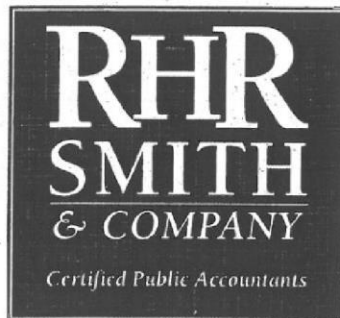


**Audited Financial Statements  
and Other Financial Information**

**Jail Department of the County of  
Androscoggin, Maine**

**June 30, 2019**



*Proven Expertise & Integrity*

JAIL DEPARTMENT OF THE COUNTY OF ANDROSCOGGIN, MAINE

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JUNE 30, 2019

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## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
County of Androscoggin, Maine  
Auburn, Maine

### Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Jail Department of the County of Androscoggin, Maine as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Jail Department of 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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

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expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Jail Department of the County of Androscoggin, Maine as of June 30, 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.

### Emphasis of Matter

As discussed in Note 1 of Notes to the Financial Statements, the financial statements of the Jail Department of the County of Androscoggin, Maine are intended to present the financial position and the changes in financial position of only that portion of each major fund and the aggregate remaining fund information of the County of Androscoggin, Maine that is attributable to the transactions of the Jail Department of the County of Androscoggin, Maine. They do not purport to, and do not present fairly the financial position of the County of Androscoggin, Maine as of June 30, 2019 and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund on page 22 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.

Management has omitted a management's discussion and analysis, capital assets, depreciation on capital assets, debt, and other disclosures that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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. These financial statements have been prepared for the purposes of the State of Maine. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2019, on our consideration of the Jail Department 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 Jail Department of the County of Androscoggin, Maine's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
September 27, 2019

STATEMENT A

JAIL DEPARTMENT OF THE COUNTY OF ANDROSCOGGIN, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2019

	General Fund
<b>ASSETS</b>	
Due from other governments	\$ 470,443
Due from State of Maine/accrued compensated absences	102,604
<b>TOTAL ASSETS</b>	<b>\$ 573,047</b>
 <b>LIABILITIES</b>	
Accounts payable	\$ 30,102
Accrued payroll	68,255
Accrued compensated absences	102,604
<b>TOTAL LIABILITIES</b>	<b>200,961</b>
 <b>FUND BALANCES</b>	
Nonspendable	-
Restricted	-
Committed	-
Assigned	26,954
Unassigned	345,132
<b>TOTAL FUND BALANCES</b>	<b>372,086</b>
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	 <b>\$ 573,047</b>

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

STATEMENT B

JAIL DEPARTMENT OF THE COUNTY OF ANDROSCOGGIN, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund
REVENUES	
Taxes	\$ 4,825,437
Intergovernmental revenues	1,992,695
Charges for services	102,420
TOTAL REVENUES	6,920,552
EXPENDITURES	
Current:	
Personnel	4,561,966
Contract services	818,655
Vehicles and travel	15,885
Utilities	233,000
Repairs and maintenance	250,866
Insurance	108,556
Jail surcharges	132,878
Other	19,583
Commodities	432,529
Capital outlay	114,612
TOTAL EXPENDITURES	6,688,530
EXCESS REVENUES OVER (UNDER) EXPENDITURES	232,022
NET CHANGE IN FUND BALANCES	232,022
FUND BALANCES - JULY 1	140,064
FUND BALANCES - JUNE 30	\$ 372,086

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

STATEMENT C

JAIL DEPARTMENT OF THE COUNTY OF ANDROSCOGGIN, MAINE

STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2019

	Agency Fund
	<u>Inmate Benefit Account</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 362,870
<b>TOTAL ASSETS</b>	<u>\$ 362,870</u>
<b>LIABILITIES</b>	
Due to other governments	\$ 4,602
Deposits held for others	358,268
<b>TOTAL LIABILITIES</b>	<u>\$ 362,870</u>

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



JAIL DEPARTMENT OF THE COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Jail is a Department of the County of Androscoggin, Maine. The financial statements of the County of Androscoggin, Maine have been issued in a separate report dated July 26, 2019 for the year ended December 31, 2018. Therefore, the financial statements that follow present only the operations for the Department and are not intended to present fairly the financial position and results of operations of the County of Androscoggin, Maine in accordance with generally accepted accounting principles (GAAP). Certain disclosures relevant to the County of Androscoggin, Maine and the Jail Department have been omitted from these financial statements and have been disclosed in the County's financial statements. This Department has been reported separately from the County for the purposes of State regulatory agencies.

The Department's financial statements are prepared, in most part, in accordance with generally accepted accounting principles (GAAP). Because these statements are a special purpose report, they do not need to follow GAAP. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

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

**Implementation of New Accounting Standards**

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 about the nature of a government's AROs, the methods and assumptions used for the

JAIL DEPARTMENT OF THE COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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.

