

Audited Financial Statements
and Other Financial Information

Maine County Commissioners Association

December 31, 2019



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, 2019 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, 2019 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 3, 2021

MAINE COUNTY COMMISSIONERS ASSOCIATION

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

	2019
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 58,408
Total current assets	<u>58,408</u>
TOTAL ASSETS	<u>\$ 58,408</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	\$ 2,030
Total current liabilities	<u>2,030</u>
NET ASSETS	
Without external source restrictions	56,378
With external source restrictions	-
Total net assets	<u>56,378</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 58,408</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, 2019

	2019		
	Without External Source Restrictions	With External Source Restrictions	Total
REVENUES			
Convention income	\$ 90,741	\$ -	\$ 90,741
Risk pool assessment	53,288	-	53,288
Membership dues	277,978	-	277,978
Interest income	157	-	157
Miscellaneous income	22,648	-	22,648
TOTAL REVENUES	<u>444,812</u>	<u>-</u>	<u>444,812</u>
EXPENSES			
Salaries and benefits	299,268	-	299,268
Payroll taxes	23,325	-	23,325
Depreciation expense	2,250	-	2,250
Advertising	100	-	100
Convention expenses	74,798	-	74,798
Insurance	6,121	-	6,121
Lobbying	400	-	400
Meetings expense	11,388	-	11,388
NACO	13,098	-	13,098
Printing and postage	9,052	-	9,052
Professional fees	9,846	-	9,846
Rent expense	35,932	-	35,932
Supplies	2,318	-	2,318
Training	547	-	547
Travel expense	2,335	-	2,335
Utilities	7,634	-	7,634
TOTAL EXPENSES	<u>498,412</u>	<u>-</u>	<u>498,412</u>
INCREASE/(DECREASE) IN NET ASSETS	(53,600)	-	(53,600)
NET ASSETS - JANUARY 1, 2017	<u>109,978</u>	<u>-</u>	<u>109,978</u>
NET ASSETS - DECEMBER 31, 2019	<u>56,378</u>	<u>-</u>	<u>56,378</u>

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, 2019

	<u>2019</u>
OPERATING ACTIVITIES:	
Changes in net assets	\$ (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 prepaid expense	1,197
Increase (decrease) in accounts payable	2,076
Increase (decrease) in accrued vacation	(821)
Increase (decrease) in accrued expenses	<u>(1,155)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(50,053)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(50,053)
CASH AND CASH EQUIVALENTS - JANUARY 1, 2017	<u>108,461</u>
CASH AND CASH EQUIVALENTS - DECEMBER 31, 2019	<u><u>\$ 58,408</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid during the year for:	
Interest	<u><u>\$ -</u></u>

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

MAINE COUNTY COMMISSIONERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 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, 2019, the following statements of financial accounting standards issued by the Financial Accounting Standards Board became effective:

ASU 2016-14, "Presentation of Financial Statements for Not-for-Profit Entities." The primary objective of this Statement is to improve the presentation of financial statements for not-for-profit entities. The main provisions of ASU 2016-14 include changes to net asset classes, investment return, expenses, liquidity and availability of resources and presentation of operating cash flows. The major improvements FASB made include reducing complexity in net asset classification, clarifying information regarding liquidity and availability of cash, increasing transparency in reporting financial measures, providing consistency in reporting expenses by function and nature and simplifying the presentation of operating cash flows.

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

MAINE COUNTY COMMISSIONERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

net assets are reclassified to without external source restricted net assets and reported in the statement of activities as net assets released from restrictions.

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, 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, 2019 consisted of the following:

<u>Account Type</u>	<u>Bank Balance</u>
Checking account	\$ 51,591
Money market checking account	12,443
	<u>\$ 64,034</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	\$ 58,408
Less: restricted funds	-
	<u>\$ 58,408</u>

NOTE 4 - FIXED ASSETS

Fixed assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

MAINE COUNTY COMMISSIONERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

NOTE 4 - FIXED ASSETS (CONTINUED)

The following is a summary of changes in fixed assets for the two-year period ended December 31, 2019:

	Balance, 1/1/2017	Additions	Disposals	Balance, 12/31/2019
Equipment	\$ 6,660	\$ -	\$ (6,660)	\$ -
	6,660	-	(6,660)	-
Less: accumulated depreciation	(4,410)	-	4,410	-
Net capital assets	2,250	-	(2,250)	-
Total net assets	\$ 2,250	\$ -	\$ (2,250)	\$ -

NOTE 5 - NET ASSETS

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

NOTE 6 - 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 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 or by contacting the System at (207) 512-3100.

MAINE COUNTY COMMISSIONERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided

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

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

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 year ended December 31, 2019 was \$9,534.

NOTE 7 - 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, 2019, the Association received \$53,288 of assessments and there were no amounts due to or due from the MCCA Risk Pool.

MAINE COUNTY COMMISSIONERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

NOTE 8 - 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 9 - SUBSEQUENT EVENTS

Maine County Commissioners Association has evaluated subsequent events as of September 3, 2021, the date the financial statements were available, and have determined that no material events taken place.