



# **Oxford County**

## **Annual Financial Statements**

As of and for the Year Ended December 31, 2019

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## INDEPENDENT AUDITORS' REPORT

County Commissioners  
County of Oxford, Maine  
South Paris, 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 Oxford, Maine, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County'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 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 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 from 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 Oxford, Maine, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, pension and OPEB information on pages 39 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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. Our opinion on the basic financial statements is not affected by this missing information.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Oxford, Maine's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements 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 combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2020, on our consideration of the County of Oxford, 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 Oxford, Maine's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
June 8, 2020



## Management Discussion and Analysis

Oxford County (the County) provides this Management Discussion and Analysis to present additional information to the readers of the County's basic financial statements. This narrative overview and analysis of the financial activities of the County is for the fiscal year ended December 31, 2019. Readers are encouraged to consider this information in conjunction with the additional information that is furnished in the County's basic financial statements, required supplementary information, and other supplementary information.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's financial statements. The County's basic financial statements include three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. This report also contains required supplementary information that provides budgetary comparisons with actual results, and schedules related to pensions and other post-employment benefits. The components of the financial statements are described in the following sections.

### Basic Financial Statements

The basic financial statements include two types of financial statements that present different views of the County – the Government-wide Financial Statements and the Fund Financial Statements. The Notes to the Basic Financial Statements supplement the financial statement information and clarify line items that are part 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 similar to a private sector business. The statements provide both short-term and long-term information about the County's financial position, which assists in assessing the County's economic condition at the end of the fiscal year. These are prepared using the economic resources measurement focus and the accrual basis of accounting. This basically means they follow methods that are similar to those used by most businesses. They take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. The Government-wide Financial Statements include two statements: the Statement of Net Position and the Statement of Activities.

The *Statement of Net Position* presents all the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the sum of assets and deferred outflows of resources minus the sum of liabilities and deferred inflows of resources reported as total net position.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods. This statement also presents a comparison between direct expenses and program revenues for each function of the County.

These financial statements present the net position and activities of *governmental activities*. Governmental activities are those activities that are mostly supported by taxes and intergovernmental revenues (federal and state grants) and are the only major category of activities carried on by the County.

#### *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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Fund Financial Statements focus on individual parts of the County government, reporting the County's operations in more detail than the Government-wide Financial Statements. The County maintains only two categories of funds: governmental funds and fiduciary funds. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

#### *Governmental Funds*

All the basic services provided by the County are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as 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 balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements. This approach is known as using the *flow of 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 (i.e., measurable and available to liquidate liabilities of the current period). Expenditures are generally recorded when liabilities are incurred, except for those related to long-term liabilities, which are recorded when due and payable. 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 the 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 fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The County presents five columns in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances. The Town's major governmental funds are the General Fund, the Jail Fund, and the Casino Fund. All non-major governmental funds are combined in the "Other Governmental Funds" column on these statements.

#### *Fiduciary Funds*

These funds are used to account for resources held for the benefit of parties outside the County government. Fiduciary 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 County's sole fiduciary fund is an Private-Purpose Trust Fund that accounts for money held and administered by the County on behalf of the portion of the State of Maine's Unorganized Territory that fall within the County's borders.

### **Current Year Financial Highlights**

- The County's overall change in net position from the prior year was an increase of \$904,355.
- The County received \$2.2 million in direct program revenues that serve to offset expenses and, thus, reduce the overall tax burden to County taxpayers.
- The Oxford Casino contributed \$946,512 to the County's coffers which will be used in the future to offset tax levies and to reduce interest costs by allowing internal borrowing.
- Due to a one-time additional contribution from the state, the Jail Fund ended the year with a revenue surplus and increased its fund balance by \$254,322.

### **Government-wide Financial Analysis**

The Condensed Statements of Net Position on the following page shows a comparison between the current year and last year of the County's net position.

Of note, the County's current assets increased by almost 38% (\$1.7 million). Half of this increase is due to cash earned by the Casino Fund that the County can opt to use in the future. The other half was due to the County holding Unorganized Territory cash in its central checking account and is offset by a "due to unorganized territory" account in its current liabilities.

The County's net capital assets decreased 2.5% from the prior year simply because its total capital asset acquisitions during the year were less than its cost allocation of depreciation expense.

Current liabilities increased by 39.2% (\$365,067), but more than this was due to holding cash for the unorganized territory, as noted above. Absent that, current liabilities would have actually decreased from last year due to significant decreases in accounts payable and accrued wages and benefits at year end.

Long-term liabilities decreased by 4.1% from last year as a result changes in net OPEB liability, net pension liability, and the County paying down its two abutter property notes.

It's important to note that the deferred outflows of resources, deferred inflows of resources, and the majority of long-term liabilities arise out of pensions and other post-employment benefits (OPEB). These amounts fluctuate from year to year due, in large part, to actuarial changes in assumptions, differences between expected and actual retiree benefit experience, and differences between projected and actual investment earnings – all of which are outside the control of County management. Large swings from one year to the next in these accounts are common.



In terms of overall net position, the County increased its net position from the prior year by 30% - increasing from \$3.0 million to \$3.9 million. However, note that the County's unrestricted net position is a *negative* \$6.7 million at year end. Again, this is due to accounts related to pensions and OPEB, which are required to be reported under GASB Statements 68 and 75. If the County had no pension or OPEB obligations, its unrestricted net position would be a positive \$920,691.

**Condensed Statements of Net Position  
As of December 31, 2019 and 2018**

|                                  | <u>2019</u>         | <u>2018</u>         | <u>\$ Change</u>  | <u>% Change</u> |
|----------------------------------|---------------------|---------------------|-------------------|-----------------|
| Current assets                   | \$ 6,125,805        | \$ 4,441,090        | \$ 1,684,715      | 37.9%           |
| Capital assets, net              | <u>7,116,548</u>    | <u>7,300,034</u>    | <u>(183,486)</u>  | -2.5%           |
| <i>Total assets</i>              | 13,242,353          | 11,741,124          | 1,501,229         | 12.8%           |
| Deferred outflows                | 991,605             | 1,071,728           | (80,123)          | -7.5%           |
| Current liabilities              | 1,296,421           | 931,354             | 365,067           | 39.2%           |
| Long-term liabilities            | <u>8,075,718</u>    | <u>8,419,048</u>    | <u>(343,330)</u>  | -4.1%           |
| <i>Total liabilities</i>         | 9,372,139           | 9,350,402           | 21,737            | 0.2%            |
| Deferred inflows                 | <u>967,595</u>      | <u>472,581</u>      | <u>495,014</u>    | 104.7%          |
| Net investment in capital assets | 6,964,415           | 7,109,867           | (145,452)         | -2.0%           |
| Restricted net position          | 3,624,607           | 2,480,221           | 1,144,386         | 46.1%           |
| Unrestricted net position        | <u>(6,694,798)</u>  | <u>(6,600,219)</u>  | <u>(94,579)</u>   | 1.4%            |
| <i>Total net position</i>        | <u>\$ 3,894,224</u> | <u>\$ 2,989,869</u> | <u>\$ 904,355</u> | 30.2%           |

The Condensed Statements of Activities on the following page shows a comparison between the current year and last year of the County's revenues and expenses.

On the revenue side, the tax assessed on the municipalities was up by 7.4% (\$518,679), but all other revenue categories were down compared to the prior year. Intergovernmental revenues were down by over \$100k, \$60k of which was just the difference in FAA grants for airport projects for the two years; charges for services and casino revenues were essentially unchanged from the prior year (although down slightly); and all other revenue was down by \$83,931, but \$69,036 of this difference is due simply to a gain on disposal of assets in 2018 that didn't occur again in 2019.

For expenses, the largest increase from 2018 to 2019 was in the county-wide department, showing a 51.5% increase (\$894,880) from last year. This large swing is entirely due to the actuarially calculated pension and OPEB expenses and not related to the day-to-day operations of the County. In 2018, adjustments from pension and OPEB plans *reduced* county-wide expenses by \$691,901, whereas in 2019, adjustments from pension and OPEB plans *increased* county-wide expenses by \$307,899. The County has no control over the administration of the pension and OPEB plans, nor does it have any input in the actuarial calculations which often cause large variations from year to year (as, is the case here). If no adjustments were required for pension and OPEB plans (i.e., if GASB Statements 68 and 75 were not implemented), county-wide expenses in 2018 would have been \$2,427,852, and would have *decreased* in 2019 by \$104,920 to \$2,322,932.

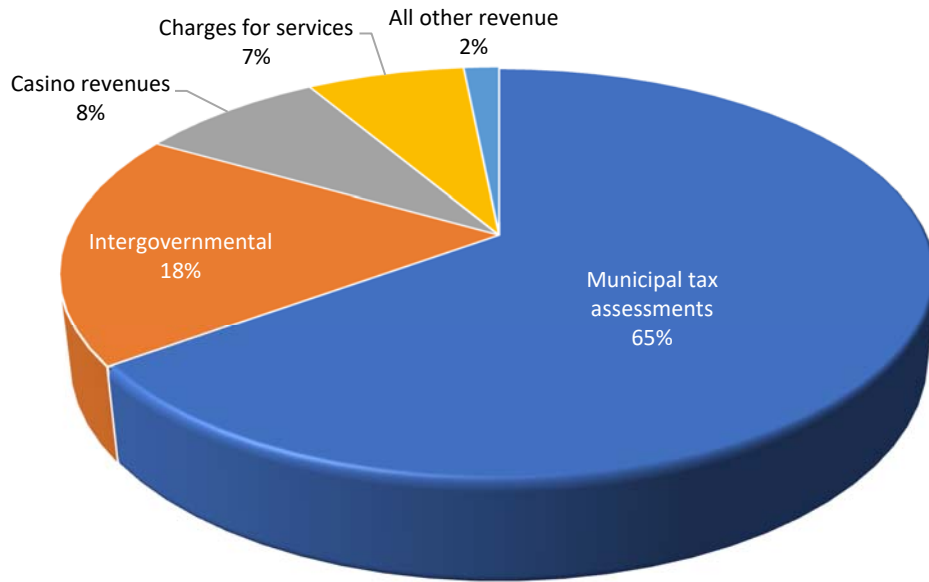
The other two departments that saw large increases in expenses from 2018 to 2019 were the regional communications centers and the sheriff's office. Both departments had significant turnover during 2019, including lawsuit settlements, which accounts for some of their increases. Also, in the sheriff's office, conclusion of negotiations with two separate bargaining units resulted in significant retro-active pay increases that were expensed in 2019.

Overall, the change in net position in 2019 was a \$904,355 increase compared to a \$1,931,278 increase in 2018 (a 53.2% change). Again, this large swing is due primarily to the required pension and OPEB adjustments. Absent these adjustments, the change in net position in 2019 would have been \$1,212,254 compared to 2018's \$1,239,377 – or, virtually flat from one year to the next.

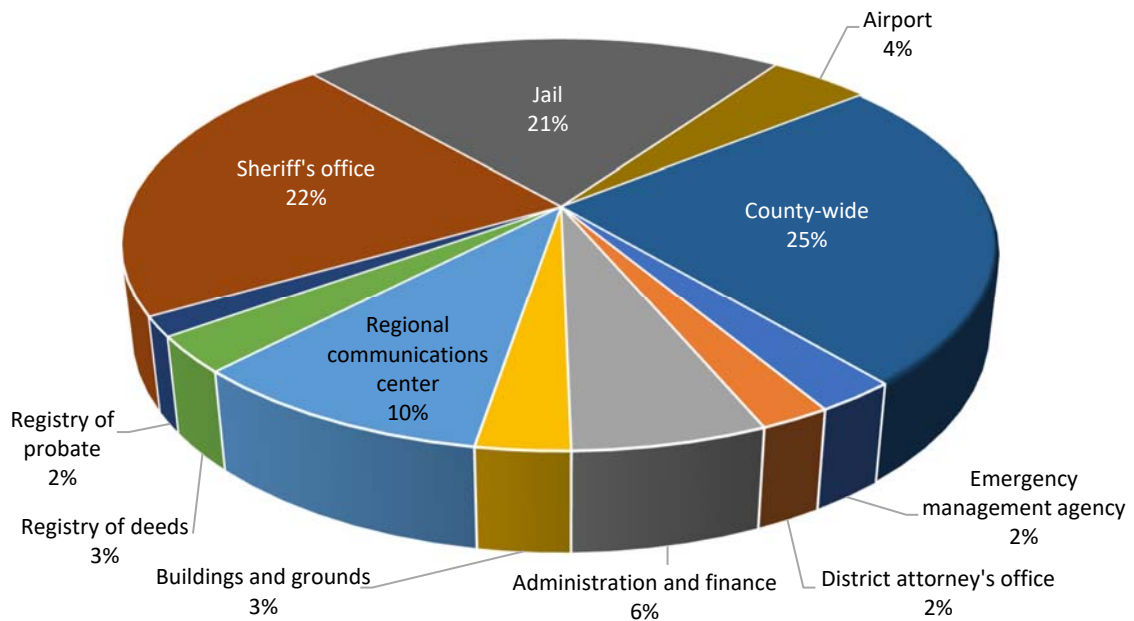
**Condensed Statements of Net Position  
For the Years Ended December 31, 2019 and 2018**