**Measurement Focus - Fund Financial Statements**

The financial transactions of the Department 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 Department:

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 Department:

**Major Fund**

- a. The General Fund is the general operating fund of the Department. It is used to account for all financial resources except those required to be accounted for in another fund.

JAIL DEPARTMENT OF THE COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Department programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

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

**Basis of Accounting**

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

1. Accrual

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

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified 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. Also, a liability for accrued compensated absences has been recorded along with an offsetting asset from the State of Maine. Most of these amounts are not current, and therefore are not presented on the modified accrual basis of accounting.

JAIL DEPARTMENT OF THE COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Budget**

The Department's policy is to adopt an annual budget for operations. The County commissioners approves the budget and is the final decision maker. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles except for the following:

- Encumbrances are treated as expenditures.
- Appropriations of prior year fund balances are treated as revenue.
- Interdepartmental and inter-fund transfers are treated as revenues and/or expenditures.
- Insurance claims, compensated absences and investment income are recorded on the cash basis.
- Capital leases are not budgeted.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed, executory contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) may be carried into the next fiscal year.

The following is a reconciliation of the GAAP and budgetary fund balances for the Jail Department's General Fund:

JAIL DEPARTMENT OF THE COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Sources/inflows of resources**

Actual amounts (budgetary basis) "available for appropriation" budgetary comparison schedule (Schedule 1)	\$ 7,060,616
Differences-budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	<u>(140,064)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 6,920,552</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule (Schedule 1)	\$ 6,715,484
Differences-budget to GAAP	
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year supplies are received for financial reporting purposes.	<u>(26,954)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 6,688,530</u>

**Deposits and Investments**

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

It is the Department's policy to value investments at fair value. None of the Department's investments are reported at amortized cost. The Department 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
- Repurchase agreements
- Money market mutual funds

JAIL DEPARTMENT OF THE COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Interfund Receivables and Payables**

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

**Transactions Between Funds**

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of Governmental Funds.

**Receivables**

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$470,443 for the year ended June 30, 2019. The allowance for uncollectible amounts is estimated to be \$0 as of June 30, 2019.

**Compensated Absences**

The Department's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as a current liability in the governmental fund financial statements with an offsetting receivable from the State of Maine.

**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.

JAIL DEPARTMENT OF THE COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Other Postemployment Benefits (OPEB)**

For purposes of measuring the District'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.

**Fund Balance**

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

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

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

Committed – This includes amounts that can be used only for specific purposes determined by a formal action of the County commissioners. The County commissioners through Board meetings are the highest level of decision-making authority of the Department. Commitments may be established, modified, or rescinded only through a Board meeting vote.

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 Board of Corrections.

Unassigned – This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other

JAIL DEPARTMENT OF THE COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Encumbrance Accounting**

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments are carried forward to supplement appropriations of the subsequent year. The General Fund reserve for encumbrances totals \$26,954 at June 30.

**Use of Estimates**

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

NOTE 2 - DEPOSITS AND INVESTMENTS

The Department's investment policies, which follow state statutes, authorize the Department 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 investment policies apply to all Department funds.

**Deposits:**

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Department will not be able to recover its deposits. The Department does not have a policy covering custodial credit risk for deposits. However, the Department maintains deposits in qualifying financial institutions that are a



JAIL DEPARTMENT OF THE COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2019, the Department's cash balance of \$362,870 was comprised of bank deposits amounting to \$375,322. Of these deposits, \$342,317 were insured by federal depository insurance and consequently were not exposed to custodial credit risk. The remaining deposits of \$33,005 were insured by an irrevocable standby letter of credit issued on behalf of the financial institution to the County of Androscoggin.

**Investments:**

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Department will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Department does not have a policy for custodial credit risk for investments. At June 30, 2019, the Department had \$0 of investments.

Credit risk - Statutes for the State of Maine authorize the Department 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 Department does not have an investment policy on credit risk.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Department will mitigate interest rate risk through structuring investment maturities such that the Department's cash demands for on-going operations will be met from cash flows of maturing securities and therefore will preclude the premature sale of securities to meet those needs.

The Department has determined that it has complied with state and federal laws governing the investment of public funds.

NOTE 3 - ASSIGNED FUND BALANCES

At June 30, 2019, the Department had the following assigned fund balances:

General fund:

Listing of encumbrances	<u>\$ 26,954</u>
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JAIL DEPARTMENT OF THE COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 4 - RISK MANAGEMENT

The Department is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 1998, the Department contracted with Maine County Commissioners Association Self-Funded Risk Management Pool for property insurance and general liability insurance. Property coverage is \$13,179,750, \$10,000,000 per occurrence and in the aggregate annually for the peril of flood, and \$10,000,000 per occurrence and in the aggregate annually for the peril of earthquake. The deductible for property coverage is \$1,000 per occurrence.

