

**Audited Financial Statements and  
Other Financial Information**

**County of Androscoggin, Maine**

**December 31, 2018**



*Proven Expertise & Integrity*



COUNTY OF ANDROSCOGGIN, MAINE

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DECEMBER 31, 2018

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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, 2018 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, 2018 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 64 through 71 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 July 26, 2019, 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  
July 26, 2019

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2018**

**(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, 2018. 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, 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.

*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 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 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 \$708,644 from a deficit balance of \$2,199,763 to a deficit balance of \$1,491,119.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased to a deficit balance of \$3,412,036 at the end of this year.

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

	<b>2018</b>	<b>2017 (Restated)</b>
<b>Assets:</b>		
Current Assets	\$ 3,055,859	\$ 3,181,990
Capital Assets	1,692,559	1,870,662
Total Assets	4,748,418	5,052,652
<b>Deferred Outflows of Resources:</b>		
Deferred Outflows Related to Pensions	786,648	1,680,159
Deferred Outflows Related to OPEB	555,004	987
Total Deferred Outflows of Resources	1,341,652	1,681,146
<b>Liabilities:</b>		
Current Liabilities	792,953	554,386
Long-term Debt Outstanding	5,674,083	5,972,297
Total Liabilities	6,467,036	6,526,683
<b>Deferred Inflows of Resources:</b>		
Deferred Revenues	393,610	678,079
Deferred Inflows Related to Pensions	663,071	1,667,033
Deferred Inflows Related to OPEB	57,472	61,766
Total Deferred Inflows of Resources	1,114,153	2,406,878
<b>Net Position:</b>		
Net Investment in Capital Assets	1,436,042	1,583,319
Restricted	484,875	793,922
Unrestricted (Deficit)	(3,412,036)	(4,577,004)
Total Net Position (Deficit)	\$ (1,491,119)	\$ (2,199,763)

## Revenues and Expenses

Revenues for the County's governmental activities increased by 6.05%, while total expenses increased by 1.67%. The main increase in revenues was in tax revenue. The largest increases in expenses were in jail (support of prisoners) and communications.

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

	2018	2017
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for services	\$ 1,815,713	\$ 1,429,084
Operating grants and contributions	1,454,006	1,364,984
<i>General Revenues:</i>		
Taxes	9,670,853	9,108,796
Other grants/contracts	141,442	602,949
Interest income	23,191	10,599
Miscellaneous	242,574	69,688
Total Revenues	13,347,779	12,586,100
<b>Expenses</b>		
Superior court	13,022	11,082
District attorney	595,555	568,410
County commissioners	170,191	150,722
County treasurer	145,993	183,053
Restitution specialist	28,421	-
County buildings	467,703	487,206
Jail (support of prisoners)	6,545,180	5,999,315
Human resources	3,024	4,559
Registry of deeds	151,750	175,795
Registry of probate	155,950	135,130
Auditing	17,000	16,800
Sheriff	1,786,158	1,448,556
Extension service	49,557	49,557
Law enforcement death benefit	17,942	17,942
Employee benefits	950,797	1,730,846
Soil conservation	14,000	14,000
Communications	676,403	70,717
Insurances	71,513	70,253
Emergency management agency	208,469	201,661
Civil process	207,189	164,608
Telecommunications	75,987	699,869
Unclassified	213,687	167,626
TAN interest	41,619	31,592
Unallocated depreciation (Note 4)	32,025	32,025
Total Expenses	12,639,135	12,431,324
Change in Net Position (Deficit)	708,644	154,776
Net Position (Deficit) - January 1, Restated	(2,199,763)	(2,354,539)
Net Position (Deficit) - December 31	\$ (1,491,119)	\$ (2,199,763)

## 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,**

	2018	2017
General Fund:		
Nonspendable	\$ 5,700	\$ 2,700
Restricted	111,550	107,394
Assigned	670,190	887,040
Unassigned	1,033,126	598,129
Total General Fund	\$ 1,820,566	\$ 1,595,263
 Jail Fund:		
Restricted	\$ 42,319	\$ 392,844
Total Jail Fund	\$ 42,319	\$ 392,844
 Deeds Surcharge Fund:		
Restricted	\$ 240,152	\$ 209,056
Total Deeds Surcharge Fund	\$ 240,152	\$ 209,056
 Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 90,854	\$ 84,628
Unassigned	(1,399)	(1,399)
Total Nonmajor Funds	\$ 89,455	\$ 83,229

The general fund total fund balance increased by \$225,303 from the prior fiscal year due to revenues that exceeded expenditures and transfers to other funds. The jail fund total fund balance decreased by \$350,525 from the prior fiscal year as a result of expenditures exceeding revenues and transfers from other funds. The deeds surcharge fund total fund balance increased by \$31,096 from the prior fiscal year as result of revenues that exceeded expenditures. The nonmajor funds total fund balances increased by \$6,226 from the prior fiscal year due to revenues and transfers in that exceeded expenditures.

## Budgetary Highlights

There differences between the original and final budget for the general fund was due to the use of unassigned fund balance.

The general fund actual revenues exceeded budgeted amounts by \$141,982. This was mostly a result of charges for services.

The general fund actual expenditures were under budget by \$410,269. All expenditure categories were within or under budget with the exception of superior court, registry of probate, auditing, communications, emergency management agency, telecommunications and transfers to other funds.

## Capital Asset and Debt Administration

### Capital Assets

As of December 31, 2018, the net book value of capital assets recorded by the County decreased by \$178,103 over the prior year. This decrease was due to current year depreciation expense.

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

	<u>2018</u>	<u>2017</u>
Land	\$ 809,900	\$ 809,900
Construction in progress	82,656	82,656
Buildings and improvements	213,484	225,711
Vehicles	300,565	380,959
Machinery and equipment	269,554	353,403
Furniture and fixtures	<u>16,400</u>	<u>18,033</u>
Total	<u>\$ 1,692,559</u>	<u>\$ 1,870,662</u>

### Debt

At December 31, 2018, the County had no bonds outstanding. Other long-term obligations included capital leases payable, accrued compensated absences, net pension liability and net OPEB liability. 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 two months. 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, 2018

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 2,666,376
Accounts receivable (net of allowance for uncollectibles)	131,534
Due from other governments	251,781
Prepaid items	5,700
Inventory	468
Total current assets	<u>3,055,859</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	892,556
Depreciable assets, net of accumulated depreciation	800,003
Total noncurrent assets	<u>1,692,559</u>
<b>TOTAL ASSETS</b>	<u>4,748,418</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	786,648
Deferred outflows related to OPEB	555,004
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,341,652</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 6,090,070</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 89,332
Accrued expenses	161,120
Due to other governments	129,044
Current portion of long-term obligations	413,457
Total current liabilities	<u>792,953</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Capital leases payable	103,054
Net pension liability	2,349,713
Net OPEB liability	3,221,316
Total noncurrent liabilities	<u>5,674,083</u>
<b>TOTAL LIABILITIES</b>	<u>6,467,036</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred revenues	393,610
Deferred inflows related to pensions	663,071
Deferred inflows related to OPEB	57,472
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>1,114,153</u>
<b>NET POSITION (DEFICIT)</b>	
Net investment in capital assets	1,436,042
Restricted	484,875
Unrestricted (deficit)	(3,412,036)
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>(1,491,119)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 6,090,070</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, 2018