|                                | <u>2019</u>         | <u>2018</u>         | <u>\$ Change</u>  | <u>% Change</u> |
|--------------------------------|---------------------|---------------------|-------------------|-----------------|
| Municipal tax assessments      | \$ 7,501,856        | \$ 6,983,177        | \$ 518,679        | 7.4%            |
| Intergovernmental              | 2,126,636           | 2,236,179           | (109,543)         | -4.9%           |
| Casino revenues                | 946,512             | 949,504             | (2,992)           | -0.3%           |
| Charges for services           | 801,208             | 811,992             | (10,784)          | -1.3%           |
| All other revenue              | <u>179,823</u>      | <u>263,754</u>      | <u>(83,931)</u>   | -31.8%          |
| <i>Total revenue</i>           | 11,556,035          | 11,244,606          | 311,429           | 2.8%            |
| Emergency management agency    | 269,724             | 238,323             | 31,401            | 13.2%           |
| District attorney's office     | 235,675             | 231,995             | 3,680             | 1.6%            |
| Administration and finance     | 645,618             | 750,531             | (104,913)         | -14.0%          |
| Buildings and grounds          | 311,582             | 357,077             | (45,495)          | -12.7%          |
| Regional communications center | 1,017,562           | 827,056             | 190,506           | 23.0%           |
| Registry of deeds              | 304,964             | 301,046             | 3,918             | 1.3%            |
| Registry of probate            | 164,803             | 139,235             | 25,568            | 18.4%           |
| Sheriff's office               | 2,350,325           | 1,957,643           | 392,682           | 20.1%           |
| Jail                           | 2,242,869           | 2,339,647           | (96,778)          | -4.1%           |
| Airport                        | 477,727             | 434,824             | 42,903            | 9.9%            |
| County-wide                    | <u>2,630,831</u>    | <u>1,735,951</u>    | <u>894,880</u>    | 51.5%           |
| <i>Total expenses</i>          | <u>10,651,680</u>   | <u>9,313,328</u>    | <u>1,338,352</u>  | 14.4%           |
| Change in net position         | 904,355             | 1,931,278           | (1,026,923)       | -53.2%          |
| Beginning net position         | <u>2,989,869</u>    | <u>1,058,591</u>    | <u>1,931,278</u>  | 182.4%          |
| Ending net position            | <u>\$ 3,894,224</u> | <u>\$ 2,989,869</u> | <u>\$ 904,355</u> | 30.2%           |

Revenues by Source



Expenses by Department



### Analysis of the County's Governmental Funds

As noted earlier, governments present activities in funds to help provide more transparency and accountability of the management of public funds. Governmental funds focus on near-term inflows and outflows of resources and the resulting balances of available financial resources. This is useful to users in determining whether current resources are available to pay for current obligations and if revenues for the current year were sufficient to provide for the current year's expenditures on goods and services to the public.

#### General Fund

The General Fund ended the year with an increase in fund balance of \$111,241, which was down from 2018's \$701,801 increase. However, in 2018, \$750,000 had been transferred in from the Casino Fund to help offset the cost to taxpayers; a similar transfer was not utilized in 2019.

Overall, the General Fund's fund balance ended the year at \$1,381,158. Of this balance, \$138,348 was restricted for expenditures on deeds and probate document preservation. Another \$526,515 was committed by the County Commissioners for expenditure on various future capital projects, document preservation, and personnel costs. The remainder - \$716,295 – was unassigned at year end 2019. This amount is 8.7% of 2020's budgeted expenditures (or, just over a month's worth of budgeted expenditures). In general, the lower this percentage, the less financially flexible the County becomes and is more reliant on short-term loans to cover expenditures. However, the County also benefits from the fact that it maintains a Casino Fund whose fund balance can be utilized to help reduce this financial inflexibility.

#### Jail Fund

The Jail Fund accounts for expenditures of "tax cap" assessments – municipal tax assessments specifically for the provision of County corrections services – and subsidies from the State to counties for corrections. In 2019, the tax assessed was \$1.4 million and the amounts received from the State totaled \$1.1 million. This revenue was essentially unchanged from 2018. Expenditures for 2019 were \$2.2 million, down from \$2.3 million in 2018. As a result, the Jail Fund increased its fund balance by \$254,322 in 2019, up from 2018's increase of \$183,316.

The Jail Fund ended the year with a fund balance of \$538,548, which is restricted solely for future corrections expenditures.

#### Casino Fund

The Casino Fund accounts for the proceeds from the Oxford Casino, which remits 1% of table game revenue and 1% of slot machine revenue to the County on a weekly basis. The County may use these funds to offset the tax burden on municipalities by transferring money from the Casino Fund to the General Fund for expenditure.

In 2019, the Casino Fund generated \$955,231 in total revenues, which is relatively unchanged from 2018's \$956,648 in revenue. There were no transfers to the General Fund in 2019, compared with 2018's transfer of \$750,000. The fund ended 2019 with a total fund balance of \$2.9 million.

#### All Other Governmental Funds

The remaining governmental funds are non-major funds that primarily consist of grants for emergency management agency purposes, as well as a large grant from the Federal Aviation Administration (FAA) for capital improvement projects at the County airport. Total revenues in these funds were \$203k in 2019, down slightly from 2018's \$245k. Expenditures in 2019 were also down from 2018, \$209k down from \$250k. As a result, the ending total fund balance of these funds remained relatively unchanged and ended 2019 at \$48k.

### Budgetary Highlights

The County adopts formal budgets for both the General Fund and the Jail Fund.

In the General Fund, the original budget anticipated an overall surplus of \$308,257. Due to the approved use of reserve funds throughout the year, the final budget's anticipated surplus was \$221,994. Actual results were that the surplus was \$116,463. The reason for the variance between the final budget and actual results were as follows:

- Total revenues came in \$303k below estimates – essentially all in intergovernmental revenues.
- Total expenditures also came in under budget, but only by \$198k.
- The net result of these two is that the actual surplus was less than the budgeted surplus by \$105k.

Four of the County departments were over budget for the year: administration and finance by \$66,596, the regional communications center by \$86,722, the sheriff's office by \$134,199, and the airport by \$24,565. For the first three, the overage was mostly due to unexpected personnel turnover, lawsuit settlements, contract negotiations, and personnel-related costs.

In the Jail Fund, the original budget was a balanced budget – estimating \$2.5 million in revenues and \$2.5 million expenditures resulting in no net change in fund balance. The final budget allowed for a \$29k deficit (a use of reserves) for computer hardware. Actual results were that the Jail Fund realized a \$255k surplus for the year. This is because expenditures came in \$317k under budget while revenues were only \$34k below estimates.

### General Capital Assets

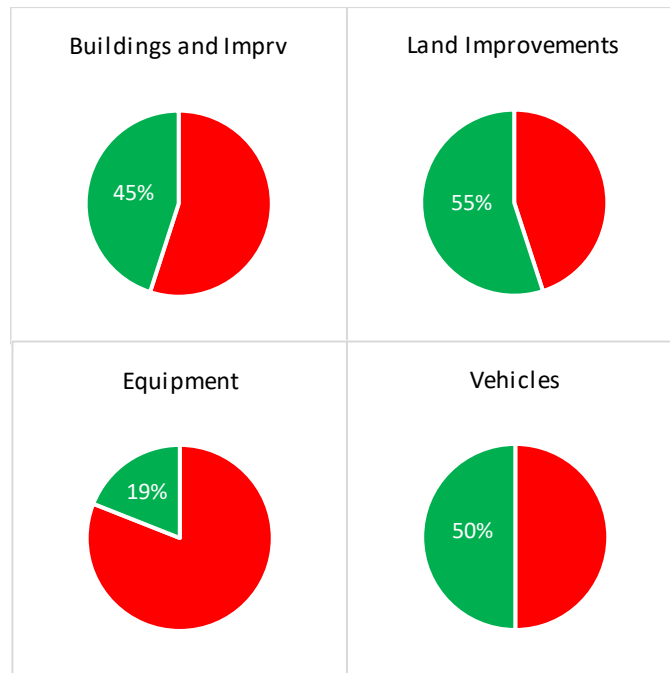
The County's general capital assets at December 31, 2019, had a net book value of \$7.1 million. During 2019, new acquisitions were \$380k, mostly in new vehicles for the sheriff's office and the jail. There were no disposals of assets in 2019. Depreciation expense was \$563k. Thus, the overall net book value of capital assets decreased from 2018 by \$183k.

|                            | <u>2019</u>         | <u>2018</u>         | <u>\$ Change</u>    | <u>% Change</u> |
|----------------------------|---------------------|---------------------|---------------------|-----------------|
| Land                       | \$ 647,737          | \$ 647,737          | \$ -                | 0.0%            |
| Buildings and improvements | 4,384,000           | 4,472,578           | (88,578)            | -2.0%           |
| Land improvements          | 1,227,252           | 1,311,096           | (83,844)            | -6.4%           |
| Equipment                  | 408,824             | 460,419             | (51,595)            | -11.2%          |
| Vehicles                   | <u>448,735</u>      | <u>408,204</u>      | <u>40,531</u>       | 9.9%            |
| Total                      | <u>\$ 7,116,548</u> | <u>\$ 7,300,034</u> | <u>\$ (183,486)</u> | -2.5%           |

The charts on the following page show the remaining costs to be depreciated by capital asset category. The entire pie represents the total cost of assets within the category. The red portion represents the amount of that cost that has already been depreciated, while the green portion represents the amount of cost that remains to be depreciated. If asset remaining useful lives are estimated fairly accurately, the graphs show those capital asset categories where future investment will need to be made sooner rather than later. That is, the redder the pie, the more "used up" the assets are within that category and, thus, are closer to the end of their useful service lives and will need to be replaced.

As the charts depict, the equipment category has about 19% of its estimated useful life remaining and indicates needed investment in the near future to replace older equipment.

**Remaining Cost to be Depreciated by Capital Asset Category**



**Long-term Debts**

The only long-term borrowed debt the County has incurred are two notes from direct borrowings to purchase properties abutting the County’s property in South Paris. These were purchased to facilitate possible future expansions in parking lots and buildings. The balance on the notes from direct borrowings at year end totaled \$152,133 and are due to both be paid off in 2023.

The County has other long-term obligations related to pensions, OPEB, and accrued compensated absences and their changes are noted in the notes to the basic financial statements.

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

The County’s budgeted expenditures and additions to reserves for the General Fund for 2020 are \$8.6 million, an increase of 8.0% from 2019’s budgeted expenditures. The Jail’s budgeted 2020 expenditures and additions to reserves are \$2.6 million, up 1.8% from 2019. Combined, the entire County budget is \$11.2 million for 2020, up from \$10.5 million in 2019 (an increase of 6.5%). This increase in expenditures, however, will be offset by a utilization of Casino Fund revenues totaling \$850k. As a result, the amount of taxes levied on the County’s municipalities is only up 1.7% from 2018’s levy.

The COVID-19 pandemic has caused the Oxford Casino to suspend operations for at least several weeks, if not months. This will likely cause a drop in total revenues in the Casino Fund for 2020 compared to prior years. Cash inflows from deeds fees, probate fees, and civil process fees are also expected to be negatively affected by the pandemic.

**Requests for Information**

This financial report is designed to provide a general overview of Oxford County's finances for the general public, regulators, grantors, and creditors. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to Tom Winsor, County Administrator, or Beth Calhoun, County Treasurer at (207) 743-6359, by emailing [info@oxfordcounty.org](mailto:info@oxfordcounty.org), or by mailing the request to:

Oxford County  
PO Box 179  
26 Western Avenue  
South Paris, ME 04281-0179

## Statement of Net Position

Statement 1

As of December 31, 2019

|   | Governmental<br>Activities |                     |
|---|----------------------------|---------------------|
| <b>Assets</b>                               |                            |                     |
| Cash  | \$ 5,875,518               |                     |
| Accounts receivable                         | <u>250,287</u>             |                     |
| <i>Total current assets</i>                 | 6,125,805                  |                     |
| Land  | 647,737                    |                     |
| Depreciable capital assets                  | 14,913,576                 |                     |
| Accumulated depreciaton                     | <u>(8,444,765)</u>         |                     |
| <i>Net capital assets</i>                   | <u>7,116,548</u>           |                     |
| <b>Total Assets</b>                         |                            | \$ 13,242,353       |
| <b>Deferred Outflows of Resources</b>       |                            |                     |
| Deferred outflows related to pensions       | 475,032                    |                     |
| Deferred outflows related to OPEB           | <u>516,573</u>             |                     |
| <b>Total Deferred Outflows of Resources</b> |                            | 991,605             |
| <b>Liabilities</b>                          |                            |                     |
| Accounts payable                            | 263,331                    |                     |
| Unearned revenues                           | 5,006                      |                     |
| Accrued wages and benefits                  | 148,729                    |                     |
| Due to the unorganized territory            | 841,322                    |                     |
| Current portion of long-term debts          | <u>38,033</u>              |                     |
| <i>Total current liabilities</i>            | 1,296,421                  |                     |
| Long-term debt, non-current portion         | 114,100                    |                     |
| Accrued compensated absences                | 322,119                    |                     |
| Net pension liability                       | 1,774,331                  |                     |
| Net OPEB liability                          | <u>5,865,168</u>           |                     |
| <i>Total non-current liabilities</i>        | 8,075,718                  |                     |
| <b>Total Liabilities</b>                    |                            | 9,372,139           |
| <b>Deferred Inflows of Resources</b>        |                            |                     |
| Deferred inflows related to pensions        | 494,861                    |                     |
| Deferred inflows related to OPEB            | <u>472,734</u>             |                     |
| <b>Total Deferred Inflows of Resources</b>  |                            | <u>967,595</u>      |
| <b>Net Position</b>                         |                            |                     |
| Net investment in capital assets            | 6,964,415                  |                     |
| Restricted                                  | 3,624,607                  |                     |
| Unrestricted                                | <u>(6,694,798)</u>         |                     |
| <b>Total Net Position</b>                   |                            | <u>\$ 3,894,224</u> |