Professional liability is protected by the Maine County Commissioners Association Self-Funded Risk Management Pool with a \$1,000,000 single occurrence limit and no deductible. Vehicles are covered by Maine County Commissioners Association Self-Funded Risk Management Pool and hold a \$1,000 deductible for comprehensive and a \$1,000 deductible for collision. Automobile liability has a \$1,000,000 combined single limit of liability. The above-mentioned risk pool can make special assessments to its members if the risk pool is experiencing financial troubles. No special assessments have been made to its members since the inception of the risk pool.

The Department pays the State Workers' Compensation Fund a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

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

The County is self-funded regarding unemployment compensation. The County reimburses the State of Maine, who pays the former County employees while unemployed, for all valid unemployment claims.

There were no significant reductions in insurance coverage during the year. The Department did not have any claims that exceeded insurance coverage in each of the past three years.

The overall responsibility and liability for any types of losses, insurances or claims lies with the County.

JAIL DEPARTMENT OF THE COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 5 - CONTINGENCIES

The Department participates in a number of federal and state assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended June 30, 2019, have not yet been conducted. Accordingly, the Department's compliance with applicable grant requirements will be established at some future date. The expenditure amounts, if any, which may be disallowed by granting agencies cannot be determined.

NOTE 6 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Department 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.maineper.org](http://www.maineper.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, 2018 there were 304 employers in the plan.

JAIL DEPARTMENT OF THE COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 2.4%.

**Contributions**

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Department's law enforcement and corrections officers plan members in the 1C, 2C and AC plans are required to contribute 8.0% of their annual covered salary. The Department is required to contribute at an actuarially determined rate. The current rate is 16.3% for the 1C plan, 10.5% for the 2C plan and 10.0% for the AC plan of covered payroll. The contribution rates of plan members and the Department are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The Department's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2019 was \$273,485.

NOTE 7 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

**Plan Description**

Jail 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. 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 (800) 451-9800.

JAIL DEPARTMENT OF THE COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 7 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN (CONTINUED)

**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.

NOTE 8 - 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 County annual audit report and the jail annual audit.

JAIL DEPARTMENT OF THE COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 8 - JAIL OPERATIONS (CONTINUED)

During the 2016 fiscal year the State of Maine enacted legislation know as LD 186. This bill repeals the changes that were made by Public Law 2007, chapter 653, eliminating the State Board of Corrections and all of its duties, and returns the law to the form it was in prior to jail consolidation. This bill requires that the State continue to provide funding to the counties in the same amount that it did in fiscal year 2014-15.

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 position 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.

## Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Government 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

## JAIL DEPARTMENT OF THE COUNTY OF ANDROSCOGGIN, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Resources (Inflows):				
Taxes	\$ 4,825,437	\$ 4,825,437	\$ 4,825,437	\$ -
Intergovernmental revenues	1,981,895	1,981,895	1,992,695	10,800
Charges for services	134,973	134,973	102,420	(32,553)
Amounts Available for Appropriation	<u>6,942,305</u>	<u>6,942,305</u>	<u>6,920,552</u>	<u>(21,753)</u>
Charges to Appropriations (Outflows):				
Personnel	4,834,825	4,834,825	4,561,966	272,859
Contract services	790,500	790,500	818,655	(28,155)
Vehicles and travel	21,650	21,650	17,140	4,510
Utilities	203,000	203,000	233,050	(30,050)
Repairs and maintenance	194,700	194,700	258,974	(64,274)
Insurance	115,000	115,000	108,556	6,444
Jail surcharges	150,000	150,000	132,878	17,122
Other	19,005	19,005	22,359	(3,354)
Commodities	476,625	476,720	443,137	33,583
Capital outlay	137,000	137,000	118,769	18,231
Total Charges to Appropriations	<u>6,942,305</u>	<u>6,942,400</u>	<u>6,715,484</u>	<u>226,916</u>
Utilization of Assigned Fund Balance	<u>-</u>	<u>95</u>	<u>-</u>	<u>(95)</u>
Net Change in Budgetary Fund Balance	-	-	205,068	205,068
Budgetary Fund Balance, July 1			<u>140,064</u>	
Budgetary Fund Balance, June 30			<u>\$ 345,132</u>	

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

County Commissioners  
Jail Department of the County of Androscoggin, Maine  
Skowhegan, 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 Jail Department of the County of Androscoggin, Maine as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Jail Department of the County of Androscoggin, Maine's basic financial statements, and have issued our report thereon dated September 27, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Jail Department of the County of Androscoggin, Maine's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Jail Department of the County of Androscoggin, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Jail Department 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 the Jail Department of the 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 or other matters that are required to be reported under *Government Auditing Standards*.

#### Purpose of this Report

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

*RHR Smith & Company*

Buxton, Maine  
September 27, 2019