Functions/Programs	Program Revenues			Charges for Services	Net (Expense) Revenue and Changes in Net Position	
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions		Total	Governmental Activities
Governmental activities:						
Superior court	\$ 13,022	\$ -	\$ -	\$ -	\$ -	(13,022)
District attorney	595,555	-	-	-	-	(595,555)
County commissioners	170,191	-	-	-	-	(170,191)
County treasurer	145,993	-	-	-	-	(145,993)
Restitution specialist	28,421	-	-	-	-	(28,421)
County buildings	467,703	-	-	-	-	(467,703)
Jail (support of prisoners)	6,545,180	1,305,926	-	31,083	-	(5,208,171)
Human resources	3,024	-	-	-	-	(3,024)
Registry of deeds	151,750	-	-	839,290	-	687,540
Registry of probate	155,950	-	-	183,193	-	27,243
Auditing	17,000	-	-	-	-	(17,000)
Sheriff	1,786,158	-	-	244,880	-	(1,541,278)
Extension service	49,557	-	-	-	-	(49,557)
Employee benefits	950,797	-	-	-	-	(950,797)
Soil conservation	14,000	-	-	-	-	(14,000)
Communications	676,403	-	-	230,718	-	(445,685)
Insurances	71,513	-	-	-	-	(71,513)
Emergency management agency	208,469	-	-	-	-	(208,469)
Civil process	207,189	-	-	209,790	-	2,601
Law enforcement death benefit	17,942	-	-	-	-	(17,942)
Telecommunications	75,987	-	-	16,250	-	(59,737)
Unclassified	213,687	-	-	60,509	148,080	(5,098)
TAN interest	41,619	-	-	-	-	(41,619)
Unallocated depreciation (Note 4)*	32,025	-	-	-	-	(32,025)
Total government	\$ 12,639,135	\$ 1,815,713	\$ 1,454,006	\$ -	\$ -	(9,369,416)

\* 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, 2018

	Governmental Activities
Changes in net position:	
Net (expense) revenue	(9,369,416)
General revenues:	
Property taxes, levied for general purposes	9,670,853
Other grants/contracts	141,442
Interest income	23,191
Miscellaneous	242,574
Total general revenues	10,078,060
CHANGE IN NET POSITION (DEFICIT)	708,644
NET POSITION (DEFICIT) - JANUARY 1, RESTATED	(2,199,763)
NET POSITION (DEFICIT) - DECEMBER 31	\$ (1,491,119)

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

## COUNTY OF ANDROSCOGGIN, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2018

	General Fund	Jail Fund	Deeds Surcharge Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,344,441	\$ -	\$ 285,016	\$ 36,919	\$ 2,666,376
Accounts receivables (net of allowance for uncollectibles)	64,426	65,330	-	1,778	131,534
Due from other governments	161,520	90,261	-	-	251,781
Prepaid items	5,700	-	-	-	5,700
Inventory	468	-	-	-	468
Due from other funds	48,167	613,889	-	54,061	716,117
<b>TOTAL ASSETS</b>	<b>\$ 2,624,722</b>	<b>\$ 769,480</b>	<b>\$ 285,016</b>	<b>\$ 92,758</b>	<b>\$ 3,771,976</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 5,587	\$ 83,745	\$ -	\$ -	\$ 89,332
Accrued expenses	1,575	159,545	-	-	161,120
Accrued compensated absences	-	90,261	-	-	90,261
Due to other governments	129,044	-	-	-	129,044
Due to other funds	667,950	-	44,864	3,303	716,117
<b>TOTAL LIABILITIES</b>	<b>804,156</b>	<b>333,551</b>	<b>44,864</b>	<b>3,303</b>	<b>1,185,874</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenues	-	393,610	-	-	393,610
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>393,610</b>	<b>-</b>	<b>-</b>	<b>393,610</b>
<b>FUND BALANCES</b>					
Nonspendable - prepaid items	5,700	-	-	-	5,700
Restricted	111,550	42,319	240,152	90,854	484,875
Committed	-	-	-	-	-
Assigned	670,190	-	-	-	670,190
Unassigned	1,033,126	-	-	(1,399)	1,031,727
<b>TOTAL FUND BALANCES</b>	<b>1,820,566</b>	<b>42,319</b>	<b>240,152</b>	<b>89,455</b>	<b>2,192,492</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,624,722</b>	<b>\$ 769,480</b>	<b>\$ 285,016</b>	<b>\$ 92,758</b>	<b>\$ 3,771,976</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, 2018

	<u>Total Governmental Funds</u>
Total fund balances	\$ 2,192,492
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	1,692,559
Deferred outflows of resources related to pensions and OPEB are not financial resources and therefore are not reported in the funds	
Pension	786,648
OPEB	555,004
Long-term liabilities shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Capital leases payable	(256,517)
Accrued compensated absences	(169,733)
Net pension liability	(2,349,713)
Net OPEB liability	(3,221,316)
Deferred inflows of resources related to pensions and OPEB are not financial resources and therefore are not reported in the funds	
Pension	(663,071)
OPEB	<u>(57,472)</u>
Net position of governmental activities	<u>\$ (1,491,119)</u>

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, 2018**

	General Fund	Jail Fund	Deeds Surcharge Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 9,670,853	\$ -	\$ -	\$ -	\$ 9,670,853
Intergovernmental revenues	141,442	1,305,926	-	148,080	1,595,448
Charges for services	1,730,657	31,083	48,573	5,400	1,815,713
Interest income	21,869	-	1,268	54	23,191
Miscellaneous revenues	159,685	82,889	-	-	242,574
<b>TOTAL REVENUES</b>	<b>11,724,506</b>	<b>1,419,898</b>	<b>49,841</b>	<b>153,534</b>	<b>13,347,779</b>
<b>EXPENDITURES</b>					
Current:					
Superior court	13,022	-	-	-	13,022
District attorney	594,474	-	-	-	594,474
County commissioners	170,191	-	-	-	170,191
County treasurer	145,993	-	-	-	145,993
Restitution specialist	28,421	-	-	-	28,421
County buildings	467,703	-	-	-	467,703
Jail (support of prisoners)	-	6,525,587	-	-	6,525,587
Human resources	3,024	-	-	-	3,024
Register of deeds	182,576	-	-	-	182,576
Register of probate	155,950	-	-	-	155,950
Auditing	17,000	-	-	-	17,000
Sheriff	1,660,754	-	-	-	1,660,754
Extension service	49,557	-	-	-	49,557
Employee benefits	1,894,618	-	-	-	1,894,618
Soil conservation	14,000	-	-	-	14,000
Communications	676,403	-	-	-	676,403
Insurances	71,513	-	-	-	71,513
Emergency management agency	208,469	-	-	-	208,469
Civil process	207,189	-	-	-	207,189
Law enforcement death benefit	17,942	-	-	-	17,942
Telecommunications	75,987	-	-	-	75,987
Unclassified	656	-	18,745	194,286	213,687
Debt service:					
TAN interest	41,619	-	-	-	41,619
<b>TOTAL EXPENDITURES</b>	<b>6,697,061</b>	<b>6,525,587</b>	<b>18,745</b>	<b>194,286</b>	<b>13,435,679</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>5,027,445</b>	<b>(5,105,689)</b>	<b>31,096</b>	<b>(40,752)</b>	<b>(87,900)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	4,755,164	-	46,978	4,802,142
Transfers (out)	(4,802,142)	-	-	-	(4,802,142)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(4,802,142)</b>	<b>4,755,164</b>	<b>-</b>	<b>46,978</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>225,303</b>	<b>(350,525)</b>	<b>31,096</b>	<b>6,226</b>	<b>(87,900)</b>
<b>FUND BALANCES - JANUARY 1</b>	<b>1,595,263</b>	<b>392,844</b>	<b>209,056</b>	<b>83,229</b>	<b>2,280,392</b>
<b>FUND BALANCES - DECEMBER 31</b>	<b>\$ 1,820,566</b>	<b>\$ 42,319</b>	<b>\$ 240,152</b>	<b>\$ 89,455</b>	<b>\$ 2,192,492</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, 2018

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (87,900)</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:	
Depreciation expense	<u>(178,103)</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	(893,511)
OPEB	<u>554,017</u>
	<u>(339,494)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	
	<u>210,175</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	
	<u>(179,349)</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	1,003,962
OPEB	<u>4,294</u>
	<u>1,008,256</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	342
Net pension liability	1,013,129
Net OPEB liability	<u>(738,412)</u>
	<u>275,059</u>
Change in net position of governmental activities (Statement B)	<u>\$ 708,644</u>

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

## COUNTY OF ANDROSCOGGIN, MAINE

STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
DECEMBER 31, 2018

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 388,665
Accounts receivable (net of allowance for uncollectibles)	<u>1,946,026</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,334,691</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$ 26,651
Deposits held for others	<u>2,308,040</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 2,334,691</u></u>

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

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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, 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, 2018, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.*" The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 85, "Omnibus 2017." The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 86, "Certain Debt Extinguishment Issues." The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. 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, 2018

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 & 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, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonmajor Fund

- 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 (agency). 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, 2018

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, 2018

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. Allowances for uncollectible accounts netted with accounts receivable were \$2,676,319 for the year ended December 31, 2018. The allowance for uncollectible accounts is estimated to be zero as of December 31, 2018.