Statement of Activities

Statement 2

For the Year Ended December 31, 2019

| Functions / Programs            | Expenses                    | Program Revenues           |  |  | Net (Expense)                             |
|---------------------------------|-----------------------------|----------------------------|--|--|---|
|                                 |                             | Charges<br>for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Revenue and<br>Changes in<br>Net Position |
|                                 |                             |                            |  |  | Governmental<br>Activities                |
| <b>Primary Government</b>       |                             |                            |  |  |   |
| Governmental Activities         |                             |                            |  |  |   |
| Emergency management agency     | \$ 269,724                  | \$ -                       | \$ 223,260                               | \$ -                                   | \$ (46,464)                               |
| District attorney's office      | 235,675                     | -                          | 18,588                                   | -                                      | (217,087)                                 |
| Administration and finance      | 645,618                     | -                          | 251                                      | -                                      | (645,367)                                 |
| Buildings and grounds           | 311,582                     | 7,200                      | -  | -                                      | (304,382)                                 |
| Regional communications center  | 1,017,562                   | -                          | -  | -                                      | (1,017,562)                               |
| Registry of deeds               | 304,964                     | 507,702                    | -  | -                                      | 202,738                                   |
| Registry of probate             | 164,803                     | 97,646                     | -  | -                                      | (67,157)                                  |
| Sheriff's office                | 2,350,325                   | 132,160                    | 5,135                                    | -                                      | (2,213,030)                               |
| Jail                            | 2,242,869                   | -                          | 1,101,992                                | -                                      | (1,140,877)                               |
| Airport                         | 477,727                     | 56,500                     | -  | 99,209                                 | (322,018)                                 |
| County-wide                     | <u>2,630,831</u>            | <u>-</u>                   | <u>-</u>                                 | <u>-</u>                               | <u>(2,630,831)</u>                        |
| <b>Total Primary Government</b> | <b><u>\$ 10,651,680</u></b> | <b><u>\$ 801,208</u></b>   | <b><u>\$ 1,349,226</u></b>               | <b><u>\$ 99,209</u></b>                | <b>(8,402,037)</b>                        |
| General Revenues                |                             |                            |  |  |   |
| Municipal tax assessments       |                             |                            |  |  | 7,501,856                                 |
| Transfer taxes                  |                             |                            |  |  | 139,315                                   |
| Intergovernmental               |                             |                            |  |  | 678,201                                   |
| Casino revenues                 |                             |                            |  |  | 946,512                                   |
| Interest income                 |                             |                            |  |  | 26,359                                    |
| Miscellaneous revenues          |                             |                            |  |  | <u>14,149</u>                             |
| <i>Total general revenues</i>   |                             |                            |  |  | <u>9,306,392</u>                          |
| <b>Change in Net Position</b>   |                             |                            |  |  | <b>904,355</b>                            |
| <b>Beginning Net Position</b>   |                             |                            |  |  | <b><u>2,989,869</u></b>                   |
| <b>Ending Net Position</b>      |                             |                            |  |  | <b><u>\$ 3,894,224</u></b>                |

## Balance Sheet

Statement 3

Governmental Funds

As of December 31, 2019

|   | General<br>Fund            | Jail<br>Fund             | Casino<br>Fund             | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------------|--------------------------|----------------------------|--------------------------------|--------------------------------|
| <b>Assets</b>                             |                            |                          |                            |                                |                                |
| Cash                                      | \$ 3,229,179               | \$ -                     | \$ 2,605,726               | \$ 40,613                      | \$ 5,875,518                   |
| Accounts receivable                       | 116,323                    | 1,614                    | 53,052                     | 79,298                         | 250,287                        |
| Due from other funds                      | <u>66,747</u>              | <u>601,423</u>           | <u>240,810</u>             | <u>17,431</u>                  | <u>926,411</u>                 |
| <b>Total Assets</b>                       | <b><u>\$ 3,412,249</u></b> | <b><u>\$ 603,037</u></b> | <b><u>\$ 2,899,588</u></b> | <b><u>\$ 137,342</u></b>       | <b><u>\$ 7,052,216</u></b>     |
| <b>Liabilities and Fund Balance</b>       |                            |                          |                            |                                |                                |
| Accounts payable                          | \$ 229,046                 | \$ 22,003                | \$ -                       | \$ 12,282                      | \$ 263,331                     |
| Unearned revenue                          | 5,006                      | -                        | -                          | -                              | 5,006                          |
| Accrued wages and benefits                | 106,243                    | 42,486                   | -                          | -                              | 148,729                        |
| Due to the unorganized territory          | 841,322                    | -                        | -                          | -                              | 841,322                        |
| Due to other funds                        | <u>849,474</u>             | <u>-</u>                 | <u>-</u>                   | <u>76,937</u>                  | <u>926,411</u>                 |
| <i>Total liabilities</i>                  | 2,031,091                  | 64,489                   | -                          | 89,219                         | 2,184,799                      |
| <b>Fund Balance</b>                       |                            |                          |                            |                                |                                |
| Restricted                                | 138,348                    | 538,548                  | 2,899,588                  | 48,123                         | 3,624,607                      |
| Committed                                 | 526,515                    | -                        | -                          | -                              | 526,515                        |
| Unassigned                                | <u>716,295</u>             | <u>-</u>                 | <u>-</u>                   | <u>-</u>                       | <u>716,295</u>                 |
| <i>Total fund balance</i>                 | <u>1,381,158</u>           | <u>538,548</u>           | <u>2,899,588</u>           | <u>48,123</u>                  | <u>4,867,417</u>               |
| <b>Total Liabilities and Fund Balance</b> | <b><u>\$ 3,412,249</u></b> | <b><u>\$ 603,037</u></b> | <b><u>\$ 2,899,588</u></b> | <b><u>\$ 137,342</u></b>       | <b><u>\$ 7,052,216</u></b>     |

**Reconciliation Statement**

Statement 4

Total Fund Balance of Governmental Funds to the  
Net Position of Governmental Activities  
As of December 31, 2019

**Total fund balance of governmental funds, per Statement 3**

\$ 4,867,417

Capital assets reported on the Statement of Net Position are not current financial resources and, therefore, are not reported in the governmental funds.

Net capital assets

7,116,548

Long-term debt (both current and non-current portions) and accrued compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Long-term debt

(152,133)

Accrued compensated absences

(322,119)

Balances related to net pension liability and deferred inflows and outflows related to pensions are not current financial resources or current financial obligations and, therefore, are not reported in the governmental funds.

Deferred outflows of resources - pensions

475,032

Deferred inflows of resources - pensions

(494,861)

Net pension liability

(1,774,331)

Balances related to net OPEB liability and deferred inflows and outflows related to OPEB are not current financial resources or current financial obligations and, therefore, are not reported in the governmental funds.

Deferred outflows of resources - OPEB

516,573

Deferred inflows of resources - OPEB

(472,734)

Net OPEB liability

(5,865,168)**Net position of governmental activities, per Statement 1**\$ 3,894,224

## Statement of Revenues, Expenditures, and Changes in Fund Balance

Statement 5

Governmental Funds

For the Year Ended December 31, 2019

|   | General<br>Fund     | Jail<br>Fund      | Casino<br>Fund      | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|-------------------|---------------------|--------------------------------|--------------------------------|
| <b>Revenues</b>                           |                     |                   |                     |                                |                                |
| Taxes                                     | \$ 6,231,210        | \$ 1,409,961      | \$ -                | \$ -                           | \$ 7,641,171                   |
| Intergovernmental                         | 822,484             | 1,101,992         | -                   | 202,160                        | 2,126,636                      |
| Charges for services                      | 801,208             | -                 | -                   | -                              | 801,208                        |
| Interest income                           | 17,423              | -                 | 8,719               | 217                            | 26,359                         |
| Miscellaneous                             | 13,363              | -                 | 946,512             | 786                            | 960,661                        |
| <i>Total revenues</i>                     | 7,885,688           | 2,511,953         | 955,231             | 203,163                        | 11,556,035                     |
| <b>Expenditures</b>                       |                     |                   |                     |                                |                                |
| Emergency management agency               | \$ 163,520          | \$ -              | \$ -                | \$ 102,912                     | \$ 266,432                     |
| District attorney's office                | 236,535             | -                 | -                   | -                              | 236,535                        |
| Administration and finance                | 635,702             | -                 | -                   | -                              | 635,702                        |
| Buildings and grounds                     | 311,320             | -                 | -                   | -                              | 311,320                        |
| Regional communications center            | 1,049,834           | -                 | -                   | -                              | 1,049,834                      |
| Registry of deeds                         | 298,321             | -                 | -                   | -                              | 298,321                        |
| Registry of probate                       | 164,749             | -                 | -                   | -                              | 164,749                        |
| Sheriff's office                          | 2,345,428           | -                 | -                   | 127                            | 2,345,555                      |
| Jail                                      | -                   | 2,257,631         | -                   | 2,062                          | 2,259,693                      |
| Airport                                   | 263,065             | -                 | -                   | 104,430                        | 367,495                        |
| County-wide                               | 2,300,751           | -                 | -                   | -                              | 2,300,751                      |
| <i>Total expenditures</i>                 | 7,769,225           | 2,257,631         | -                   | 209,531                        | 10,236,387                     |
| <b>Revenue Surplus (Deficit)</b>          | 116,463             | 254,322           | 955,231             | (6,368)                        | 1,319,648                      |
| <b>Other Financing Sources (Uses)</b>     |                     |                   |                     |                                |                                |
| Transfers In                              | -                   | -                 | -                   | 5,222                          | 5,222                          |
| Transfer Out                              | (5,222)             | -                 | -                   | -                              | (5,222)                        |
| <i>Net other financing sources (uses)</i> | (5,222)             | -                 | -                   | 5,222                          | -                              |
| <b>Net Change in Fund Balance</b>         | 111,241             | 254,322           | 955,231             | (1,146)                        | 1,319,648                      |
| <b>Beginning Fund Balance</b>             | 1,269,917           | 284,226           | 1,944,357           | 49,269                         | 3,547,769                      |
| <b>Ending Fund Balance</b>                | <u>\$ 1,381,158</u> | <u>\$ 538,548</u> | <u>\$ 2,899,588</u> | <u>\$ 48,123</u>               | <u>\$ 4,867,417</u>            |

**Reconciliation Statement**

Statement 6

Net Change of Fund Balance of Governmental Funds to the  
Change in Net Position of Governmental Activities  
For the Year Ended December 31, 2019

|  |                          |
|--|--------------------------|
| <b>Net change in fund balance of governmental funds, per Statement 5</b>   | <b>\$ 1,319,648</b>      |
| <p>Capital asset acquisitions are reported as expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balance, but are not expenses on the Statement of Activities. Conversely, depreciation is not an expenditure on the Statement of Revenues, Expenditures, and Change in Fund Balance, but are expenses on the Statement of Activities.</p> |                          |
| Acquisition of new capital assets  | 379,648                  |
| Depreciation expense   | (563,134)                |
| <p>Repayment of the principal portion of debt is an expenditure on the Statement of Revenues, Expenditures, and Changes in Fund Balance, but is not an expense on the Statement of Activities.</p>   |                          |
| Repayments on long-term debt   | 38,034                   |
| <p>Changes from one year to the next in balances of accrued compensated absences are not recognized as current flows of resources on the Statement of Revenues, Expenditures, and Changes in Fund Balance, but are recognized as adjustments to expenses on the Statement of Activities.</p>   |                          |
| Changes in accrued compensated absences  | 38,058                   |
| <p>Changes related to net pension liability and deferred inflows and outflows related to pensions are not recognized as current flows of resources on the Statement of Revenues, Expenditures, and Changes in Fund Balance, but are recognized as adjustments to expenses on the Statement of Activities.</p>  |                          |
| Changes in net pension liability and related deferred inflows and outflows of resources  | (195,129)                |
| <p>Changes related to net OPEB liability and deferred inflows and outflows related to OPEB are not recognized as current flows of resources on the Statement of Revenues, Expenditures, and Changes in Fund Balance, but are recognized as adjustments to expenses on the Statement of Activities.</p>   |                          |
| Changes in net OPEB liability and related deferred inflows and outflows of resources   | <u>(112,770)</u>         |
| <b>Change in net position of governmental activities, per Statement 2</b>  | <b><u>\$ 904,355</u></b> |

