



*Proven Expertise & Integrity*

September 14, 2022

Board of Directors  
Maine County Commissioners Association  
4 Gabriel Drive, Suite 2  
Augusta, Maine 04330

### **MANAGEMENT LETTER**

In planning and performing our audit of the financial statements of the Maine County Commissioners Association as of and for the two-year period ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Association's internal control. We did so to determine our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for expressing our opinion on the effectiveness of the Maine County Commissioners Association's internal control over financial reporting or compliance.

Management is responsible for the selection and use of appropriate accounting policies and procedures. The significant accounting policies and procedures practiced by the Maine County Commissioners Association are described in Note 1 of Notes to Financial Statements. In performing our test work and other auditing procedures, we noted no transactions of the Maine County Commissioners Association for the above-mentioned two-year period audited, for which there was a lack of authoritative guidance or consensus or deviation from best practice.

This report is intended solely for the information and use of the Board of Directors, management, and others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

These matters do not modify our opinion on the financial statements for the two-year period ended December 31, 2021, where we expressed an unmodified opinion on our independent auditors' report dated September 14, 2022.

We would like to thank the staff at the Maine County Commissioners Association for their cooperation throughout this audit process.

If there are any questions regarding this letter, please do not hesitate to call.

Very Best,

*RHR Smith & Company*

RHR Smith & Company, CPAs

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Proven Expertise & Integrity

September 26, 2022

Board of Directors  
Maine County Commissioners Association  
Augusta, Maine

We have audited the financial statements of the Maine County Commissioners Association for the year ended December 31, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 17, 2021. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Maine County Commissioners Association are described in Note 1 of Notes to Financial Statements. All significant transactions have been recognized in the financial statements in the proper period.

As described in Note 1 of Notes to Financial Statements, the Maine County Commissioners Association changed accounting policies related to Financial Accounting Standards Board (FASB Statements) 2017-11 *Earnings Per Share*, 2018-07 *Compensation-Stock Compensation*, 2018-08 *Not-For-Profit Entities*, 2018-13 *Fair Value Measurement*, 2018-17 *Consolidation*, 2019-03 *Not-For-Profit Entities*, 2019-08 *Compensation-Stock Compensation*, 2020-03 *Codification Improvements* and 2020-04 *Reference Rate Reform* in 2021. There was no impact in the financial statements based on the cumulative effect of these accounting changes.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimate affecting financial activities of the Maine County Commissioners Association financial statements.

Management's process for determining the above estimate is based on firm concepts and reasonable assumptions of both historical and future events. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements is reflected in the fixed assets footnote.

The financial statement disclosures are neutral, consistent and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial and communicate them to the appropriate level of management. A schedule of any uncorrected misstatements has been presented to management with the management representation letter. We did not identify or propose any adjustments of misstatements as a result of audit procedures that were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 14, 2022.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Maine County Commissioners Association's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Maine County Commissioners Association's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

However, we noted certain other matters that we reported to management of the Maine County Commissioners Association in a separate letter dated September 14, 2022.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the Maine County Commissioners Association and is not intended to be, and should not be, used by anyone other than these specified parties.

Very Best,

A handwritten signature in black ink that reads "RHR Smith & Company". The signature is written in a cursive, flowing style.

RHR Smith & Company, CPAs

**Audited Financial Statements  
and Other Financial Information**

**Maine County Commissioners  
Association**

**December 31, 2021**



*Proven Expertise & Integrity*

**MAINE COUNTY COMMISSIONERS ASSOCIATION**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Maine County Commissioners Association  
Augusta, Maine

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Maine County Commissioners Association (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and the related statements of activities, statement of functional expenses and cash flows for the two-year period then ended and the related notes to the financial statements.

### **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, where due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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 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 opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maine County Commissioners Association as of December 31, 2021 and the changes in its net assets and its cash flows for the two-year period then ended in accordance with accounting principles generally accepted in the United States of America.