**Prepaid Items**

Certain insurance and other 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. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the County. The County has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

Buildings	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

**Long-term Obligations**

The accounting treatment of long-term debt 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 debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of capital leases 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.

**Compensated 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 it is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

from expendable available financial resources, while the proprietary funds report the liability as it is incurred. At December 31, 2018, the County reported a liability of \$259,994.

**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.

**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

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

**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

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 October 1, 2018. Interest will begin accruing at rate of 7% 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, 2018.

**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).

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Encumbrance Accounting**

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

**Use of Estimates**

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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, 2018, the County's cash balance of \$3,055,041 was comprised of bank deposits amounting to \$3,603,510. Of these deposits, \$827,758 were insured by federal depository insurance and consequently not exposed to custodial credit risk. Of the remaining deposits, \$1,822,441 were collateralized with securities held by the financial institution in the County's name, \$868,310 was collateralized by an irrevocable stand-by letter of credit and the remaining balance of \$85,001 was uninsured and uncollateralized.

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 1,284,979
Savings accounts	20,815
Sweep accounts	1,822,441
ICS savings accounts	475,275
	<u>\$ 3,603,510</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, 2018, the County had \$0 of investments.

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.

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2018 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 48,167	\$ 667,950
Jail Fund	613,889	-
Deeds Surcharge Fund	-	44,864
Nonmajor Special Revenue Funds	54,061	3,303
	<u>\$ 716,117</u>	<u>\$ 716,117</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2018:

	Balance, 1/1/18	Additions	Disposals	Balance, 12/31/18
<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>-</u>	<u>892,556</u>
Depreciated assets:				
Buildings/improvements	11,534,096	-	-	11,534,096
Vehicles	719,224	-	-	719,224
Machinery/equipment	773,031	-	-	773,031
Furniture/fixtures	30,053	-	-	30,053
	13,056,404	-	-	13,056,404
Less accumulated depreciation	(12,078,298)	(178,103)	-	(12,256,401)
	<u>978,106</u>	<u>(178,103)</u>	<u>-</u>	<u>800,003</u>
Net capital assets	<u>\$ 1,870,662</u>	<u>\$ (178,103)</u>	<u>\$ -</u>	<u>\$ 1,692,559</u>

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Current year depreciation

Jail	\$ 19,593
District attorney	1,081
Sheriff's department	125,404
County-wide	<u>32,025</u>
Total depreciation expense	<u>\$ 178,103</u>

NOTE 5 - SHORT-TERM DEBT

On January 2, 2018, 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 \$5,500,000 at 1.27% interest with a maturity date of December 28, 2018.

On July 20, 2018, 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 \$1,100,000 at 2.95% interest with a maturity date of December 28, 2018.

Short-term debt activity for the year ended December 31, 2018 is as follows:

	<u>Balance 1/1/18</u>	<u>Draws</u>	<u>Repayments</u>	<u>Balance 12/31/18</u>
Tax anticipation note	<u>\$ -</u>	<u>\$ 5,500,000</u>	<u>\$ (5,500,000)</u>	<u>\$ -</u>

On December 31, 2018, the note was paid in full. Interest expense for the note was \$41,619.

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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, 2018 is as follows:

	Balance, 1/1/18 (Restated)	Additions	Deletions	Balance, 12/31/18	Current Portion
Capital leases payable	\$ 287,343	\$ 179,349	\$ (210,175)	\$ 256,517	\$ 153,463
Accrued compensated absences	270,346	-	(10,352)	259,994	259,994
Net pension liability	3,362,842	1,084,818	(2,097,947)	2,349,713	-
Net OPEB liability	2,482,904	779,935	(41,523)	3,221,316	-
Totals	<u>\$ 6,403,435</u>	<u>\$ 2,044,102</u>	<u>\$ (2,359,997)</u>	<u>\$ 6,087,540</u>	<u>\$ 413,457</u>

The following is a description of the capital leases payable for the year ended December 31, 2018:

The County leases a radio repeater and tower equipment through Gorham Savings Leasing Group LLC. The term of the lease is for three years with annual principal and interest payments of \$44,183. Interest is charged at a rate of 3.140% per annum with a maturity date of March 15, 2019.

The County leases a 2017 Ford Fusion through Gorham Savings Leasing Group LLC. The term of the lease is for four years with annual principal and interest payments of \$4,683. Interest is charged at a rate of 3.310% per annum with a maturity date of April 15, 2020.

The County leases two 2017 Ford Explorers and a 2017 Dodge Charger through Gorham Savings Leasing Group LLC. The term of the lease is for three years with annual principal and interest payments of \$35,353. Interest is charged at a rate of 3.290% per annum with a maturity date of May 15, 2019.

The County leases four 2018 vehicles through Gorham Savings Leasing Group LLC. The term of the lease is for three years with annual principal and interest payments of \$46,428. Interest is charged at a rate of 4.00% per annum with a maturity date of August 15, 2020.

The County leases software through IBM Credit LLC. The term of the lease is for sixty months with monthly principal and interest payments of \$843. Interest is charged at a rate of 3.52% to 4.80% per annum with a maturity date of July 2023.

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Future minimum payments under the non-cancelable leases are as follows:

2019	\$ 161,048
2020	81,421
2021	9,085
2022	9,085
2023	<u>6,057</u>
Total minimum lease payments	266,696
Less: amount representing interest	<u>(10,179)</u>
Present value of future minimum lease payments	<u>\$ 256,517</u>

NOTE 7 - NONSPENDABLE FUND BALANCES

At December 31, 2018, the County had the following nonspendable fund balances:

General Fund:	
Prepaid Items	<u>\$ 5,700</u>

NOTE 8 - RESTRICTED FUND BALANCES

At December 31, 2018, the County had the following restricted fund balances:

General Fund:	
Undesignated Jail Surplus	\$ 3
Electronic Monitoring	6,749
Dive Team Equipment	538
Asset Forfeiture	3,902
DA Educational Staff Training	358
Contingency	<u>100,000</u>
Subtotal General Fund	111,550
Jail Fund	42,319
Deeds Surcharge Fund	240,152
Nonmajor Special Revenue Funds (See Schedule D)	<u>90,854</u>
	<u>\$ 484,875</u>

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 9 - ASSIGNED FUND BALANCES

At December 31, 2018, the County had the following assigned fund balances:

General Fund:		
Communication Reserve	\$	8,718
Building Imp Account		83,892
Office Equipment		21,771
2019 Commitment Offset		150,000
County Capital Reserves		405,809
	\$	<u>670,190</u>

NOTE 10 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

**Plan Description**

County employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (800) 451-9800.

**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

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

which are established by contract with PLD employers under applicable statutory provisions.

