Nonspendable	-	-
Restricted	132,749	132,749
Committed	-	-
Assigned	-	-
Unassigned	(1,399)	(1,399)
<b>TOTAL FUND BALANCES</b>	<u>131,350</u>	<u>131,350</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 171,230</u>	<u>\$ 171,230</u>

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



## COUNTY OF ANDROSCOGGIN, MAINE

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

	Special Revenue Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>
REVENUES		
Intergovernmental	\$ 443,120	\$ 443,120
Charges for services	55,644	55,644
Interest income	148	148
Miscellaneous	50,304	50,304
TOTAL REVENUES	<u>549,216</u>	<u>549,216</u>
EXPENDITURES		
Program expenses	590,897	590,897
TOTAL EXPENDITURES	<u>590,897</u>	<u>590,897</u>
NET CHANGE IN FUND BALANCES	41,895	41,895
FUND BALANCES - JANUARY 1	<u>89,455</u>	<u>89,455</u>
FUND BALANCES - DECEMBER 31	<u>\$ 131,350</u>	<u>\$ 131,350</u>

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

## Special Revenue Funds

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

SCHEDULE D

COUNTY OF ANDROSCOGGIN, MAINE

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

	Chemical Emergency Response	Probate Surcharge	DARE	Victim Advocate Grant	Wellness Grant	Speed Grant	Click It or Ticket It	DA Trial Assistance Grant
<b>ASSETS</b>								
Cash and cash equivalents	\$ 17,542	\$ 22,441	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	9,323	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	31,790
Due from other funds	-	-	37	38,412	20,024	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 17,542</b>	<b>\$ 22,441</b>	<b>\$ 37</b>	<b>\$ 47,735</b>	<b>\$ 20,024</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 31,790</b>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	931	-	-	-	931
Due to other funds	656	8,233	-	-	-	-	-	27,244
<b>TOTAL LIABILITIES</b>	<b>656</b>	<b>8,233</b>	<b>-</b>	<b>931</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,175</b>
<b>FUND BALANCES (DEFICITS)</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	16,886	14,208	37	46,804	20,024	-	-	3,615
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>16,886</b>	<b>14,208</b>	<b>37</b>	<b>46,804</b>	<b>20,024</b>	<b>-</b>	<b>-</b>	<b>3,615</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 17,542</b>	<b>\$ 22,441</b>	<b>\$ 37</b>	<b>\$ 47,735</b>	<b>\$ 20,024</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 31,790</b>

SCHEDULE D (CONTINUED)

COUNTY OF ANDROSCOGGIN, MAINE

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

	MDEA Agent Contract	DA Technology Grant	Homeland Security	Misc Sheriff Grants	Maine EDUL	Alcohol Enforcement	Traffic Safety	Total
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,784	\$ -	\$ 41,767
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-	9,323
Due from other governments	-	475	13,220	-	-	-	-	45,485
Due from other funds	-	-	1,584	11,409	2,018	-	1,171	74,655
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 475</b>	<b>\$ 14,804</b>	<b>\$ 11,409</b>	<b>\$ 2,018</b>	<b>\$ 1,784</b>	<b>\$ 1,171</b>	<b>\$ 171,230</b>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ 10	\$ -	\$ -	\$ -	\$ 10
Accrued payroll	-	-	-	-	-	-	-	1,862
Due to other funds	1,399	475	-	-	-	1	-	38,008
<b>TOTAL LIABILITIES</b>	<b>1,399</b>	<b>475</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>39,880</b>
<b>FUND BALANCES (DEFICITS)</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	14,804	11,399	2,018	1,783	1,171	132,749
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	(1,399)	-	-	-	-	-	-	(1,399)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>(1,399)</b>	<b>-</b>	<b>14,804</b>	<b>11,399</b>	<b>2,018</b>	<b>1,783</b>	<b>1,171</b>	<b>131,350</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ -</b>	<b>\$ 475</b>	<b>\$ 14,804</b>	<b>\$ 11,409</b>	<b>\$ 2,018</b>	<b>\$ 1,784</b>	<b>\$ 1,171</b>	<b>\$ 171,230</b>

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

SCHEDULE E

COUNTY OF ANDROSCOGGIN, MAINE

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

	Chemical Emergency Response	Probate Surcharge	DARE	Victim Advocate Grant	Wellness Grant	Speed Grant	Click It or Ticket It	DA Trial Assistance Grant
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,510	\$ 2,150	\$ 40,981
Charges for services	-	4,630	-	51,014	-	-	-	-
Interest income	68	75	-	-	-	-	-	-
Miscellaneous	39,285	-	-	-	6,214	-	-	-
TOTAL REVENUES	39,353	4,705	-	51,014	6,214	5,510	2,150	40,981
EXPENDITURES								
Program expenses	40,090	7,889	-	90,414	5,936	5,510	2,150	37,366
TOTAL EXPENDITURES	40,090	7,889	-	90,414	5,936	5,510	2,150	37,366
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(737)	(3,184)	-	(39,400)	278	-	-	3,615
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	81,388	2,188	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	81,388	2,188	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(737)	(3,184)	-	41,988	2,466	-	-	3,615
FUND BALANCES (DEFICITS) - JANUARY 1	17,623	17,392	37	4,816	17,558	-	-	-
FUND BALANCES (DEFICITS) - DECEMBER 31	\$ 16,886	\$ 14,208	\$ 37	\$ 46,804	\$ 20,024	\$ -	\$ -	\$ 3,615

SCHEDULE E (CONTINUED)