**Statement of Fiduciary Net Position**

Statement 7

Private-Purpose Trust Funds

As of December 31, 2019

|  | <b>Unorganized<br/>Territory</b> |
|--|----------------------------------|
| <b>Assets</b>                                  |                                  |
| Cash   | \$ 335,760                       |
| Accounts receivable                            | 27,122                           |
| Due from Oxford County                         | <u>841,322</u>                   |
| <i>Total current assets</i>                    | 1,204,204                        |
| Infrastructure                                 | 6,205,942                        |
| Accumulated depreciation                       | <u>(521,429)</u>                 |
| <i>Net capital assets</i>                      | <u>5,684,513</u>                 |
| <b>Total Assets</b>                            | 6,888,717                        |
| <b>Liabilities</b>                             |                                  |
| Accounts payable                               | 45,315                           |
| Deposits in escrow                             | <u>5,000</u>                     |
| <i>Net capital assets</i>                      | <u>50,315</u>                    |
| <b>Fiduciary Net Position</b>                  |                                  |
| Restricted for the State Unorganized Territory | <u>\$ 6,838,402</u>              |

**Statement of Changes in Fiduciary Net Position**

Statement 8

Private-Purpose Trust Funds

For the Year Ended December 31, 2019

|   | <b>Unorganized<br/>Territory</b> |
|---|----------------------------------|
| <b>Additions</b>                        |                                  |
| Taxes                                   | \$ 1,579,523                     |
| Intergovernmental                       | 78,257                           |
| Interest                                | 2,499                            |
| Miscellaneous                           | <u>354</u>                       |
| <b>Total Additions</b>                  | 1,660,633                        |
| <b>Deductions</b>                       |                                  |
| Services and maintenance                | 645,880                          |
| Depreciation expense                    | <u>116,932</u>                   |
| <b>Total Deductions</b>                 | <u>762,812</u>                   |
| <b>Change in Fiduciary Net Position</b> | 897,821                          |
| <b>Beginning Fiduciary Net Position</b> | <u>5,940,581</u>                 |
| <b>Ending Fiduciary Net Position</b>    | <u>\$ 6,838,402</u>              |

**Note 1      Summary of Significant Accounting Policies****The Reporting Entity**

The County of Oxford (the County) was incorporated under the laws of the State of Maine. The County operates under the Board of Commissioners form of government and provides general county services, including registers of deeds and probate, emergency management, district attorney, emergency call center and dispatch, law enforcement and corrections, and a county airport.

The financial statements of the County conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the County are discussed below.

In evaluating the County as a reporting entity, management has addressed all potential component units for which the County may or may not be financially accountable and, as such, be includable within the County's basic financial statements. In accordance with GASB, the County (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the County. The County also is financially accountable for organizations that are fiscally dependent on it and there is a financial benefit or burden relationship. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete.

Based on the application of these criteria, there are no other entities that should be included as part of these basic financial statements.

**Basis of Presentation**

The County's basic financial statements consist of government-wide financial statements that describe the County's overall financial position and changes in financial position, and fund financial statements that provide a more detailed level of financial information.

*Government-Wide Financial Statements*

The government-wide financial statements, composed of the Statement of Net Position and the Statement of Activities, report information on all of the non-fiduciary activities of the County. Governmental activities are normally supported by taxes and intergovernmental revenues.

The Statement of Net Position presents the financial condition of the governmental activities of the County at year end. The Statement of Activities points out the extent to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a function, service, program, or department. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from general revenues of the County.



**Note 1 Summary of Significant Accounting Policies (Continued)***Fund Financial Statements*

The financial transactions of the County are reported in 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, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The County currently uses two categories of funds: governmental funds and fiduciary funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Major individual governmental funds are reported as separate columns in the fund financial statements. The County currently presents two types of governmental funds - *general* or *special revenue* – based upon the following guidelines.

The *General Fund* is the operating fund of the County and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

*Special Revenue Funds* are used to account for the proceeds of specific sources that are legally restricted to expenditures for specified purposes. The Jail Fund and the Casino Fund are considered major funds, under GASB's rules. The Jail Fund accounts the expenditures of the "tax cap" revenue – a statutorily capped amount that can be raised by county governments for the provision of jails and corrections. The Casino Fund accounts for the allowable utilization of monies received by the County from gaming activities at Oxford Casino.

Fiduciary funds are used to account for resources in which the County acts as an agent or trustee. The County currently maintains one type of fiduciary fund – a private-purpose trust fund. This fund accounts for the County's trustee role over the State of Maine's resources with regard to the portions of the Unorganized Territory within the County's borders. The focus of fiduciary funds is on the fiduciary net position and changes in the fiduciary net position. The assets and liabilities presented in fiduciary funds are not those of County, and are, instead, those of entity's outside of the government. As such, these funds are not incorporated into the County's government-wide statements.

**Measurement Focus and Basis of Accounting**

Measurement focus refers to which of the County's resources are being measured. Basis of accounting refers to the timing of the measurements being made, regardless of the measurement focus being applied. That is, basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

Government-wide financial statements and fiduciary fund financial statements are reported using the economic measurement focus and the accrual basis of accounting. All economic resources and claims on those economic resources are measured, including fixed assets, other non-current assets, and long-term liabilities. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the period for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Note 1      Summary of Significant Accounting Policies (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The current financial resources measurement focus excludes from measurement resources such as fixed assets, other non-current assets, and long-term liabilities. Under modified accrual accounting, revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

**Interfund Transactions**

During the course of normal operations, transactions occur between individual funds. Interfund transactions are classified depending on the nature of the transaction.

*Interfund loans* are recorded as receivables and payables and are presented as “due from other funds” and “due to other funds,” respectively, on the balance sheets of the fund financial statements. For reporting purposes, current amounts due from and due to the same funds are offset and the net amounts are shown in the respective fund balance sheets. Non-fiduciary interfund loans are eliminated in the government-wide financial statements.

*Interfund services* provided and used are recorded as revenues in the fund providing the goods or services and as expenditures/expenses in the fund receiving the goods or services. Any unpaid amounts are recorded as receivables and payables and presented in the same manner as interfund loans.

*Interfund transfers* are flows of assets from one fund to another without equivalent flows of assets in return. Interfund transfers are recorded and are presented as “transfers in” and “transfers out” in the fund financial statements. In the governmental funds, these transfers are reported as other financing sources and uses.

*Interfund reimbursements* are repayments from funds responsible for particular expenditures/expenses to funds that initially paid for them. Reimbursements are not displayed in the financial statements.

**Cash and Cash Equivalents**

The County's cash is cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition.

**Receivables**

Receivables consist of all revenues recognized by year-end (on the applicable basis of accounting) but not yet received. Management's estimation for allowances for uncollectible accounts is based on historical collection rates or, where appropriate, collection experience with specific payers.

**Note 1      Summary of Significant Accounting Policies (Continued)****Capital Assets**

Capital assets, which include land, land improvements, buildings, machinery and equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the government-wide financial statements. Such assets are capitalized at historical cost, or at estimated historical cost for assets where actual historical cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation. The County defines capital assets as those with an initial, individual cost of \$5,000 or more with an estimated useful life in excess of two years. Expenditures that significantly increase the service capacity or extend the useful life of existing capital assets are also capitalized. The costs of normal maintenance and repairs are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives. Land and construction in progress are not depreciated. The estimated useful lives are as follows:

|                            |                |
|----------------------------|----------------|
| Buildings and improvements | 15 – 100 years |
| Land improvements          | 20 – 50 years  |
| Equipment                  | 5 – 40 years   |
| Vehicles                   | 4 – 15 years   |

In the governmental fund financial statements, capital assets used in operations are accounted for as capital outlay expenditures upon acquisition. Fixed assets are not capitalized, and related depreciation is not reported in the governmental fund financial statements.

**Deferred Outflows / Inflows of Resources**

In addition to assets, the Statement of Net Position (government-wide financial statements) and Balance Sheet (fund financial statements) will sometimes report an additional financial statement element called deferred outflows of resources. This element represents a consumption of resources that applies to a future period and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The only deferred outflows of resources the County currently reports are those related to pensions and OPEB in the government-wide financial statements.

In addition to liabilities, the Statement of Net Position (government-wide financial statements) and Balance Sheet (fund financial statements) will sometimes report an additional financial statement element called deferred inflows of resources. This element represents an acquisition of resources that applies to a future period and, therefore, will not be recognized as an inflow of resources (revenue) until that time. The only deferred inflows of resources The County currently reports are those related to pensions and OPEB in the government-wide financial statements.

**Compensated Absences**

In the government-wide financial statements, liabilities that are attributable to services already rendered are accrued as employees earn the rights to the benefits and are recognized in the period incurred. In the governmental fund financial statements, compensated absences are recognized as related payments come due each period. Pursuant to the terms of the personnel policies, vacation time and sick time is granted in varying amounts.

**Note 1      Summary of Significant Accounting Policies (Continued)****Long-Term Obligations**

Long-term debt is recognized as a liability in a governmental fund when due. For long-term obligations, only that portion expected to be financed from expendable financial resources is reported as a fund liability of a governmental fund. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

**Components of Net Position**

Net position in the government-wide Statement of Net Position is required to be classified into the following three components:

*Net Investment in Capital Assets* is the portion of net position that consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

|  |                         |
|--|-------------------------|
| Capital assets                               | \$ 15,561,313           |
| Accumulated depreciation                     | (8,444,765)             |
| Capital-related notes from direct borrowings | <u>(152,133)</u>        |
| <br>Net investment in capital assets         | <br><u>\$ 6,964,415</u> |

*Restricted* is the portion of net position that has constraints placed on its use which are either externally imposed by debt covenants, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted* is the portion of net position that does not meet the definition of either net investment in capital assets or restricted.

**Fund Balance Components**

Fund balances in the governmental funds Balance Sheet is required to be classified into five components. Classifications are hierarchical and are based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. The components of fund balance are:

*Nonspendable* is the portion of fund balance that represents amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.

*Restricted* is the portion of fund balance that has externally enforceable legal restrictions.

*Committed* is the portion of fund balance that represents resources whose use is constrained by limitations that the government imposes upon itself at its highest level of decision making (the County Commissioners) and that remain binding unless removed in the same manner.

*Assigned* is the portion of fund balance constrained by the County's "intent" to be used for specific purposes but are neither restricted nor committed. The County Administrator has the authority to assign amounts to be used for specific purposes.

**Note 1 Summary of Significant Accounting Policies (Continued)**

*Unassigned* is the portion of fund balance that is available for any purpose. Only the General Fund is allowed to carry a positive unassigned fund balance.

The County has no formal revenue spending policy for programs with multiple revenue sources. For purposes of fund balance classification, expenditures are considered to be spent from restricted funds first. Expenditures of internally restricted balances (assigned and committed) will be expended in reverse order – unassigned funds first, then assigned funds, and lastly committed funds.

**Revenue Recognition**

As described previously, the government-wide financial and fiduciary fund financial statements are reported on the accrual basis of accounting. Under this method, revenue is recognized in the period earned, regardless of the timing of cash flows. Property taxes and special assessments are recognized in the fiscal year for which they are certified for levy; penalties are recognized in the period assessed; interest is recognized in the period earned. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. Expenditure-driven grants are recognized when the qualifying expenditures have been incurred and all other grant requirements have been met. Charges for services and other exchange and exchange-like transactions are recognized when the exchange takes place.

The governmental fund financial statements are reported on the modified accrual basis of accounting. Under this method, revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes, special assessments, intergovernmental revenue, penalties, interest, and charges for services are susceptible to accrual, given the measurable and available requirement. Excise taxes, licenses, permits, fees, and miscellaneous revenue are not susceptible to accrual because they are not measurable until collected. Such revenue is recorded only when received.

In applying the *susceptible to accrual* concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance.

**Unearned Revenue**

Resources received in advance are recorded as unearned revenues. Unearned revenues arise when resources are received by the County before it has a legal claim to them. In subsequent periods, when both the measurable and available criteria are met, or when the County has legal claim to the resources, the liability for unearned revenue is reduced and revenue is recognized.

**Use of Estimates**

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets, liabilities, the disclosure of contingent liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

**Note 2 Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the County will not be able to recover the value of its deposits or investments that are in the possession of an outside party.

The County’s policy is that deposits and investment of funds can only be made in financial institutions that are insured by the FDIC. Any funds deposited or invested above the \$250,000 insurance limit must be collateralized by the financial institution, or the excess funds must be placed with other financial institutions. As of December 31, 2019, all of the County’s \$6,139,950 in bank deposits were insured by the FDIC.

**Note 3 Accounts Receivable**

At December 31, 2019, the County’s accounts receivable totaled \$250,287. Of this balance, \$191,479 was due from other governments was considered by management to be 100% collectible. Another \$53,052 was due from the Oxford Casino for gaming revenues and was also considered 100% collectible. The remaining \$5,756 was due from various other third parties and management’s assessment of those balances were that they too were 100% collectible. Thus, management has made no allowance for uncollectible accounts.

**Note 4 Interfund Balances and Transactions**

**Interfund Receivables and Payables**

Balances payable and receivable between funds at December 31, 2019, are as follows:

|                          | <u>Due From<br/>Other Funds</u> | <u>Due To<br/>Other Funds</u> |
|--------------------------|---------------------------------|-------------------------------|
| General fund             | \$ 66,747                       | \$ 849,474                    |
| Jail fund                | 601,423                         | -                             |
| Casino fund              | 240,810                         | -                             |
| Other governmental funds | <u>17,431</u>                   | <u>76,937</u>                 |
| Totals                   | <u>\$ 926,411</u>               | <u>\$ 926,411</u>             |

The interfund balances are the result of the County using centralized checking accounts. The General Fund’s checking account receives revenues belonging to other funds and pays for other funds’ expenditures. Additionally, the LEPC Admin fund maintains a centralized checking account for the LEPC Awareness fund, LEPC Ops fund, and LEPC Instructors fund, and, thus, these funds have interfund balances among them.