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 2.40%.

**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 10.1% of special plan "2C" members' covered payroll, 9.6% of the plan "AC" members' covered payroll and 15.7% 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, 2018 was \$530,797.

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

At December 31, 2018, the District reported a liability of \$2,349,713 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2018 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The District's proportion of the net pension liabilities were based on a projection of the District's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2018, the District's proportion was 0.858204%, which was an increase of 0.036870% from its proportion measured as of June 30, 2017.

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended December 31, 2018, the District recognized net pension revenue of \$1,123,580. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,354	\$ 25,796
Changes of assumptions	374,871	-
Net difference between projected and actual earnings on pension plan investments	-	567,121
Changes in proportion and differences between contributions and proportionate share of contributions	96,088	70,154
Contributions subsequent to the measurement date	<u>308,335</u>	<u>-</u>
Total	<u>\$ 786,648</u>	<u>\$ 663,071</u>

\$308,335 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. 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:	
2019	\$ 286,058
2020	61,568
2021	(385,810)
2022	(146,576)
2023	-
Thereafter	-

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Actuarial Methods and Assumptions**

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2018, 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*

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, 2018 are as follows:

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

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Salary Increases, Merit and Inflation* - Members of the consolidated plan for PLDs, 2.75% to 9.00% per year.

*Mortality Rates* - For participating local districts, 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% for participating local districts.

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 June 30, 2018 are summarized in the following table. Assets for the defined benefit plan are comingled for investment purposes.

<u>Asset Class</u>	<u>PLD Plan</u>	
	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
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 2018. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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(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 6.75% for the PLD Consolidated Plan.

	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	\$ 5,535,604	\$ 2,349,713	\$ (630,156)

Changes in net pension liability are recognized in pension expense for the year ended June 30, 2018 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. For 2018, this was three years for the PLD Consolidated Plan; prior to 2017, this was four years for the PLD Consolidated Plan.

**Changes in Net Pension Liability**

*Differences between Projected 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.

*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

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2018 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015.

*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. 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' 2018 Comprehensive Annual Financial Report available online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

NOTE 11 - 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. 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.maineopers.org](http://www.maineopers.org) or by contacting the System at (800) 451-9800.

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) 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. The County's contribution to the Plan for the year ended June 30, 2018 was \$12,480.

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

At December 31, 2018, the County reported a liability of \$242,502 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, 2018, the County's proportion was 1.200447%, which was an increase of 0.06918% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the County recognized net OPEB expense of \$61,221. At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

	<u>PLD Life Insurance</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 20,464	\$ -
Changes of assumptions	15,547	44,746
Net difference between projected and actual earnings on pension plan investments	-	12,726
Changes in proportion and differences between contributions and proportionate share of contributions	13,577	-
Contributions subsequent to the measurement date	-	-
<b>Total</b>	<b>\$ 49,588</b>	<b>\$ 57,472</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:

	<u>PLD Life Insurance</u>
Plan year ended June 30:	
2019	\$ (5,012)
2020	(5,012)
2021	(5,012)
2022	(2,609)
2023	9,759
Thereafter	-

**Actuarial Methods and Assumptions**

The collective total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2018, 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

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
PLD Life Insurance:			
Discount rate	4.13%	5.13%	6.13%
County's proportionate share of the net OPEB benefits liability	\$ 320,382	\$ 242,502	\$ 181,099

**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, 2018 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, 2018 with the following exceptions:

*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, 2018.

*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, 2018 actuarial valuations were based on the results of an actuarial

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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 2018. For the fiscal year ended June 30, 2018, 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.

*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, 2018.

**OPEB Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2018 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

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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. 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.

**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, 2018, 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 100% 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.

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

**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	\$878.86	\$1,971.10
PPO 500	\$779.30	\$1,747.80
<u>Medicare</u>		
Medicare eligible retirees	\$525.54	\$1,051.08

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

At December 31, 2018, the County reported a liability of \$2,978,814 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2018 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, 2018, the County recognized OPEB expense of \$221,182. At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 245,635	\$ -
Changes of assumptions	259,781	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
<b>Total</b>	<b>\$ 505,416</b>	<b>\$ -</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:

	MMEHT
Plan year ended December 31:	
2019	\$ 101,083
2020	101,083
2021	101,083
2022	101,083
2023	101,084
Thereafter	-

**Discount Rate**

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as 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 3.44% per annum for December 31, 2018 was based upon a measurement date of December 31, 2017. The sensitivity of net OPEB liability to changes in discount rate are as follows:

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
	2.44%	3.44%	4.44%
Total OPEB liability	\$ 3,465,010	\$ 2,978,814	\$ 2,587,890
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 3,465,010</u>	<u>\$ 2,978,814</u>	<u>\$ 2,587,890</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:

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 2,586,345	\$ 2,978,814	\$ 3,466,149
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 2,586,345</u>	<u>\$ 2,978,814</u>	<u>\$ 3,466,149</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, 2017, 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.

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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.

*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 - 3.44% 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.

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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.

Medical and drug trends were blended to develop non-Medicare and Medicare trends based on experience weight as listed below.

FYE	Non-Medicare		Medicare		Non-Medicare	Medicare
	Medical	Drug	Medical	Drug	Blended	Blended
2018	8.20%	9.60%	4.93%	9.60%	8.46%	8.27%
2019	7.90%	9.20%	4.87%	9.20%	8.15%	8.00%
2020	7.60%	8.80%	4.80%	8.80%	7.83%	7.72%
2021	7.30%	8.40%	4.73%	8.40%	7.51%	7.44%
2022	7.00%	8.00%	4.67%	8.00%	7.20%	7.15%
2023	6.70%	7.60%	4.60%	7.60%	6.88%	6.85%
2024	6.40%	7.20%	4.53%	7.20%	6.56%	6.55%
2025	6.10%	6.80%	4.47%	6.80%	6.24%	6.24%
2026	5.80%	6.40%	4.40%	6.40%	5.92%	5.93%
2027	5.50%	6.00%	4.33%	6.00%	5.60%	5.61%
2028	5.20%	5.60%	4.27%	5.60%	5.28%	5.29%
2029	4.90%	5.20%	4.20%	5.20%	4.96%	4.97%
2030	4.60%	4.80%	4.13%	4.80%	4.64%	4.65%
2031	4.30%	4.40%	4.07%	4.40%	4.32%	4.33%
2032	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

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, 2018

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

Age	Tier 1 (Those hired before 7/1/14)		Tier 2 (Those hired on or after 7/1/14)	
	No Additional Employer Payment	With Additional Employer Payment	No Additional Employer Payment	With Additional Employer Payment
55	5%	5%	5%	5.5%
56	5%	5%	5%	5.5%
57	5%	5%	5%	5.5%
58	5%	5%	5%	5.5%
59	20%	20%	5%	5.5%
60	20%	25%	5%	5.5%
61	20%	25%	5%	5.5%
62	20%	25%	5%	5.5%
63	20%	25%	5%	5.5%
64	20%	25%	20%	25%
65	25%	45%	20%	40%
66	25%	30%	20%	25%
67	25%	30%	20%	25%
68	25%	30%	20%	25%
69	25%	30%	20%	25%
70	100%	100%	100%	100%

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.

Rates of Turnover - Termination rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

Years of Service	Revised
0	25.0%
1	20.0%
2	15.0%
3	12.0%
4	10.0%
5	9.0%
6	6.0%
7+	4.0%

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.

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

Participation Rates -

Age	No Additional Employer Payment	With Additional Employer Payment
55	5%	80%
56	8%	80%
57	11%	80%
58	14%	80%
59	17%	80%
60	20%	80%
61	22%	90%
62	24%	90%
63	26%	90%
64	29%	90%
65	32%	90%
66	34%	90%
67	36%	90%
68	38%	90%
69	40%	90%
70	50%	90%

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

Significant actuarial assumptions employed by the actuary for Claim and Expense Assumptions as of January 1, 2018 are as follows

Monthly Per Capita Claims and Expense Cost - For all medical and prescription drug benefits for the year 2018 is expressed per adult covered beneficiary.