COUNTY OF ANDROSCOGGIN, MAINE

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

	MDEA Agent Contract	DA Technology Grant	Homeland Security	Misc Sheriff Grants	Maine EDUL	Alcohol Enforcement	Traffic Safety	Total
REVENUES								
Intergovernmental	\$ -	\$ 272,181	\$ 122,298	\$ -	\$ -	\$ -	\$ -	\$ 443,120
Charges for services	-	-	-	-	-	-	-	55,644
Interest income	-	-	-	-	-	5	-	148
Miscellaneous	-	-	-	4,805	-	-	-	50,304
TOTAL REVENUES	-	272,181	122,298	4,805	-	5	-	549,216
EXPENDITURES								
Program expenses	-	272,181	127,669	1,692	-	-	-	590,897
TOTAL EXPENDITURES	-	272,181	127,669	1,692	-	-	-	590,897
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(5,371)	3,113	-	5	-	(41,681)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	83,576
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	83,576
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	(5,371)	3,113	-	5	-	41,895
FUND BALANCES (DEFICITS) - JANUARY 1	(1,399)	-	20,175	8,286	2,018	1,778	1,171	89,455
FUND BALANCES (DEFICITS) - DECEMBER 31	\$ (1,399)	\$ -	\$ 14,804	\$ 11,399	\$ 2,018	\$ 1,783	\$ 1,171	\$ 131,350

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

## Fiduciary Funds

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

## COUNTY OF ANDROSCOGGIN, MAINE

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

	Inmate Benefit Account	Restitution Account	Extradition Account	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 324,807	\$ 82,805	\$ 30,062	\$ 437,674
Due from other governments	30,190	1,770,314	-	1,800,504
<b>TOTAL ASSETS</b>	<b><u>\$ 354,997</u></b>	<b><u>\$ 1,853,119</u></b>	<b><u>\$ 30,062</u></b>	<b><u>\$ 2,238,178</u></b>
<b>LIABILITIES</b>				
Accounts payable	\$ 26,650	\$ -	\$ -	\$ 26,650
Deposits held for others	328,347	1,853,119	30,062	2,211,528
<b>TOTAL LIABILITIES</b>	<b><u>\$ 354,997</u></b>	<b><u>\$ 1,853,119</u></b>	<b><u>\$ 30,062</u></b>	<b><u>\$ 2,238,178</u></b>

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



SCHEDULE G

COUNTY OF ANDROSCOGGIN, MAINE

COMBINING SCHEDULE OF CHANGES IN NET POSITION - FIDUCIARY FUNDS  
CUSTODIAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Inmate Benefit Account	Restitution Account	Extradition Account	Total
<b>ADDITIONS</b>				
Charges for services	\$ 289,299	\$ 450,509	\$ 67,318	\$ 807,126
Interest income	632	-	41	673
Other	777	-	-	777
<b>TOTAL ADDITIONS</b>	<u>290,708</u>	<u>450,509</u>	<u>67,359</u>	<u>808,576</u>
<b>DELETIONS</b>				
Program charges	318,384	444,833	67,301	830,518
<b>TOTAL DELETIONS</b>	<u>318,384</u>	<u>444,833</u>	<u>67,301</u>	<u>830,518</u>
<b>NET CHANGE IN DEPOSITS HELD FOR OTHERS</b>	(27,676)	5,676	58	(21,942)
<b>DEPOSITS HELD FOR OTHERS, JANUARY 1, RESTATED</b>	356,023	1,847,443	30,004	2,233,470
<b>DEPOSITS HELD FOR OTHERS, DECEMBER 31</b>	<u>\$ 328,347</u>	<u>\$ 1,853,119</u>	<u>\$ 30,062</u>	<u>\$ 2,211,528</u>

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

## General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position.

SCHEDULE H

COUNTY OF ANDROSCOGGIN, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
DECEMBER 31, 2019

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Total
Jail	\$ -	\$ 9,017,828	\$ 261,323	\$ 9,279,151
Sheriff's Department	-	-	1,155,441	1,155,441
District Attorney	-	-	19,755	19,755
County-wide	809,900	2,614,074	146,920	3,570,894
Total General Capital Assets	809,900	11,631,902	1,583,439	14,025,241
Less: Accumulated Depreciation	-	(11,352,930)	(1,238,396)	(12,591,326)
Net General Capital Assets	\$ 809,900	\$ 278,972	\$ 345,043	\$ 1,433,915

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

COUNTY OF ANDROSCOGGIN, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED DECEMBER 31, 2019

	General Capital Assets 1/1/19 (Restated)	Additions	Disposals	General Capital Assets 12/31/19
Jail	\$ 9,264,001	\$ 15,150	-	\$ 9,279,151
Sheriff's department	1,102,763	52,678	-	1,155,441
District attorney	11,302	8,453	-	19,755
County-wide	3,570,894	-	-	3,570,894
Total General Capital Assets	13,948,960	76,281	-	14,025,241
Less: Accumulated Depreciation	(12,426,551)	(164,775)	-	(12,591,326)
Net General Capital Assets	\$ 1,870,662	\$ (88,494)	\$ -	\$ 1,433,915

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



Proven Expertise & Integrity

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners  
County of Androscoggin  
Auburn, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the County of Androscoggin, Maine, as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the County of Androscoggin, Maine's basic financial statements and have issued our report thereon dated June 19, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Androscoggin, Maine's internal control over financial reporting to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Androscoggin, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Androscoggin, Maine's internal control.

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

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Androscoggin, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the County of Androscoggin, Maine in a separate letter dated June 19, 2020.

#### Purpose of this Report

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

*RHR Smith & Company*

Buxton, Maine  
June 19, 2020