The General Fund also reported a “Due to unorganized territory” balance of \$841,322 that represents the balance of cash in the County’s central checking account that belongs to the unorganized territory.

**Note 4 Interfund Balances and Transactions (Continued)****Interfund Transfers**

|                          | Transfers<br>In | Transfers<br>Out |
|--------------------------|-----------------|------------------|
| General fund             | \$ -            | \$ 5,222         |
| Other governmental funds | <u>5,222</u>    | <u>-</u>         |
| Totals                   | <u>\$ 5,222</u> | <u>\$ 5,222</u>  |

During the year, the General Fund transferred \$5,222 to the FAA Grants fund as its 5% contribution (required by the FAA) to FAA-funded projects at the County's airport. There was no transfer of funds from the Casino Fund to the General Fund during the year.

**Note 5 Capital Assets**

Capital asset activity for the year ended December 31, 2019, was:

|                                       | Beginning<br>Balance | Additions           | Reductions  | Ending<br>Balance   |
|---------------------------------------|----------------------|---------------------|-------------|---------------------|
| <b>Non-Depreciable Capital Assets</b> |                      |                     |             |                     |
| Land                                  | \$ 647,737           | \$ -                | \$ -        | \$ 647,737          |
| <b>Depreciable Capital Assets</b>     |                      |                     |             |                     |
| Buildings and improvements            | 9,568,764            | 114,456             | -           | 9,683,220           |
| Land improvements                     | 2,200,938            | 16,500              | -           | 2,217,438           |
| Equipment                             | 2,077,963            | 34,681              | -           | 2,112,644           |
| Vehicles                              | <u>686,263</u>       | <u>214,011</u>      | <u>-</u>    | <u>900,274</u>      |
| Gross capital assets                  | 15,181,665           | 379,648             | -           | 15,561,313          |
| <b>Accumulated Depreciation</b>       |                      |                     |             |                     |
| Buildings and improvements            | 5,096,186            | 203,034             | -           | 5,299,220           |
| Land improvements                     | 889,842              | 100,344             | -           | 990,186             |
| Equipment                             | 1,617,544            | 86,276              | -           | 1,703,820           |
| Vehicles                              | <u>278,059</u>       | <u>173,480</u>      | <u>-</u>    | <u>451,539</u>      |
| Total accumulated depreciation        | <u>7,881,631</u>     | <u>563,134</u>      | <u>-</u>    | <u>8,444,765</u>    |
| Net Capital Assets                    | <u>\$ 7,300,034</u>  | <u>\$ (183,486)</u> | <u>\$ -</u> | <u>\$ 7,116,548</u> |

**Note 5 Capital Assets (Continued)**

Depreciation expense, recognized only in the government-wide financial statements, was charged to governmental functions as follows:

|                                |    |                |
|--------------------------------|----|----------------|
| Emergency management agency    | \$ | 1,905          |
| Administration and finance     |    | 7,316          |
| Buildings and grounds          |    | 38,032         |
| Regional communications center |    | 32,706         |
| Registry of deeds              |    | 5,697          |
| Sheriff's office               |    | 164,111        |
| Jail                           |    | 56,161         |
| Airport                        |    | 235,025        |
| County-wide                    |    | <u>22,181</u>  |
| Total depreciation expense     | \$ | <u>563,134</u> |

**Note 6 Long-Term Debt**

Changes in the County's long-term notes from direct borrowings during the year were as follows:

|                              | Beginning<br>Balance | Additions   | Reductions         | Ending<br>Balance |
|------------------------------|----------------------|-------------|--------------------|-------------------|
| 7 Western Prom property note | \$ 81,834            | \$ -        | \$ (16,367)        | \$ 65,467         |
| 22 Western Ave property note | <u>108,333</u>       | <u>-</u>    | <u>(21,667)</u>    | <u>86,666</u>     |
|                              | <u>\$ 190,167</u>    | <u>\$ -</u> | <u>\$ (38,034)</u> | <u>\$ 152,133</u> |

At December 31, 2019, the County's outstanding notes from direct borrowings were as follows:

*7 Western Prom property note* – Note from direct borrowing for land property abutting the County's 26 Western Avenue, South Paris, location. Original issue was \$163,200 in May 2017. The note carries no interest. Annual principal payments of \$16,367 are due in May. The note matures in May 2023.

*22 Western Ave property note* – Note from direct borrowing for land property abutting the County's 26 Western Avenue, South Paris, location. Original issue was \$130,000 in May 2018. An initial principal payment of \$21,667 was made on the date of purchase. The note carries an annual interest rate of 2.5%. Annual principal payments of \$21,667 along with payments for accrued interest are due in May. The note matures in May 2023.

The portion of outstanding debt from direct borrowings that is due within one year from December 31, 2019, is \$38,033, with the remaining \$114,100 due beyond one year.



**Note 6 Long-Term Debt (Continued)**

The maturity schedule of the County's outstanding long-term debt from direct borrowings is as follows:

|                  |                   |
|------------------|-------------------|
| Fiscal year 2020 | \$ 38,033         |
| Fiscal year 2021 | 38,033            |
| Fiscal year 2022 | 38,033            |
| Fiscal year 2023 | <u>38,034</u>     |
|                  | <u>\$ 152,133</u> |

Other long-term liabilities that the County presents at December 31, 2019, are its accrued compensated absences, net pension liability, and net OPEB liability. Accrued compensated absences decreased from the prior year a total of \$38,034 to end the year with a balance of \$322,119. The change from the prior year is credited to the governmental functions based on the departments where employees work. The net pension liability increased from the prior year a total of \$150,332 to end the year with a balance of \$1,774,331. The net OPEB liability decreased from the prior year a total of \$417,570 to end the year with a balance of \$5,865,168. The changes from the prior year for pension and OPEB liabilities are credited to the County-wide department.

**Note 7 Short-Term Financing**

During the year, the County took out a tax anticipation note (TAN) to cover short-term cash flow needs while awaiting tax receipts to come in from the municipalities. The County borrowed and repaid \$1,701,151 with the TAN. Total interest expense related to the borrowing was \$19,777.

**Note 8 Contingent Liabilities****Litigation**

The County is subject to certain legal proceedings and claims which arise in the ordinary course of conducting its activities. In the opinion of management, the County has defensible positions and any ultimate liabilities are covered by insurance or will not materially affect the financial position of the County.

**State and Federal Grants**

The County participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

**Note 8 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 risk pool. Currently, the County participates in a public entity risk pool sponsored by the Maine Municipal Association.

Based on coverage provided by the pool, as well as coverage provided by commercial insurance purchased, the County is not aware of any material actual or potential claim liabilities which should be recorded.

**Note 9 Components of the General Fund's Fund Balance**

The restricted component of the General Fund's fund balance is for Deeds and Probate record preservation. The amounts generated through surcharge fees are statutorily obligated to be used for record preservation. All other reserves of the General Fund are created at the County Commissioner level and are, therefore, classified as committed funds.

|                                      | <u>Restricted</u> | <u>Committed</u>  |
|--------------------------------------|-------------------|-------------------|
| Deeds records preservation reserve   | \$ 99,851         | \$ -              |
| Probate records preservation reserve | 38,497            | -                 |
| Probate docket reserve               | -                 | 50,427            |
| Court-appointed attorney reserve     | -                 | 2,300             |
| Emergency operations reserve         | -                 | 25,000            |
| Record preservation reserve          | -                 | 82,460            |
| County facilities reserve            | -                 | 74,997            |
| RCC capital projects reserve         | -                 | 116,497           |
| Information technology reserve       | -                 | 7,641             |
| Police officer hiring reserve        | -                 | 25,000            |
| Sheriff's office capital reserve     | -                 | 58,711            |
| Airport reserve                      | -                 | 33,386            |
| Unemployment and sick reserve        | -                 | <u>50,096</u>     |
| Total                                | <u>\$ 138,348</u> | <u>\$ 526,515</u> |

The remaining balance of the General Fund's fund balance is unassigned and totals \$716,295 at year end.

**Note 10 Defined Benefit Pension Plan****General Information about the Pension Plan***Plan Description*

The Participating Local District (PLD) Consolidated Plan is a multiple-employer cost sharing plan administered by the Maine Public Employees Retirement System (MainePERS). Eligible employers (districts) are defined in Maine statute. As of June 30, 2019, there were 307 employers in the plan.

**Note 10 Defined Benefit Pension Plan (Continued)**

Benefit terms are established in Maine statute and an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the legislature to amend them. MainePERS' 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. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. 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.

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 MainePERS' Board of Trustees and is currently 2.69%.

*Member and Employer Contributions*

Retirement benefits are funded by contributions from members and employers and by earnings from investments. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or by MainePERS' Board of Trustees and depend on the terms of the plan under which a member is covered. Employer contribution rates are determined through actuarial valuations.

*Financial Reporting*

MainePERS issues annual financial reports for the Plan which can be found online at:

<http://www.maineopers.org/Publications/Publications.htm#Annual Reports>

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

The net pension liability, deferred inflows of resources and deferred outflows of resources related to pensions were measured on June 30, 2019, the latest measurement date available, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. These amounts are reported on the County's financial statements as of December 31, 2019. The County's deferred outflows of resources related to pensions balance, as of the measurement date, was increased by contributions to pensions made between the measurement date and date of the Statement of Net Position. These amounts were adjusted accordingly as reductions to expenses in the Statement of Activities.

Measured on June 30, 2019, the County reported a liability for its proportionate share of the Plan's net pension liability totaling \$1,774,331. The County's proportion of the Plan's net pension liability was based on a projection of the County's long-term share of contributions to the Plan relative to the projected contributions of all participating local districts, actuarially determined. Measured on June 30, 2019, the County's proportion was 0.58% of the Plan's total net liability which was a decrease of 0.01% from its proportion measured on June 30, 2018.

**Note 10 Defined Benefit Pension Plan (Continued)**

For the year ended December 31, 2019, the County recognized total pension expense of \$524,171. Measured on June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                       | \$ 210,087                           | \$ -                                |
| Net difference between projected and actual earnings on plan investments | -                                    | 444,426                             |
| Changes of assumptions   | 89,858                               | -                                   |
| Changes in proportion  | -                                    | 50,435                              |
| County contributions subsequent to the measurement date                  | <u>175,087</u>                       | <u>-</u>                            |
|  | <u>\$ 475,032</u>                    | <u>\$ 494,861</u>                   |

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in the Plan.

County contributions to the Plan subsequent to the measurement date, totaling \$175,087, are reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

|                  |                     |
|------------------|---------------------|
| Fiscal year 2020 | \$ 46,888           |
| Fiscal year 2021 | (201,669)           |
| Fiscal year 2022 | (39,853)            |
| Fiscal year 2023 | <u>(282)</u>        |
| Total            | <u>\$ (194,916)</u> |

**Actuarial Methods and Assumptions**

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

*Actuarial Cost Method*

The Entry Age Normal cost method is used to develop costs. Under this cost method, the total employer contribution rate consists of two elements, the normal cost rate and the unfunded actuarial liability 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 expected future salary. The normal cost for each employee is the product of his pay and his normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

**Note 10 Defined Benefit Pension Plan (Continued)**

Experience gains and losses (i.e., actual decreases or increases in liabilities and/or in assets which differ 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 reduces the impact of short-term volatility 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 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*

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

*Investment rate of return* – 6.75% per annum, compounded annually

*Inflation rate* – 2.75%

*Annual salary increases, including inflation* – 2.75% to 9.00%

*Cost of living benefit increases* – 1.91%

*Mortality rates* – For active members and non-disabled retirees, 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.

**Note 10 Defined Benefit Pension Plan (Continued)**

The long-term expected rate of return on pension plan investments 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 target asset allocation as of June 30, 2019, are summarized in the following table:

|                    | Target<br>Allocation | Long-term<br>Expected Real<br>Rate of Return |
|--------------------|----------------------|--|
| Public equities    | 30.0%                | 6.0%   |
| US government      | 7.5%                 | 2.3%   |
| Private equity     | 15.0%                | 7.6%   |
| Real estate        | 10.0%                | 5.2%   |
| Infrastructure     | 10.0%                | 5.3%   |
| Natural resources  | 5.0%                 | 5.0%   |
| Traditional credit | 7.5%                 | 3.0%   |
| Alternative credit | 5.0%                 | 4.2%   |
| Diversifiers       | 10.0%                | 5.9%   |

*Discount Rate*

The discount rate used to measure the collective total pension liability was 6.75% for 2019. 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 fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the County's proportionate share of the Plan's net pension liability measured as of June 30, 2019 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate:

|                              | 1% Decrease<br>5.75% | Current<br>Discount Rate<br>6.75% | 1% Increase<br>7.75% |
|------------------------------|----------------------|-----------------------------------|----------------------|
| County's proportionate share | \$ 4,041,811         | \$ 1,774,331                      | \$ (346,680)         |

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued MainePERS financial report.