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

Age	POS A				POS 200			
	Medical		Rx		Medical		Rx	
	Male	Female	Male	Female	Male	Female	Male	Female
40	\$311	\$565	\$99	\$122	\$296	\$538	\$95	\$118
45	\$411	\$585	\$128	\$146	\$391	\$557	\$123	\$141
50	\$539	\$674	\$163	\$173	\$513	\$641	\$157	\$166
55	\$694	\$824	\$203	\$202	\$660	\$784	\$195	\$195
60	\$878	\$971	\$248	\$234	\$835	\$923	\$239	\$226
64	\$1,045	\$986	\$288	\$262	\$993	\$938	\$278	\$253
65	\$120	\$110	\$457	\$446	\$120	\$110	\$457	\$446
70	\$144	\$124	\$514	\$467	\$144	\$124	\$514	\$467
75	\$176	\$148	\$502	\$458	\$176	\$148	\$502	\$458
80	\$209	\$174	\$454	\$432	\$209	\$174	\$454	\$432

Age	POS C				PPO 500			
	Medical		Rx		Medical		Rx	
	Male	Female	Male	Female	Male	Female	Male	Female
40	\$306	\$556	\$99	\$122	\$289	\$524	\$95	\$118
45	\$404	\$575	\$128	\$146	\$381	\$542	\$123	\$141
50	\$530	\$662	\$163	\$173	\$499	\$624	\$157	\$166
55	\$683	\$811	\$203	\$202	\$643	\$764	\$195	\$195
60	\$863	\$955	\$248	\$234	\$813	\$899	\$239	\$226
64	\$1,027	\$969	\$288	\$262	\$968	\$913	\$278	\$253
65	\$120	\$110	\$457	\$446	\$120	\$110	\$457	\$446
70	\$144	\$124	\$514	\$467	\$144	\$124	\$514	\$467
75	\$176	\$148	\$502	\$458	\$176	\$148	\$502	\$458
80	\$209	\$174	\$454	\$432	\$209	\$174	\$454	\$432

Age	PPO 1000				PPO 1500			
	Medical		Rx		Medical		Rx	
	Male	Female	Male	Female	Male	Female	Male	Female
40	\$281	\$510	\$95	\$118	\$273	\$495	\$95	\$118
45	\$371	\$528	\$123	\$141	\$360	\$512	\$123	\$141
50	\$486	\$608	\$157	\$166	\$472	\$589	\$157	\$166
55	\$627	\$744	\$195	\$195	\$608	\$722	\$195	\$195
60	\$792	\$876	\$239	\$226	\$768	\$850	\$239	\$226
64	\$943	\$890	\$278	\$253	\$914	\$863	\$278	\$253
65	\$120	\$110	\$457	\$446	\$120	\$110	\$457	\$446
70	\$144	\$124	\$514	\$467	\$144	\$124	\$514	\$467
75	\$176	\$148	\$502	\$458	\$176	\$148	\$502	\$458
80	\$209	\$174	\$454	\$432	\$209	\$174	\$454	\$432

COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

**OPEB Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to this Plan can be found at the County Finance office at 142 Federal Street, Portland, Maine 04101.

NOTE 12 - 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 2018 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 13 - LETTER OF CREDIT

At December 31, 2018, 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 14, 2019, authorizes one draw only up to the amount of \$1,500,000. There were no draws for the year ended December 31, 2018.

NOTE 14 - DEFICIT FUND BALANCE

At December 31, 2018 the County had the following deficit fund balance:

MDEA Agent Contract	<u><u>1,399</u></u>
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COUNTY OF ANDROSCOGGIN, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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, 2018. 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.

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

The net position of the governmental activities has been restated at January 1, 2018 to account for the implementation of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions - an amendment of GASB Statement No. 45, as amended (issued 06/04), and GASB Statement No. 57 (issued 12/09). The beginning net position was restated by \$2,543,683.

The resulting restatements decreased net position by \$2,543,683, from \$343,920 to a deficit balance of \$2,199,763.

NOTE 18 - SUBSEQUENT EVENT

On January 2, 2019, 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 3.19% per annum with a maturity date of December 27, 2019.

## 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
- 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
- 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, 2018**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, January 1	\$ 1,595,263	1,595,263	\$ 1,595,263	\$ -
Resources (Inflows):				
Taxes - municipalities	9,670,853	9,670,853	9,670,853	-
Intergovernmental revenues	141,023	141,023	141,442	419
Charges for services	1,643,118	1,643,118	1,730,657	87,539
Interest income	1,500	1,500	21,869	20,369
Miscellaneous	126,030	126,030	159,685	33,655
Amounts Available for Appropriation	<u>13,177,787</u>	<u>13,177,787</u>	<u>13,319,769</u>	<u>141,982</u>
Charges to Appropriations (Outflows):				
Superior court	10,200	10,200	13,022	(2,822)
District attorney	706,495	706,495	594,474	112,021
County commissioners	183,991	183,991	170,191	13,800
County treasurer	178,684	178,684	145,993	32,691
Restitution specialist	29,420	29,420	28,421	999
County buildings	364,288	479,288	467,703	11,585
Human resources	3,600	3,600	3,024	576
Registry of deeds	182,843	182,843	182,576	267
Registry of probate	154,923	154,923	155,950	(1,027)
Auditing	14,500	14,500	17,000	(2,500)
Sheriff	1,663,990	1,663,990	1,660,754	3,236
Extension service	49,557	49,557	49,557	-
Sheriff's department pay increases	45,187	45,187	-	45,187
Employee benefits	2,000,500	2,000,500	1,894,618	105,882
Soil conservation	14,000	14,000	14,000	-
Communications	670,075	670,075	676,403	(6,328)
Insurances	130,000	130,000	71,513	58,487
Emergency management agency	205,630	205,630	208,469	(2,839)
Civil process	212,134	212,134	207,189	4,945
Law enforcement death benefit	17,942	17,942	17,942	-
Telecommunications	72,257	72,257	75,987	(3,730)
Contingency	100,000	100,000	-	100,000
Debt service:				
TAN interest	52,387	52,387	41,619	10,768
Unclassified	-	-	656	(656)
Transfers to other funds	4,714,311	4,731,869	4,802,142	(70,273)
Total Charges to Appropriations	<u>11,776,914</u>	<u>11,909,472</u>	<u>11,499,203</u>	<u>410,269</u>
Budgetary Fund Balance, December 31	<u>\$ 1,400,873</u>	<u>\$ 1,268,315</u>	<u>\$ 1,820,566</u>	<u>\$ 552,251</u>
Utilization of Restricted Fund Balance	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
Utilization of Assigned Fund Balance	150,000	132,442	-	(132,442)
Utilization of Unassigned Fund Balance	115,000	-	-	-
	<u>\$ 365,000</u>	<u>\$ 232,442</u>	<u>\$ -</u>	<u>\$ (232,442)</u>

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

## COUNTY OF ANDROSCOGGIN, MAINE

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>				
Proportion of the net pension liability	0.86%	0.82%	0.84%	0.89%
Proportionate share of the net pension liability	\$ 2,349,713	\$ 3,362,842	\$ 4,471,562	\$ 2,849,993
Covered-employee payroll	\$ 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-employee payroll	51.80%	76.36%	104.35%	72.65%
Plan fiduciary net position as a percentage of the total pension liability	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.