*RHR Smith & Company*

Buxton, Maine  
September 26, 2022



**MAINE COUNTY COMMISSIONERS ASSOCIATION**

**STATEMENT OF FINANCIAL POSITION  
DECEMBER 31,**

	<b>2021</b>	<b>2019</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 129,781	\$ 58,408
Accounts receivable	1,000	-
Total current assets	<u>130,781</u>	<u>58,408</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 130,781</u></u>	<u><u>\$ 58,408</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 5,943	\$ 2,030
Accrued expenses	380	-
Total current liabilities	<u>6,323</u>	<u>2,030</u>
<b>NET ASSETS</b>		
Without external source restrictions	124,458	56,378
With external source restrictions	-	-
Permanently restricted	-	-
Total net assets	<u>124,458</u>	<u>56,378</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 130,781</u></u>	<u><u>\$ 58,408</u></u>

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

**MAINE COUNTY COMMISSIONERS ASSOCIATION**

**STATEMENT OF ACTIVITIES  
FOR THE TWO-YEAR PERIOD ENDED DECEMBER 31,**

	<b>2021</b>			
	<b>Without External Source Restrictions</b>	<b>With External Source Restrictions</b>	<b>Total</b>	<b>2019</b>
<b>REVENUES</b>				
Convention income	\$ 353	\$ -	\$ 353	90,741
Risk pool assessment	46,214	-	46,214	53,288
Membership dues	315,042	-	315,042	277,978
Interest income	119	-	119	157
Miscellaneous income	45,381	-	45,381	22,648
<b>TOTAL REVENUES</b>	<b>407,109</b>	<b>-</b>	<b>407,109</b>	<b>444,812</b>
<b>EXPENSES</b>				
Salaries and benefits	177,369	-	177,369	299,268
Payroll taxes	12,909	-	12,909	23,325
Insurance	4,176	-	4,176	6,121
Lobbying	68,100	-	68,100	400
Equipment	13,854	-	13,854	13,098
Professional fees	9,237	-	9,237	9,846
Rent expense	37,429	-	37,429	35,932
Supplies	920	-	920	2,318
Telephone	7,657	-	7,657	547
Miscellaneous	7,378	-	7,378	7,634
<b>TOTAL EXPENSES</b>	<b>339,029</b>	<b>-</b>	<b>339,029</b>	<b>498,412</b>
<b>INCREASE/(DECREASE) IN NET ASSETS</b>	<b>68,080</b>	<b>-</b>	<b>68,080</b>	<b>(53,600)</b>
<b>NET ASSETS - JANUARY 1, 2020</b>	<b>56,378</b>	<b>-</b>	<b>56,378</b>	<b>109,978</b>
<b>NET ASSETS - DECEMBER 31, 2021</b>	<b>\$ 124,458</b>	<b>\$ -</b>	<b>\$ 124,458</b>	<b>56,378</b>

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

**MAINE COUNTY COMMISSIONERS ASSOCIATION**

**STATEMENT OF CASH FLOWS  
FOR THE TWO-YEAR PERIOD ENDED DECEMBER 31,**

	<u>2021</u>	<u>2019</u>
<b>OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 68,080	\$ (53,600)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	-	2,250
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(1,000)	-
(Increase) decrease in prepaid items	-	1,197
Increase (decrease) in accounts payable	3,913	2,076
Increase (decrease) in accrued vacation	-	(821)
Increase (decrease) in accrued expenses	380	(1,155)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>71,373</u>	<u>(50,053)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	71,373	(50,053)
<b>CASH AND CASH EQUIVALENTS - JANUARY 1, 2020</b>	<u>58,408</u>	<u>108,461</u>
<b>CASH AND CASH EQUIVALENTS - DECEMBER 31, 2021</b>	<u><u>\$ 129,781</u></u>	<u><u>\$ 58,408</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid during the year for:		
Interest	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

# MAINE COUNTY COMMISSIONERS ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2019

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Association

Maine County Commissioners Association is a nonprofit organization whose purpose is to strengthen the role of county government in Maine by maintaining a comprehensive and robust advocacy role in the state and federal legislative, administrative and regulatory process as well as providing quality member services for all Maine counties.

#### Implementation of New Accounting Standards

During the year ended December 31, 2021, the following statements of financial accounting standards issued by the Financial Accounting Standards Board became effective:

2017-11 Earnings Per Share, 2018-07 Compensation-Stock Compensation, 2018-08 Not-For-Profit Entities, 2018-13 Fair Value Measurement, 2018-17 Consolidation, 2019-03 Not-For-Profit Entities, 2019-08 Compensation-Stock Compensation, 2020-03 Codification Improvements and 2020-04 Reference Rate Reform. Management has determined the impact of these updates are not material to the financial statements.

#### Basis of Accounting

The accounts of the Association have been prepared on the accrual basis of accounting.