**Note 11 Other Post-Employment Benefits (OPEB) Plan**

The measurement date for the OPEB Plan is twelve months prior to the date of the Statement of Net Position, as allowed by GASB Statement No 75. Thus, amounts reported for deferred inflows of resources, deferred outflows of resources, and net OPEB liability as of December 31, 2019, were measured as of January 1, 2019.

**General Information about the OPEB Plan***Plan Description*

The plan a single-employer OPEB plan providing for retiree health benefits and is administered by the Maine Municipal Employees Health Trust (MMEHT).

*Plan Eligibility, Cost-Sharing, and Benefits*

To be eligible for the plan, the employee must be at least 55 years of age with at least 5 years of service at retirement. Additionally, the employee must enroll when first eligible and continue coverage without interruption thereafter.

Retirees pay the premium equivalent rate for coverage selected. For all employees except retired teamsters' union members pay 0% for the retiree's premium and 100% for the retiree's spouse's premium. Retired teamsters' union members pay 100% for both the retiree's and retiree's spouse's premiums. The County pays the remainder of the premiums.

The plan provides for medical and prescription drug coverage and life insurance coverage. Non-Medicare retirees are offered the same plans that are available to active employees. Medicare retirees are enrolled in the Retiree Group Companion Plan which includes prescription drug coverage. The plan also provides a \$2,000 life insurance benefit. Retirees who retired after January 1, 2017 have access to purchase dental coverage as well.

As of the measurement date (January 1, 2019), retirees and retirees spouses covered by the benefit terms, totaled twenty-four (24); active employees covered by the benefit terms totaled seventy-three (73). There were no inactive employees who are entitled to but not yet receiving any benefits.

**OPEB-Related Liabilities, Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources**

The net OPEB liability, deferred outflows of resources, and deferred inflows of resources as of the measurement date were determined by actuarial valuation of January 1, 2018. The County's net OPEB liability was \$6,282,738.

Changes in the net OPEB liability during the year were as follows:

|                        |                     |
|------------------------|---------------------|
| Beginning Balance      | \$ 6,282,738        |
| Service cost           | 127,321             |
| Interest               | 216,920             |
| Changes of assumptions | (551,523)           |
| Employer contributions | <u>(210,288)</u>    |
| Ending Balance         | <u>\$ 5,865,168</u> |

**Note 11 Other Post-Employment Benefits (OPEB) Plan (Continued)**

Change in assumptions during the year reflect a change in the discount rate from 3.44% to 4.10%.

For the year ended December 31, 2019, the County recognized OPEB expense of \$326,709.

At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                       | \$ 53,692                            | \$ -                                |
| Net difference between projected and actual earnings on plan investments | -                                    | -                                   |
| Changes of assumptions   | 252,593                              | 472,734                             |
| County contributions subsequent to the measurement date                  | <u>210,288</u>                       | <u>-</u>                            |
|  | <u>\$ 516,573</u>                    | <u>\$ 472,734</u>                   |

County contributions subsequent to the measurement date will be recognized as OPEB expense in the subsequent fiscal year. Remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

|                         |                     |
|-------------------------|---------------------|
| Fiscal year 2020        | \$ (17,533)         |
| Fiscal year 2021        | (17,533)            |
| Fiscal year 2022        | (17,533)            |
| Fiscal year 2023        | (17,533)            |
| Fiscal year 2024        | (17,528)            |
| Fiscal years thereafter | <u>(78,789)</u>     |
| Total                   | <u>\$ (166,449)</u> |

**Actuarial Methods and Assumptions**

The Entry Age Normal Actuarial Cost Method was used to value the plan's actuarial liabilities and to set the normal cost. 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 the plan. An open 30-year amortization period was used. The amortization method is a level dollar amortization method.



**Note 11 Other Post-Employment Benefits (OPEB) Plan (Continued)**

The net OPEB liability was actuarily determined used the following methods and assumptions:

|                                 |  |
|---------------------------------|--|
| <i>Measurement Date</i>         | January 1, 2019  |
| <i>Discount Rate</i>            | 4.10% for the 2019 year-end reporting period<br>3.44% for the 2018 year-end reporting period |
| <i>Trend Assumptions</i>        |  |
| <i>Pre-Medicare Medical</i>     | Initial trend of 8.20% applied in FYE 2018 grading over 14 years to 4.00% per annum          |
| <i>Pre-Medicare Drug</i>        | Initial trend of 9.60% applied in FYE 2018 grading over 14 years to 4.00% per annum.         |
| <i>Medicare Medical</i>         | Initial trend of 4.93% applied in FYE 2018 grading over 14 years to 4.00% per annum          |
| <i>Medicare Drug</i>            | Initial trend of 9.60% applied in FYE 2018 grading over 14 years to 4.00% per annum          |
| <i>Admin and Claims Expense</i> | 3.0% per annum   |

It is assumed that the current plan and cost-sharing structure remains in place for all future years. It is also assumed that retiree medical contributions will increase at the same rate as incurred claims.

The current and expected percentage of retirees who are married and elect spouse coverage is as follows:

|         | <u>Current<br/>Retirees</u> | <u>Future<br/>Retirees<br/>Under 65</u> | <u>Future<br/>Retirees<br/>Over 65</u> |
|---------|-----------------------------|---|--|
| Males   | 50%                         | 50%                                     | 25%                                    |
| Females | 30%                         | 30%                                     | 25%                                    |

Husbands are assumed to be 3 years older than their wives.

Rates of turnover were taken from the assumptions for the MainePERS PLD Consolidated Plan at June 30, 2016, and were as follows:

| <u>Service</u> | <u>Revised</u> |
|----------------|----------------|
| 0              | 25%            |
| 1              | 20%            |
| 2              | 15%            |
| 3              | 12%            |
| 4              | 10%            |
| 5              | 9%             |
| 6              | 6%             |
| 7+             | 4%             |

For the level percentage of pay entry age method, total payroll is assumed to grow at 2.75% per year.

**Note 11 Other Post-Employment Benefits (OPEB) Plan (Continued)**

Rates of mortality are based on 104% and 120% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively, for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to 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. As prescribed by the Trust, mortality rates were taken from the assumptions for the MainePERS PLD Consolidated Plan at June 30, 2016.

Participation rate assumptions are:

| Age | No Additional<br>Employer<br>Payment | With Additional<br>Employer<br>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 assumptions are as follows: 100% of retirees who are currently Medicare participants will continue in the plan, 75% of retirees who are currently pre-Medicare participants will continue in the plan after they become Medicare eligible, and 50% of spouses who are currently pre-Medicare participants and spouses of active employees will continue in the plan after they become Medicare eligible.

Actuarial assumptions are the assumptions that were adopted by the MainePERS PLD Consolidated Plan as of June 30, 2016, and based on the experience study covering the period from June 30, 2012 through June 30, 2015.

**Note 11 Other Post-Employment Benefits (OPEB) Plan (Continued)****Discount Rate Sensitivity**

The following presents the County's net OPEB liability calculated using a discount rate of 4.10% as well as what the County's liability would be if the discount rate were calculated using one percentage point higher or lower.

| <u>1% Decrease</u> | <u>Current<br/>Discount Rate</u> | <u>1% Increase</u> |
|--------------------|----------------------------------|--------------------|
| 3.10%              | 4.10%                            | 5.10%              |
| \$ 6,732,415       | \$ 5,865,168                     | \$ 5,160,412       |

**Healthcare Cost Trend Sensitivity**

The following shows how the County's net OPEB liability would be affected if the healthcare cost trend rates were calculated using one percentage point higher or lower.

| <u>1% Decrease</u> | <u>Current<br/>Trend Rate</u> | <u>1% Increase</u> |
|--------------------|-------------------------------|--------------------|
| \$ 3,257,092       | \$ 5,865,168                  | \$ 4,415,651       |

**Note 12 Subsequent Events**

In preparing these financial statements, the County has evaluated events and transactions subsequent to the date of the Statement of Net Position for potential recognition or disclosure. No subsequent events requiring such disclosure have been noted through the date the financial statements were available to be issued – the date of the independent auditor's report.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. On March 15, 2020, the Governor of Maine declared a health emergency and on March 25, 2020, issued an order to close all nonessential businesses initially for 14 days and later on, that recommendation was extended to April 30, 2020. Starting May 1, 2020, the Governor established a timeline for reopening the economy that will be implemented in phases over the summer months and beyond and will be ultimately determined by the rate of continued spread of the virus throughout the State. The extent of the economic disruption which has been caused by the outbreak and the government's response is not known; however, it is almost certain to result in a material adverse impact on the County's financial position, operations, and cash flows for the foreseeable future.

## Budgetary Comparison Schedule

Schedule 1

General Fund

For the Year Ended December 31, 2019

|   | Original<br>Budget | Final<br>Budget   | Actual            | Positive<br>(Negative)<br>\$ Variance | Positive<br>(Negative)<br>% Variance |
|---|--------------------|-------------------|-------------------|---------------------------------------|--------------------------------------|
| <b>Revenues</b>                           |                    |                   |                   |                                       |                                      |
| Taxes                                     | \$ 6,226,895       | \$ 6,226,895      | \$ 6,231,210      | \$ 4,315                              | 0.1%                                 |
| Intergovernmental                         | 1,167,493          | 1,167,493         | 822,484           | (345,009)                             | -29.6%                               |
| Charges for services                      | 767,550            | 767,550           | 801,208           | 33,658                                | 4.4%                                 |
| Interest income                           | 3,000              | 3,000             | 17,423            | 14,423                                | 480.8%                               |
| Miscellaneous                             | 24,000             | 24,000            | 13,363            | (10,637)                              | -44.3%                               |
| <i>Total revenues</i>                     | <u>8,188,938</u>   | <u>8,188,938</u>  | <u>7,885,688</u>  | <u>(303,250)</u>                      | <u>-3.7%</u>                         |
| <b>Expenditures</b>                       |                    |                   |                   |                                       |                                      |
| Emergency management agency               | 189,477            | 189,477           | 163,520           | 25,957                                | 13.7%                                |
| District attorney's office                | 249,224            | 249,224           | 236,535           | 12,689                                | 5.1%                                 |
| Administration and finance                | 569,106            | 569,106           | 635,702           | (66,596)                              | -11.7%                               |
| Buildings and grounds                     | 452,490            | 452,490           | 311,320           | 141,170                               | 31.2%                                |
| Regional communications center            | 940,132            | 963,112           | 1,049,834         | (86,722)                              | -9.0%                                |
| Registry of deeds                         | 291,936            | 350,549           | 298,321           | 52,228                                | 14.9%                                |
| Registry of probate                       | 169,528            | 169,528           | 164,749           | 4,779                                 | 2.8%                                 |
| Sheriff's office                          | 2,206,509          | 2,211,229         | 2,345,428         | (134,199)                             | -6.1%                                |
| Airport                                   | 238,500            | 238,500           | 263,065           | (24,565)                              | -10.3%                               |
| County-wide                               | 2,573,779          | 2,573,779         | 2,300,751         | 273,028                               | 10.6%                                |
| <i>Total expenditures</i>                 | <u>7,880,681</u>   | <u>7,966,994</u>  | <u>7,769,225</u>  | <u>197,769</u>                        | <u>2.5%</u>                          |
| <b>Revenue Surplus (Deficit)</b>          | 308,257            | 221,944           | 116,463           | (105,481)                             | -47.5%                               |
| <b>Other Financing Sources (Uses)</b>     |                    |                   |                   |                                       |                                      |
| Transfer Out                              | -                  | (5,222)           | (5,222)           | -                                     | 0.0%                                 |
| <i>Net other financing sources (uses)</i> | -                  | (5,222)           | (5,222)           | -                                     | 0.0%                                 |
| <b>Net Change in Fund Balance</b>         | <u>\$ 308,257</u>  | <u>\$ 216,722</u> | <u>\$ 111,241</u> | <u>\$ (105,481)</u>                   | <u>-48.7%</u>                        |

## Budgetary Comparison Schedule

Schedule 2

Jail Fund

For the Year Ended December 31, 2019

|                                   | Original<br>Budget | Final<br>Budget    | Actual            | Positive<br>(Negative)<br>\$ Variance | Positive<br>(Negative)<br>% Variance |
|-----------------------------------|--------------------|--------------------|-------------------|---------------------------------------|--------------------------------------|
| <b>Revenues</b>                   |                    |                    |                   |                                       |                                      |
| Taxes                             | \$ 1,409,961       | \$ 1,409,961       | \$ 1,409,961      | \$ -                                  | 0.0%                                 |
| Intergovernmental                 | <u>1,135,872</u>   | <u>1,135,872</u>   | <u>1,101,922</u>  | <u>(33,950)</u>                       | -3.0%                                |
| <i>Total revenues</i>             | 2,545,833          | 2,545,833          | 2,511,883         | (33,950)                              | -1.3%                                |
| <b>Expenditures</b>               |                    |                    |                   |                                       |                                      |
| Wages and benefits                | 1,172,700          | 1,172,700          | 1,119,358         | 53,342                                | 4.5%                                 |
| Other personnel costs             | 11,500             | 11,500             | 5,880             | 5,620                                 | 48.9%                                |
| Services                          | 1,096,175          | 1,096,175          | 982,333           | 113,842                               | 10.4%                                |
| Commodities                       | 122,400            | 122,400            | 78,867            | 43,533                                | 35.6%                                |
| Capital expenditures              | 138,058            | 166,778            | 71,194            | 95,584                                | 57.3%                                |
| Other expenditures                | <u>5,000</u>       | <u>5,000</u>       | <u>-</u>          | <u>5,000</u>                          | 100.0%                               |
| <i>Total expenditures</i>         | <u>2,545,833</u>   | <u>2,574,553</u>   | <u>2,257,632</u>  | <u>316,921</u>                        | 12.3%                                |
| <b>Net Change in Fund Balance</b> | <u>\$ -</u>        | <u>\$ (28,720)</u> | <u>\$ 254,251</u> | <u>\$ 282,971</u>                     | -985.3%                              |