## COUNTY OF ANDROSCOGGIN, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSION  
LAST 10 FISCAL YEARS\*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>				
Contractually required contribution	\$ 530,797	\$ 448,507	\$ 509,966	\$ 430,266
Contributions in relation to the contractually required contribution	<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>
Covered-employee payroll	\$ 7,897,674	\$ 4,536,299	\$ 4,398,335	\$ 4,044,026
Contributions as a percentage of covered- employee payroll	6.72%	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>2018</u>	<u>2017</u>	<u>2016</u>
<u>PLD Life Insurance:</u>			
Proportion of the net OPEB liability	1.20%	1.13%	1.13%
County's proportionate share of the net OPEB liability	<u>\$ 242,502</u>	<u>\$ 189,165</u>	<u>\$ 254,639</u>
Total	<u>\$ 242,502</u>	<u>\$ 189,165</u>	<u>\$ 254,639</u>
Covered-employee payroll	\$ 4,536,299	\$ 4,403,707	\$ 4,285,185
Proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	5.35%	4.30%	5.94%
Plan fiduciary net position as a percentage of the total OPEB liability	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.

## COUNTY OF ANDROSCOGGIN, MAINE

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY - HEALTH PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/17 (Reporting December 31, 2017)	\$ 2,293,739	\$ -	\$ 2,293,739
Changes for the year:			
Service cost	32,928	-	32,928
Interest	87,171	-	87,171
Changes of benefits	-	-	-
Differences between expected and actual experience	294,762	-	294,762
Changes of assumptions	311,737	-	311,737
Contributions - employer	-	41,523	(41,523)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(41,523)	(41,523)	-
Administrative expense	-	-	-
Net changes	685,075	-	685,075
Balances at 1/1/18 (Reporting December 31, 2018)	<u>\$ 2,978,814</u>	<u>\$ -</u>	<u>\$ 2,978,814</u>

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\*

	2018
<u>Total OPEB liability</u>	
Service cost (BOY)	32,928
Interest (includes interest on service cost)	87,171
Changes of benefit terms	-
Differences between expected and actual experience	294,762
Changes of assumptions	311,737
Benefit payments, including refunds of member contributions	(41,523)
Net change in total OPEB liability	\$ 685,075
Total OPEB liability - beginning	\$ 2,293,739
Total OPEB liability - ending	\$ 2,978,814
<u>Plan fiduciary net position</u>	
Contributions - employer	41,523
Contributions - member	-
Net investment income	-
Benefit payments, including refunds of member contributions	(41,523)
Administrative expense	-
Net change in fiduciary net position	-
Plan fiduciary net position - beginning	\$ -
Plan fiduciary net position - ending	\$ -
Net OPEB liability - ending	\$ 2,978,814
Plan fiduciary net position as a percentage of the total OPEB liability	-
Covered employee payroll	\$ 4,327,691
Net OPEB liability as a percentage of covered payroll	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>PLD Life Insurance:</u>			
Contractually required contribution	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 7,897,674	\$ 4,536,299	\$ 4,044,026
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%

	<u>2018</u>
<u>MMEHT:</u>	
Employer contributions	\$ 41,523
Benefit payments	<u>(41,523)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 4,327,691
Contributions as a percentage of covered-employee payroll	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, 2018

**Changes of Assumptions**

Maine Public Employees Retirement System:

Pension Plan:

For the fiscal year ended June 30, 2018, the discount rate was reduced from 6.875% to 6.75% and the cost of living benefit increases decreased from 2.20% to 1.91%.

Group Life Plan:

For the fiscal year ended June 30, 2018, the discount rate was reduced from 6.875% to 6.75% for each plan; a blended discount rate was used for the PLD Consolidated Plan.

Maine Municipal Health Trust:

The funding method for the MMEHT OPEB Plan was changed from Projected Unit Credit funding to Entry Age Normal funding method.

## Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Government 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 - Agency Funds
- Combining Schedule of Changes in Net Position - Agency 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, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
<b>SUPERIOR COURT</b>					
Witness fees	\$ 10,000	\$ -	\$ 10,000	\$ 12,968	\$ (2,968)
Other expenditures	200	-	200	54	146
<b>Total</b>	<b>10,200</b>	<b>-</b>	<b>10,200</b>	<b>13,022</b>	<b>(2,822)</b>
<b>DISTRICT ATTORNEY</b>					
Personnel	395,422	-	395,422	393,264	2,158
Telephone	13,500	-	13,500	14,656	(1,156)
Utilities	12,000	-	12,000	12,187	(187)
Contracted services	32,315	-	32,315	25,883	6,432
Office supplies/printing	33,366	-	33,366	32,947	419
Software/hardware	31,799	-	31,799	33,376	(1,577)
Court lease	62,627	-	62,627	59,389	3,238
Other expenditures	9,590	-	9,590	10,389	(799)
Victim advocate	103,076	-	103,076	103,076	
Joint District Attorney	12,800	-	12,800	12,383	417
<b>Total</b>	<b>706,495</b>	<b>-</b>	<b>706,495</b>	<b>594,474</b>	<b>112,021</b>
<b>COUNTY COMMISSIONERS</b>					
Personnel	137,691	-	137,691	137,965	(274)
Contracted services	22,500	-	22,500	11,654	10,846
Telephone	2,000	-	2,000	1,075	925
Software/hardware	500	-	500	-	500
Office supplies/printing	3,050	-	3,050	2,337	713
Dues	12,000	-	12,000	12,123	(123)
Other expenditures	6,250	-	6,250	5,037	1,213
<b>Total</b>	<b>183,991</b>	<b>-</b>	<b>183,991</b>	<b>170,191</b>	<b>13,800</b>
<b>COUNTY TREASURER</b>					
Personnel	157,308	-	157,308	115,297	42,011
Software/hardware	9,705	-	9,705	14,143	(4,438)
Office supplies/printing	8,760	-	8,760	9,383	(623)
Computer equipment	1,000	-	1,000	2,108	(1,108)
Other expenditures	1,911	-	1,911	5,062	(3,151)
<b>Total</b>	<b>178,684</b>	<b>-</b>	<b>178,684</b>	<b>145,993</b>	<b>32,691</b>
<b>RESTITUTION SPECIALIST</b>					
	29,420	-	29,420	28,421	999

SCHEDULE A (CONTINUED)

COUNTY OF ANDROSCOGGIN, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
<b>COUNTY BUILDINGS</b>					
Personnel	131,163	-	131,163	163,819	(32,656)
Fuel oil	4,700	-	4,700	9,270	(4,570)
Cleaning	43,000	-	43,000	7,181	35,819
Grounds/snow removal	14,000	-	14,000	12,950	1,050
Repairs	16,700	-	16,700	29,388	(12,688)
Utilities	78,700	-	78,700	74,446	4,254
Building and improvements	63,500	115,000	178,500	152,963	25,537
Software/hardware	2,200	-	2,200	2,189	11
Other expenditures	10,325	-	10,325	15,497	(5,172)
<b>Total</b>	<b>364,288</b>	<b>115,000</b>	<b>479,288</b>	<b>467,703</b>	<b>11,585</b>
<b>HUMAN RESOURCES</b>					
Human resources	3,600	-	3,600	3,024	576
<b>Total</b>	<b>3,600</b>	<b>-</b>	<b>3,600</b>	<b>3,024</b>	<b>576</b>
<b>REGISTRY OF DEEDS</b>					
Personnel	154,883	-	154,883	157,633	(2,750)
Microfilming	19,250	-	19,250	18,033	1,217
Office supplies/printing	5,660	-	5,660	5,438	222
Telephone	1,200	-	1,200	958	242
Other expenditures	1,850	-	1,850	514	1,336
<b>Total</b>	<b>182,843</b>	<b>-</b>	<b>182,843</b>	<b>182,576</b>	<b>267</b>
<b>REGISTRY OF PROBATE</b>					
Personnel	118,448	-	118,448	117,777	671
Advertising	10,000	-	10,000	9,076	924
Attorney fees	10,000	-	10,000	11,803	(1,803)
Software/hardware	3,000	-	3,000	3,577	(577)
Office supplies/printing	7,900	-	7,900	8,601	(701)
Insurance	1,900	-	1,900	2,073	(173)
Telephone	450	-	450	532	(82)
Repairs	500	-	500	23	477
Other expenditures	2,725	-	2,725	2,488	237
<b>Total</b>	<b>154,923</b>	<b>-</b>	<b>154,923</b>	<b>155,950</b>	<b>(1,027)</b>