#### Basis of Presentation

The Association displays net assets in each of the following classes:

Without external source restrictions net assets - Net assets that are not subject to donor-imposed stipulations.

With external source restrictions net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Association and/or the passage of time. When a donor restriction expires, that is, when stipulated time restriction ends or purpose restriction is accomplished, with external source restricted net assets are reclassified to without external source restricted net assets and reported in the statement of activities as net assets released from restrictions.

# MAINE COUNTY COMMISSIONERS ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2019

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Cash Flows

For purposes of the Statement of Cash Flows, the Association considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

#### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Promises to Give

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in with external source restricted net assets depending on the nature of the restrictions. When a restriction expires, with external source restricted net assets are reclassified to without external source restricted net assets.

#### Allocation of Indirect Costs and Functional Allocation of Expenses

Direct costs associated with the Association's programs are allocated directly to the benefiting program. Administrative costs that cannot be directly allocated to the Association's programs are allocated by an approved indirect cost rate, which was determined by one or more distribution bases that are appropriate for the costs and provide a reasonable basis for allocating among the benefiting functions or programs. The expenses associated with providing various programs and activities have been summarized in the accompanying financial statements on a functional basis. Accordingly, certain costs have been allocated among the programs benefited.

**MAINE COUNTY COMMISSIONERS ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2019**

**NOTE 2 - DEPOSITS AND INVESTMENTS**

The Association maintains deposits at a financial institution located in Maine. The Federal Deposit Insurance Corporation insures accounts at each institution up to \$250,000. The Association has not experienced any losses and believes it is not exposed to any significant risk on cash.

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Association will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party.

Cash and cash equivalents as of December 31, 2021 consisted of the following:

<u>Account Type</u>	<u>Bank Balance</u>
Checking account	\$ 118,884
Money market checking account	12,456
	<u>\$ 131,340</u>

**NOTE 3 - CASH LIQUIDITY**

The Association's financial assets due within one year of the balance sheet date for general expenditures are as follows:

Cash and cash equivalents	\$ 131,340
Accounts receivable	1,000
Less: restricted funds	-
	<u>\$ 132,340</u>

**NOTE 4 - NET ASSETS**

As of December 31, 2021 and 2019, the Association had net assets without external source restrictions of \$124,458 and \$56,378, respectively.

**NOTE 5 - DEFINED BENEFIT PENSION PLAN**

**MAINE PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

**PARTICIPATING LOCAL DISTRICT CONSOLIDATED PLAN**

**Plan Description**

Association 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

## MAINE COUNTY COMMISSIONERS ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2019

#### NOTE 5 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 (207) 512-3100.

##### Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60, 62 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions. As of June 30, 2020, there were 301 employers in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 1.92%.

##### Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Association's AN plan members are required to contribute 8.0% of their annual covered salary. The Association is required to contribute at an actuarially determined rate. The current rate is 7.3% of covered payroll. The contribution rates of plan members and the Association are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The Association's contribution to the MainePERS PLD Consolidated Plan for the two years ended December 31, 2021 was \$11,128.

# **MAINE COUNTY COMMISSIONERS ASSOCIATION**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2019**

### **NOTE 6 - RELATED PARTY TRANSACTIONS**

The Association receives an assessment from the Maine County Commissioners Association Risk Pool (MCCA Risk Pool). During the two-year period ended December 31, 2021 and 2019, the Association received \$46,214 and \$53,288, respectively, of assessments and there were no amounts due to or due from the MCCA Risk Pool.

### **NOTE 7 - INCOME TAXES**

Under the following statutory provision in Title 30-A of the Maine Revised Statutes Annotated, specifically § 909, County Advisory Organizations, "A County may raise or appropriate money to obtain the services of advisory organizations. The Legislature recognizes the Maine County Commissioners' Association and the Maine Sheriffs' Association as nonprofit advisory organizations and declares these associations to be instrumentalities of their member counties with their assets upon their dissolution to be delivered to the Treasurer of State to be held in custody for the counties of the State. An advisory organization may receive federal grants or contributions for their activities with respect to the solution of county problems."

The Association is established as an affiliate of a governmental unit and is not required to form 990, Return of Organization Exempt From Income Tax, under Internal Revenue Service Revenue Procedures 95-48 and is not subject to examination by compliance authorities.

### **NOTE 8 - SUBSEQUENT EVENTS**

Maine County Commissioners Association has evaluated subsequent events as of September 15, 2022, the date the financial statements were available, and have determined that no material events taken place.