**Schedule of Proportionate Share of Net Pension Liability**

Schedule 3

MainePERS Participating Local Districts Consolidated Plan

Employer ID: P0057

As of the Last Five Measurement Dates\*

|                                   | <u>2019</u>  | <u>2018</u>  | <u>2017</u>  | <u>2016</u>  | <u>2015</u>  |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>A</b> County's proportion      | 0.58%        | 0.59%        | 0.61%        | 0.62%        | 0.56%        |
| <b>B</b> County's share           | \$ 1,774,331 | \$ 1,623,999 | \$ 2,494,868 | \$ 3,313,686 | \$ 1,794,520 |
| <b>C</b> County's covered payroll | \$ 3,893,757 | \$ 3,380,962 | \$ 3,785,874 | \$ 3,310,659 | \$ 2,898,254 |
| <b>D</b> Payroll percentage       | 45.57%       | 48.03%       | 65.90%       | 100.09%      | 61.92%       |
| <b>E</b> Net position percentage  | 90.62%       | 91.14%       | 86.43%       | 81.61%       | 88.27%       |
|                                   |              |              |              | <u>2014</u>  |              |
| <b>A</b> County's proportion      |              |              |              | 0.58%        |              |
| <b>B</b> County's share           |              |              |              | \$ 893,159   |              |
| <b>C</b> County's covered payroll |              |              |              | \$ 2,867,499 |              |
| <b>D</b> Payroll percentage       |              |              |              | 31.15%       |              |
| <b>E</b> Net position percentage  |              |              |              | 94.10%       |              |

- A** The County's proportion of the Plan's total net pension liability.
- B** The County's proportionate share of the Plan's total net pension liability.
- C** The County's covered-employee payroll for the fiscal year.
- D** The County's proportionate share (B) as a percentage of its covered-employee payroll (C).
- E** The Plan's fiduciary net position as a percentage of the Plant's total net pension liability.

*\*The amounts presented have a measurement date of June 30th prior to the end of the County's fiscal year end.*

*This schedule is intended to show information for ten years.*

*The data presented is attributable to those years beginning with the County's first year of GASB 68 implementation - the fiscal year ended December 31, 2014.*

**Schedule of Employer Contributions**

Schedule 4

MainePERS Participating Local Districts Consolidated Plan

Employer ID: P0057

As of the Last Five Fiscal Years\*

|                                   | <u>2019</u>    | <u>2018</u>    | <u>2017</u>    | <u>2016</u>    | <u>2015</u>    |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>A</b> Required                 | \$ 346,175     | \$ 345,175     | \$ 321,364     | \$ 303,893     | \$ 260,983     |
| <b>B</b> Actual                   | <u>346,175</u> | <u>345,175</u> | <u>321,364</u> | <u>303,893</u> | <u>260,983</u> |
| <b>C</b> Deficiency (Excess)      | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    |
| <br>                              |                |                |                |                |                |
| <b>C</b> County's covered payroll | \$ 3,388,651   | \$ 3,521,117   | \$ 3,299,226   | \$ 3,321,987   | \$ 3,108,345   |
| <b>D</b> Payroll percentage       | 10.22%         | 9.80%          | 9.74%          | 9.15%          | 8.40%          |
|                                   |                |                |                |                |                |
|                                   |                |                |                | <u>2014</u>    |                |
| <b>A</b> Required                 |                |                |                | \$ 215,986     |                |
| <b>B</b> Actual                   |                |                |                | <u>215,986</u> |                |
| <b>C</b> Deficiency (Excess)      |                |                |                | <u>\$ -</u>    |                |
|                                   |                |                |                |                |                |
| <b>C</b> County's covered payroll |                |                |                | \$ 2,889,632   |                |
| <b>D</b> Payroll percentage       |                |                |                | 7.47%          |                |

- A** The County's contractually required contributions to the Plan.
- B** The County's actual contributions to the Plan.
- C** The County's deficiency (excess) of actual contributions (B) from (over) required contributions (A).
- D** The County's covered-employee payroll for the fiscal year.
- E** The County's contributions as a percentage of its covered-employee payroll.

*\*The amounts presented have a measurement date of the County's fiscal year end.  
 This schedule is intended to show information for ten years.  
 The data presented is attributable to those years beginning with the County's  
 first year of GASB 68 implementation - the fiscal year ended December 31, 2014.*

**Schedule of Changes to the OPEB Liability**  
MMEHT Health Insurance OPEB Plan  
As of the Last Two Measurement Dates\*

Schedule 5

|                                      | <u>2019</u>         | <u>2018</u>         |
|--------------------------------------|---------------------|---------------------|
| Service cost                         | \$ 127,321          | \$ 99,832           |
| Interest                             | 216,920             | 217,017             |
| Changes of benefits                  | -                   | -                   |
| Experience differences               | -                   | 75,168              |
| Assumption changes                   | (551,523)           | 353,629             |
| Benefit payments                     | <u>(210,288)</u>    | <u>(206,638)</u>    |
| Net change                           | (417,570)           | 539,008             |
| Beginning net OPEB liability         | <u>6,282,738</u>    | <u>5,743,730</u>    |
| Ending net OPEB liability            | <u>\$ 5,865,168</u> | <u>\$ 6,282,738</u> |
| Covered payroll                      | \$ 2,657,978        | \$ 2,657,978        |
| Net OPEB liability as a % of payroll | 220.7%              | 236.4%              |

*\*The amounts presented have a measurement date of January 1st prior to the end of the County's fiscal year end.*

*This schedule is intended to show information for ten years.*

*The data presented is attributable to those years beginning with the County's first year of GASB 75 implementation - the fiscal year ended December 31, 2018.*



**Schedule of OPEB Contributions**

Schedule 6

MMEHT Health Insurance OPEB Plan  
As of the Last Two Measurement Dates\*

|                                  | <u>2019</u>      | <u>2018</u>      |
|----------------------------------|------------------|------------------|
| Employer contributions           | \$ 210,288       | \$ 206,638       |
| Benefit payments                 | <u>(210,288)</u> | <u>(206,638)</u> |
| Contribution excess (deficiency) | -                | -                |
| <br>                             |                  |                  |
| Covered payroll                  | \$ 2,657,978     | \$ 2,657,978     |
| Contributions as a % of payroll  | 7.9%             | 7.8%             |

*\*The amounts presented have a measurement date of January 1st prior to the end of the County's fiscal year end.*

*This schedule is intended to show information for ten years.*

*The data presented is attributable to those years beginning with the County's first year of GASB 75 implementation - the fiscal year ended December 31, 2018.*

**Note 1      Budgetary Accounting**

Budgets are legally adopted for the General Fund and the Jail Fund on a basis consistent with accounting principles generally accepted in the United States of America. Formal budgetary integration is employed as a management control device during the year. The budgetary comparison schedules are presented on the modified accrual basis of accounting, the same basis on which the General Fund and Jail Fund Statements of Revenues, Expenditures, and Changes in Fund Balance are presented. Occasionally, there are differences between the budgetary basis and the GAAP basis of accounting due to perspective differences or timing differences. No such differences exist for the fiscal year presented.

**Note 2      Over-Expended Budget Lines**

Departmental budgets were over-expended as follows:

|                                |    |           |
|--------------------------------|----|-----------|
| Administration and finance     | \$ | (66,596)  |
| Regional communications center |    | (86,722)  |
| Sheriff's office               |    | (134,199) |
| Airport                        |    | (24,565)  |

In total, the General Fund expenditures were under budget by \$197,769, or 2.5% under budget.

**Combining Balance Sheet**  
 Non-major Governmental Funds  
 As of December 31, 2019

Schedule 7

|                        | <u>Cash</u>      | <u>Accounts<br/>Receivable</u> | <u>Due from<br/>Other Funds</u> | <u>Total<br/>Assets</u> |
|------------------------|------------------|--------------------------------|---------------------------------|-------------------------|
| LEPC Admin             | \$ 8,655         | \$ 90                          | \$ 4,061                        | \$ 12,806               |
| LEPC Awareness         | -                | -                              | 1,000                           | 1,000                   |
| LEPC Ops               | -                | 1,050                          | 8,309                           | 9,359                   |
| LEPC Instructors       | -                | -                              | 881                             | 881                     |
| CART                   | -                | -                              | 1,697                           | 1,697                   |
| CART Sustainment       | -                | 804                            | -                               | 804                     |
| ARES                   | -                | -                              | 200                             | 200                     |
| ARES Sustainment       | -                | 36                             | -                               | 36                      |
| Regional Response Team | -                | 3,290                          | -                               | 3,290                   |
| RRT Training           | -                | -                              | -                               | -                       |
| Homeland Security FY16 | -                | -                              | -                               | -                       |
| Law Enforcement FY16   | -                | -                              | -                               | -                       |
| Homeland Security FY17 | -                | 9,000                          | -                               | 9,000                   |
| Law Enforcement FY17   | -                | -                              | -                               | -                       |
| Homeland Security FY18 | -                | 286                            | -                               | 286                     |
| Law Enforcement FY18   | -                | 5,309                          | -                               | 5,309                   |
| Homeland Security FY19 | -                | 1,121                          | -                               | 1,121                   |
| Law Enforcement FY19   | -                | 5,728                          | -                               | 5,728                   |
| State Drug Forfeiture  | 11,903           | -                              | 1,283                           | 13,186                  |
| Inmate Benefit         | 20,055           | -                              | -                               | 20,055                  |
| FAA Grants             | -                | 52,584                         | -                               | 52,584                  |
|                        | <u>\$ 40,613</u> | <u>\$ 79,298</u>               | <u>\$ 17,431</u>                | <u>\$ 137,342</u>       |

|                        | <u>Accounts<br/>Payable</u> | <u>Due to<br/>Other Funds</u> | <u>Total<br/>Liabilities</u> | <u>Restricted<br/>Fund Balance</u> | <u>Total Liabilities<br/>&amp; Fund Balance</u> |
|------------------------|-----------------------------|-------------------------------|------------------------------|------------------------------------|---|
| LEPC Admin             | \$ -                        | \$ 10,190                     | \$ 10,190                    | \$ 2,616                           | \$ 12,806                                       |
| LEPC Awareness         | -                           | -                             | -                            | 1,000                              | 1,000   |
| LEPC Ops               | -                           | -                             | -                            | 9,359                              | 9,359   |
| LEPC Instructors       | -                           | -                             | -                            | 881                                | 881   |
| CART                   | -                           | -                             | -                            | 1,697                              | 1,697   |
| CART Sustainment       | -                           | 804                           | 804                          | -                                  | 804   |
| ARES                   | -                           | -                             | -                            | 200                                | 200   |
| ARES Sustainment       | -                           | 36                            | 36                           | -                                  | 36  |
| Regional Response Team | -                           | 3,290                         | 3,290                        | -                                  | 3,290   |
| RRT Training           | -                           | -                             | -                            | -                                  | -   |
| Homeland Security FY16 | -                           | -                             | -                            | -                                  | -   |
| Law Enforcement FY16   | -                           | -                             | -                            | -                                  | -   |
| Homeland Security FY17 | 9,000                       | -                             | 9,000                        | -                                  | 9,000   |
| Law Enforcement FY17   | -                           | -                             | -                            | -                                  | -   |
| Homeland Security FY18 | -                           | 286                           | 286                          | -                                  | 286   |
| Law Enforcement FY18   | -                           | 5,309                         | 5,309                        | -                                  | 5,309   |
| Homeland Security FY19 | 1,121                       | -                             | 1,121                        | -                                  | 1,121   |
| Law Enforcement FY19   | 2,000                       | 3,728                         | 5,728                        | -                                  | 5,728   |
| State Drug Forfeiture  | -                           | -                             | -                            | 13,186                             | 13,186  |
| Inmate Benefit         | 161                         | 710                           | 871                          | 19,184                             | 20,055  |
| FAA Grants             | -                           | 52,584                        | 52,584                       | -                                  | 52,584  |
|                        | <u>\$ 12,282</u>            | <u>\$ 76,937</u>              | <u>\$ 89,219</u>             | <u>\$ 48,123</u>                   | <u>\$ 137,342</u>                               |