SCHEDULE A (CONTINUED)

COUNTY OF ANDROSCOGGIN, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
<b>AUDITING</b>					
Audit services	14,500	-	14,500	17,000	(2,500)
Total	14,500	-	14,500	17,000	(2,500)
<b>SHERIFF</b>					
Personnel	1,254,870	-	1,254,870	1,282,523	(27,653)
Service contracts	14,810	-	14,810	15,208	(398)
Gas/oil/grease	46,750	-	46,750	45,373	1,377
Clothing/uniforms	17,200	-	17,200	18,368	(1,168)
Motor vehicles	132,000	-	132,000	140,111	(8,111)
Telephone/teletype	26,265	-	26,265	18,341	7,924
Automotive supplies	11,000	-	11,000	-	11,000
Software/hardware	26,625	-	26,625	19,380	7,245
Office supplies/printing	7,700	-	7,700	8,677	(977)
Training/education	24,500	-	24,500	22,021	2,479
Repairs	31,500	-	31,500	25,619	5,881
Public safety	29,000	-	29,000	30,676	(1,676)
Other expenditures	41,770	-	41,770	34,457	7,313
Total	1,663,990	-	1,663,990	1,660,754	3,236
<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	1,455,000	-	1,455,000	1,379,511	75,489
Unemployment compensation	7,500	-	7,500	1,974	5,526
Retirement	280,000	-	280,000	270,482	9,518
Social Security	258,000	-	258,000	242,651	15,349
Total	2,000,500	-	2,000,500	1,894,618	105,882

SCHEDULE A (CONTINUED)

COUNTY OF ANDROSCOGGIN, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
<b>COMMUNICATIONS</b>					
Personnel	528,402	-	528,402	539,894	(11,492)
Telephone/teletype	7,700	-	7,700	6,026	1,674
Repairs	3,500	-	3,500	5,174	(1,674)
Software/hardware	4,390	-	4,390	4,191	199
Office supplies/printing	3,000	-	3,000	2,498	502
Other expenditures	123,083	-	123,083	118,620	4,463
Total	670,075	-	670,075	676,403	(6,328)
<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	37,428	7,572
Worker's compensation	85,000	-	85,000	34,085	50,915
Total	130,000	-	130,000	71,513	58,487
<b>EMERGENCY MANAGEMENT AGENCY</b>					
Personnel	180,606	-	180,606	187,410	(6,804)
Telephone	4,566	-	4,566	4,736	(170)
Utilities	7,476	-	7,476	7,231	245
Office supplies/printing	2,950	-	2,950	2,248	702
Vehicle expenditures	7,170	-	7,170	4,683	2,487
Repairs	2,100	-	2,100	1,400	700
Other expenditures	762	-	762	761	1
Total	205,630	-	205,630	208,469	(2,839)

SCHEDULE A (CONTINUED)

COUNTY OF ANDROSCOGGIN, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
<b>CIVIL PROCESS SERVICE</b>					
Personnel	167,484	-	167,484	168,640	(1,156)
Gas, oil and grease	8,000	-	8,000	7,257	743
Repairs	3,500	-	3,500	1,911	1,589
Motor vehicle	8,000	-	8,000	8,069	(69)
Software/hardware	8,250	-	8,250	7,125	1,125
Office supplies/printing	6,550	-	6,550	2,466	4,084
Other expenditures	10,350	-	10,350	11,721	(1,371)
Total	212,134	-	212,134	207,189	4,945
<b>TELECOMMUNICATIONS</b>					
Personnel	51,000	-	51,000	50,962	38
Telephone	720	-	720	914	(194)
Repairs	2,500	-	2,500	2,559	(59)
Computer/software supplies	5,700	-	5,700	5,392	308
Other expenditures	12,337	-	12,337	16,160	(3,823)
Total	72,257	-	72,257	75,987	(3,730)
<b>CONTINGENCY</b>					
Contingency	100,000	-	100,000	-	100,000
Total	100,000	-	100,000	-	100,000
<b>DEBT SERVICE</b>					
Principal	-	-	-	-	-
TAN interest	52,387	-	52,387	41,619	10,768
Total	52,387	-	52,387	41,619	10,768
<b>UNCLASSIFIED</b>					
Photocopy expense	-	-	-	656	(656)
Total	-	-	-	656	(656)
<b>TRANSFERS TO OTHER FUNDS</b>					
Jail fund	4,684,891	-	4,684,891	4,755,164	(70,273)
Special revenue funds	29,420	17,558	46,978	46,978	-

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

## COUNTY OF ANDROSCOGGIN, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2018

	Special Revenue Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 36,919	\$ 36,919
Accounts receivable (net of allowance for uncollectibles)	1,778	1,778
Due from other funds	54,061	54,061
<b>TOTAL ASSETS</b>	<u>\$ 92,758</u>	<u>\$ 92,758</u>
<b>LIABILITIES</b>		
Due to other funds	\$ 3,303	\$ 3,303
<b>TOTAL LIABILITIES</b>	<u>3,303</u>	<u>3,303</u>
<b>FUND BALANCES</b>		
Nonspendable	-	-
Restricted	90,854	90,854
Committed	-	-
Assigned	-	-
Unassigned	(1,399)	(1,399)
<b>TOTAL FUND BALANCES</b>	<u>89,455</u>	<u>89,455</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 92,758</u>	<u>\$ 92,758</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, 2018

	Special Revenue Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>
REVENUES		
Intergovernmental	\$ 148,080	\$ 148,080
Charges for services	5,400	5,400
Interest income	54	54
TOTAL REVENUES	<u>153,534</u>	<u>153,534</u>
EXPENDITURES		
Program expenses	<u>194,286</u>	<u>194,286</u>
TOTAL EXPENDITURES	<u>194,286</u>	<u>194,286</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(40,752)</u>	<u>(40,752)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	46,978	46,978
Transfers (out)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>46,978</u>	<u>46,978</u>
NET CHANGE IN FUND BALANCES	6,226	6,226
FUND BALANCES - JANUARY 1	<u>83,229</u>	<u>83,229</u>
FUND BALANCES - DECEMBER 31	<u>\$ 89,455</u>	<u>\$ 89,455</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.

COUNTY OF ANDROSCOGGIN, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2018

	Chemical Emergency Response	Probate Surcharge	DARE	Victim Advocate Grant	Wellness Grant	Speed Grant	Click It or Ticket It
<b>ASSETS</b>							
Cash and cash equivalents	\$ 17,623	\$ 19,296	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-
Due from other funds	-	-	37	4,816	17,558	-	-
<b>TOTAL ASSETS</b>	<b>\$ 17,623</b>	<b>\$ 19,296</b>	<b>\$ 37</b>	<b>\$ 4,816</b>	<b>\$ 17,558</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES</b>							
Due to other funds	\$ -	\$ 1,904	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>\$ -</b>	<b>\$ 1,904</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FUND BALANCES (DEFICITS)</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	17,623	17,392	37	4,816	17,558	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>\$ 17,623</b>	<b>\$ 17,392</b>	<b>\$ 37</b>	<b>\$ 4,816</b>	<b>\$ 17,558</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 17,623</b>	<b>\$ 19,296</b>	<b>\$ 37</b>	<b>\$ 4,816</b>	<b>\$ 17,558</b>	<b>\$ -</b>	<b>\$ -</b>

SCHEDULE D (CONTINUED)

COUNTY OF ANDROSCOGGIN, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2018

	MDEA Agent Contract	Homeland Security	Misc Sheriff Grants	Maine EDUL	Alcohol Enforcement	Traffic Safety	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,919
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	1,778	-	1,778
Due from other funds	-	20,175	8,286	2,018	-	1,171	54,061
<b>TOTAL ASSETS</b>	\$ -	\$ 20,175	\$ 8,286	\$ 2,018	\$ 1,778	\$ 1,171	\$ 92,758
<b>LIABILITIES</b>							
Due to other funds	\$ 1,399	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,303
<b>TOTAL LIABILITIES</b>	1,399	-	-	-	-	-	3,303
<b>FUND BALANCES (DEFICITS)</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	20,175	8,286	2,018	1,778	1,171	90,854
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	(1,399)	-	-	-	-	-	(1,399)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	(1,399)	20,175	8,286	2,018	1,778	1,171	89,455
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	\$ -	\$ 20,175	\$ 8,286	\$ 2,018	\$ 1,778	\$ 1,171	\$ 92,758

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, 2018

	Chemical Emergency Response	Probate Surcharge	DARE	Victim Advocate Grant	Wellness Grant	Speed Grant	Click It or Ticket It
REVENUES							
Intergovernmental	\$ 91,027	\$ -	\$ -	\$ 45,078	\$ -	\$ 2,177	\$ 2,373
Charges for services	-	5,400	-	-	-	-	-
Interest income	-	49	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>91,027</b>	<b>5,449</b>	<b>-</b>	<b>45,078</b>	<b>-</b>	<b>2,177</b>	<b>2,373</b>
EXPENDITURES							
Program expenses	95,622	6,953	-	81,754	-	2,177	2,373
<b>TOTAL EXPENDITURES</b>	<b>95,622</b>	<b>6,953</b>	<b>-</b>	<b>81,754</b>	<b>-</b>	<b>2,177</b>	<b>2,373</b>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	29,420	17,558	-	-
Transfers (out)	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,420</b>	<b>17,558</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES (DEFICITS)</b>	<b>(4,595)</b>	<b>(1,504)</b>	<b>-</b>	<b>(7,256)</b>	<b>17,558</b>	<b>-</b>	<b>-</b>
FUND BALANCES (DEFICITS) - JANUARY 1	22,218	18,896	37	12,072	-	-	-
FUND BALANCES (DEFICITS) - DECEMBER 31	\$ 17,623	\$ 17,392	\$ 37	\$ 4,816	\$ 17,558	\$ -	\$ -

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, 2018

	MDEA Agent Contract	Homeland Security	Misc Sheriff Grants	Maine EDUL	Alcohol Enforcement	Traffic Safety	Total
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ -	\$ -	7,425	\$ -	\$ -	\$ 148,080
Charges for services	-	-	-	-	-	-	5,400
Interest income	-	-	-	-	5	-	54
<b>TOTAL REVENUES</b>	-	-	-	7,425	5	-	153,534
<b>EXPENDITURES</b>							
Program expenses	-	-	-	5,407	-	-	194,286
<b>TOTAL EXPENDITURES</b>	-	-	-	5,407	-	-	194,286
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	-	2,018	5	-	(40,752)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	-	-	-	46,978
Transfers (out)	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-	-	-	-	46,978
<b>NET CHANGE IN FUND BALANCES (DEFICITS)</b>	-	-	-	2,018	5	-	6,226
<b>FUND BALANCES (DEFICITS) - JANUARY 1</b>	(1,399)	20,175	8,286	-	1,773	1,171	83,229
<b>FUND BALANCES (DEFICITS) - DECEMBER 31</b>	\$ (1,399)	\$ 20,175	\$ 8,286	\$ 2,018	\$ 1,778	\$ 1,171	\$ 89,455

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

## Agency Funds

Agency 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. This fund has 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 - AGENCY FUNDS  
DECEMBER 31, 2018

	Inmate Benefit Account	Restitution Account	Extradition Account	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 337,033	\$ 21,628	\$ 30,004	\$ 388,665
Accounts receivable (net of allowance for uncollectibles)	<u>45,641</u>	<u>1,900,385</u>	<u>-</u>	<u>1,946,026</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 382,674</u></u>	<u><u>\$ 1,922,013</u></u>	<u><u>\$ 30,004</u></u>	<u><u>\$ 2,334,691</u></u>
<b>LIABILITIES</b>				
Accounts payable	\$ 26,651	\$ -	\$ -	\$ 26,651
Deposits held for others	<u>356,023</u>	<u>1,922,013</u>	<u>30,004</u>	<u>2,308,040</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 382,674</u></u>	<u><u>\$ 1,922,013</u></u>	<u><u>\$ 30,004</u></u>	<u><u>\$ 2,334,691</u></u>

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

## COUNTY OF ANDROSCOGGIN, MAINE

COMBINING SCHEDULE OF CHANGES IN NET POSITION  
AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Inmate Benefit Account	Restitution Account	Extradition Account	Total
<b>ADDITIONS</b>				
Charges for services	\$ 267,139	\$ -	\$ 58,174	\$ 325,313
Other	3,230	385,759	-	388,989
<b>TOTAL ADDITIONS</b>	<u>270,369</u>	<u>385,759</u>	<u>58,174</u>	<u>714,302</u>
<b>DELETIONS</b>				
Program charges	245,234	390,798	37,224	673,256
<b>TOTAL DELETIONS</b>	<u>245,234</u>	<u>390,798</u>	<u>37,224</u>	<u>673,256</u>
<b>NET CHANGE IN DEPOSITS HELD FOR OTHERS</b>	25,135	(5,039)	20,950	41,046
<b>DEPOSITS HELD FOR OTHERS, JANUARY 1, RESTATED</b>	<u>330,888</u>	<u>1,927,052</u>	<u>9,054</u>	<u>2,266,994</u>
<b>DEPOSITS HELD FOR OTHERS, DECEMBER 31</b>	<u>\$ 356,023</u>	<u>\$ 1,922,013</u>	<u>\$ 30,004</u>	<u>\$ 2,308,040</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, 2018

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Total
Jail	\$ -	\$ 9,002,678	\$ 261,323	\$ 9,264,001
Sheriff's Department	-	-	1,102,763	1,102,763
District Attorney	-	-	11,302	11,302
County-wide	892,556	2,531,418	146,920	3,570,894
<b>Total General Capital Assets</b>	<b>892,556</b>	<b>11,534,096</b>	<b>1,522,308</b>	<b>13,948,960</b>
<b>Less: Accumulated Depreciation</b>	<b>-</b>	<b>(11,320,613)</b>	<b>(935,788)</b>	<b>(12,256,401)</b>
<b>Net General Capital Assets</b>	<b>\$ 892,556</b>	<b>\$ 213,483</b>	<b>\$ 586,520</b>	<b>\$ 1,692,559</b>

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, 2018

	General Capital Assets 1/1/18	Additions	Disposals	General Capital Assets 12/31/18
Jail	\$ 9,264,001	\$ -	-	\$ 9,264,001
Sheriff's department	1,102,763	-	-	1,102,763
District attorney	11,302	-	-	11,302
County-wide	3,570,894	-	-	3,570,894
Total General Capital Assets	13,948,960	-	-	13,948,960
Less: Accumulated Depreciation	(12,078,298)	(178,103)	-	(12,256,401)
Net General Capital Assets	\$ 1,870,662	\$ (178,103)	\$ -	\$ 1,692,559

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



*Proven Expertise and 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, 2018 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 July 26, 2019.

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*.

#### 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  
July 26, 2019