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Schedule 8

Non-major Governmental Funds

For the Year Ended December 31, 2019

|                        | <u>Beginning<br/>Fund Balance</u> | <u>Total<br/>Revenues</u> | <u>Transfers<br/>In (Out)</u> | <u>Total<br/>Expenditures</u> | <u>Ending<br/>Fund Balance</u> |
|------------------------|-----------------------------------|---------------------------|-------------------------------|-------------------------------|--------------------------------|
| LEPC Admin             | \$ 2,724                          | \$ 967                    | \$ -                          | \$ (1,075)                    | \$ 2,616                       |
| LEPC Awareness         | 1,000                             | 275                       | -                             | (275)                         | 1,000                          |
| LEPC Ops               | 8,738                             | 5,471                     | -                             | (4,850)                       | 9,359                          |
| LEPC Instructors       | 3,027                             | -                         | -                             | (2,146)                       | 881                            |
| CART                   | 2,213                             | -                         | -                             | (516)                         | 1,697                          |
| CART Sustainment       | -                                 | 1,364                     | -                             | (1,364)                       | -                              |
| ARES                   | 200                               | -                         | -                             | -                             | 200                            |
| ARES Sustainment       | -                                 | 36                        | -                             | (36)                          | -                              |
| Regional Response Team | -                                 | 7,261                     | -                             | (7,261)                       | -                              |
| RRT Training           | -                                 | 7,968                     | -                             | (7,968)                       | -                              |
| Homeland Security FY16 | -                                 | 458                       | -                             | (458)                         | -                              |
| Law Enforcement FY16   | -                                 | 7,494                     | -                             | (7,494)                       | -                              |
| Homeland Security FY17 | -                                 | 16,200                    | -                             | (16,200)                      | -                              |
| Law Enforcement FY17   | -                                 | 4,000                     | -                             | (4,000)                       | -                              |
| Homeland Security FY18 | -                                 | 26,802                    | -                             | (26,802)                      | -                              |
| Law Enforcement FY18   | -                                 | 15,617                    | -                             | (15,617)                      | -                              |
| Homeland Security FY19 | -                                 | 1,121                     | -                             | (1,121)                       | -                              |
| Law Enforcement FY19   | -                                 | 5,728                     | -                             | (5,728)                       | -                              |
| State Drug Forfeiture  | 11,020                            | 2,293                     | -                             | (127)                         | 13,186                         |
| Inmate Benefit         | 20,347                            | 899                       | -                             | (2,062)                       | 19,184                         |
| FAA Grants             | -                                 | 99,209                    | 5,222                         | (104,431)                     | -                              |
|                        | <u>\$ 49,269</u>                  | <u>\$ 203,163</u>         | <u>\$ 5,222</u>               | <u>\$ (209,531)</u>           | <u>\$ 48,123</u>               |

**Schedule of Departmental Expenditures**  
For the Year Ended December 31, 2019

Schedule 9

|                                       | Final<br>Budget | Actual           | Positive<br>(Negative)<br>\$ Variance | Amounts<br>Carried<br>Forward |
|---------------------------------------|-----------------|------------------|---------------------------------------|-------------------------------|
| <b>Emergency Management Agency</b>    |                 |                  |                                       |                               |
| Wages and benefits                    | \$ 126,702      | \$ 101,154       | \$ 25,548                             | \$ -                          |
| Other personnel costs                 | 1,900           | 2,403            | (503)                                 | -                             |
| Services                              | 53,275          | 53,689           | (414)                                 | -                             |
| Commodities                           | 5,100           | 4,057            | 1,043                                 | -                             |
| Capital expenditures                  | 2,500           | 3,217            | (717)                                 | -                             |
| Other                                 | -               | -                | -                                     | -                             |
|                                       | <u>189,477</u>  | <u>164,520</u>   | <u>24,957</u>                         | -                             |
| <b>District Attorney's Office</b>     |                 |                  |                                       |                               |
| Wages and benefits                    | 170,355         | 165,107          | 5,248                                 | -                             |
| Other personnel costs                 | 5,850           | 7,740            | (1,890)                               | -                             |
| Services                              | 31,401          | 30,825           | 576                                   | -                             |
| Commodities                           | 10,452          | 3,296            | 7,156                                 | -                             |
| Capital expenditures                  | 3,550           | 2,248            | 1,302                                 | -                             |
| Other                                 | 27,616          | 27,319           | 297                                   | -                             |
|                                       | <u>249,224</u>  | <u>236,535</u>   | <u>12,689</u>                         | -                             |
| <b>Administration and Finance</b>     |                 |                  |                                       |                               |
| Wages and benefits                    | 286,556         | 205,333          | 81,223                                | -                             |
| Other personnel costs                 | 15,250          | 10,112           | 5,138                                 | -                             |
| Services                              | 234,200         | 407,079          | (172,879)                             | -                             |
| Commodities                           | 5,100           | 5,026            | 74                                    | -                             |
| Capital expenditures                  | 28,000          | 5,410            | 22,590                                | -                             |
| Other                                 | -               | 2,742            | (2,742)                               | -                             |
|                                       | <u>569,106</u>  | <u>635,702</u>   | <u>(66,596)</u>                       | -                             |
| <b>Buildings and Grounds</b>          |                 |                  |                                       |                               |
| Wages and benefits                    | 93,595          | 66,296           | 27,299                                | -                             |
| Other personnel costs                 | -               | -                | -                                     | -                             |
| Services                              | 166,660         | 150,168          | 16,492                                | -                             |
| Commodities                           | 47,900          | 42,854           | 5,046                                 | -                             |
| Capital expenditures                  | 100,000         | 8,627            | 91,373                                | -                             |
| Other                                 | 44,335          | 43,376           | 959                                   | -                             |
|                                       | <u>452,490</u>  | <u>311,321</u>   | <u>141,169</u>                        | -                             |
| <b>Regional Communications Center</b> |                 |                  |                                       |                               |
| Wages and benefits                    | 811,980         | 869,602          | (57,622)                              | -                             |
| Other personnel costs                 | 11,900          | 9,398            | 2,502                                 | -                             |
| Services                              | 52,435          | 60,392           | (7,957)                               | -                             |
| Commodities                           | 5,200           | 3,443            | 1,757                                 | -                             |
| Capital expenditures                  | 76,597          | 76,597           | -                                     | -                             |
| Other                                 | 5,000           | 30,401           | (25,401)                              | -                             |
|                                       | <u>963,112</u>  | <u>1,049,833</u> | <u>(86,721)</u>                       | -                             |

**Schedule of Departmental Expenditures**  
For the Year Ended December 31, 2019

Schedule 9 (Continued)

|                            | Final<br>Budget | Actual     | Positive<br>(Negative)<br>\$ Variance | Amounts<br>Carried<br>Forward |
|----------------------------|-----------------|------------|---------------------------------------|-------------------------------|
| <b>Registry of Deeds</b>   |                 |            |                                       |                               |
| Wages and benefits         | \$ 164,421      | \$ 141,963 | \$ 22,458                             | \$ -                          |
| Other personnel costs      | 4,100           | 4,940      | (840)                                 | -                             |
| Services                   | 87,515          | 82,397     | 5,118                                 | -                             |
| Commodities                | 4,200           | 5,078      | (878)                                 | -                             |
| Capital expenditures       | 1,500           | 3,794      | (2,294)                               | -                             |
| Other                      | 88,813          | 60,149     | 28,664                                | -                             |
|                            | 350,549         | 298,321    | 52,228                                | -                             |
| <b>Registry of Probate</b> |                 |            |                                       |                               |
| Wages and benefits         | 137,588         | 141,872    | (4,284)                               | -                             |
| Other personnel costs      | 1,800           | 2,099      | (299)                                 | -                             |
| Services                   | 18,140          | 15,614     | 2,526                                 | 2,300                         |
| Commodities                | 4,500           | 2,509      | 1,991                                 | -                             |
| Capital expenditures       | 3,500           | 2,655      | 845                                   | -                             |
| Other                      | 4,000           | -          | 4,000                                 | -                             |
|                            | 169,528         | 164,749    | 4,779                                 | 2,300                         |
| <b>Sheriff's Office</b>    |                 |            |                                       |                               |
| Wages and benefits         | 1,660,654       | 1,739,252  | (78,598)                              | -                             |
| Other personnel costs      | 19,700          | 51,958     | (32,258)                              | -                             |
| Services                   | 66,450          | 86,033     | (19,583)                              | -                             |
| Commodities                | 174,536         | 189,507    | (14,971)                              | -                             |
| Capital expenditures       | 261,389         | 223,678    | 37,711                                | 37,711                        |
| Other                      | 28,500          | 55,000     | (26,500)                              | -                             |
|                            | 2,211,229       | 2,345,428  | (134,199)                             | 37,711                        |
| <b>Jail</b>                |                 |            |                                       |                               |
| Wages and benefits         | 1,172,700       | 1,119,358  | 53,342                                | -                             |
| Other personnel costs      | 11,500          | 5,880      | 5,620                                 | -                             |
| Services                   | 1,096,175       | 982,333    | 113,842                               | -                             |
| Commodities                | 122,400         | 78,867     | 43,533                                | -                             |
| Capital expenditures       | 166,778         | 71,194     | 95,584                                | -                             |
| Other                      | 5,000           | -          | 5,000                                 | -                             |
|                            | 2,574,553       | 2,257,632  | 316,921                               | -                             |
| <b>Airport</b>             |                 |            |                                       |                               |
| Wages and benefits         | -               | -          | -                                     | -                             |
| Other personnel costs      | -               | -          | -                                     | -                             |
| Services                   | 103,500         | 84,322     | 19,178                                | -                             |
| Commodities                | 35,000          | 53,950     | (18,950)                              | -                             |
| Capital expenditures       | 100,000         | 124,793    | (24,793)                              | -                             |
| Other                      | -               | -          | -                                     | -                             |
|                            | 238,500         | 263,065    | (24,565)                              | -                             |

**Schedule of Departmental Expenditures**  
For the Year Ended December 31, 2019

Schedule 9 (Continued)

|                       | <u>Final<br/>Budget</u> | <u>Actual</u>        | <u>Positive<br/>(Negative)<br/>\$ Variance</u> | <u>Amounts<br/>Carried<br/>Forward</u> |
|-----------------------|-------------------------|----------------------|--|--|
| <b>County-Wide</b>    |                         |                      |  |  |
| Wages and benefits    | \$ 2,148,156            | \$ 1,896,166         | \$ 251,990                                     | \$ -                                   |
| Other personnel costs | -                       | -                    | -  | -                                      |
| Services              | 390,263                 | 373,301              | 16,962   | -                                      |
| Commodities           | -                       | -                    | -  | -                                      |
| Capital expenditures  | -                       | -                    | -  | -                                      |
| Other                 | <u>35,000</u>           | <u>31,284</u>        | <u>3,716</u>                                   | <u>-</u>                               |
|                       | <u>2,573,419</u>        | <u>2,300,751</u>     | <u>272,668</u>                                 | <u>-</u>                               |
| <b>Total</b>          | <u>\$ 10,541,187</u>    | <u>\$ 10,027,857</u> | <u>\$ 513,330</u>                              | <u>\$ 40,011</u>                       |

## Schedule of Changes in Fund Balance Components

Schedule 10

General Fund

For the Year Ended December 31, 2019

|                                      | <u>Beginning<br/>Balance</u> | <u>Revenues</u>     | <u>Transfers<br/>In (Out)</u> | <u>Expenditures</u>   | <u>Ending<br/>Balance</u> |
|--------------------------------------|------------------------------|---------------------|-------------------------------|-----------------------|---------------------------|
| <b>Restricted Fund Balance</b>       |                              |                     |                               |                       |                           |
| Deeds record preservation            | \$ 121,709                   | \$ 36,755           | \$ -                          | \$ (58,613)           | \$ 99,851                 |
| Probate record preservation          | <u>34,233</u>                | <u>4,264</u>        | <u>-</u>                      | <u>-</u>              | <u>38,497</u>             |
| <i>Total restricted fund balance</i> | 155,942                      | 41,019              | -                             | (58,613)              | 138,348                   |
| <b>Committed Fund Balance</b>        |                              |                     |                               |                       |                           |
| Probate docket reserve               | 46,427                       | -                   | 4,000                         | -                     | 50,427                    |
| Court-appointed attorney reserve     | -                            | -                   | 2,300                         | -                     | 2,300                     |
| Emergency operations reserve         | 25,000                       | -                   | -                             | -                     | 25,000                    |
| Record preservation reserve          | 62,460                       | -                   | 20,000                        | -                     | 82,460                    |
| County facilities reserve            | 74,997                       | -                   | -                             | -                     | 74,997                    |
| RCC capital projects reserve         | 55,843                       | -                   | 78,914                        | (18,260)              | 116,497                   |
| Information technology reserve       | 32,051                       | -                   | 13,750                        | (38,160)              | 7,641                     |
| Police officer hiring reserve        | 25,000                       | -                   | -                             | -                     | 25,000                    |
| Sheriff's office capital reserve     | -                            | -                   | 58,711                        | -                     | 58,711                    |
| Airport reserve                      | 26,679                       | -                   | 6,707                         | -                     | 33,386                    |
| Unemployment and sick reserve        | <u>50,096</u>                | <u>-</u>            | <u>-</u>                      | <u>-</u>              | <u>50,096</u>             |
| <i>Total committed fund balance</i>  | 398,553                      | -                   | 184,382                       | (56,420)              | 526,515                   |
| <b>Unassigned Fund Balance</b>       | <u>715,422</u>               | <u>7,844,669</u>    | <u>(189,604)</u>              | <u>(7,654,192)</u>    | <u>716,295</u>            |
| <b>Total Fund Balance</b>            | <u>\$ 1,269,917</u>          | <u>\$ 7,885,688</u> | <u>\$ (5,222)</u>             | <u>\$ (7,769,225)</u> | <u>\$ 1,381,158</u>       |





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

County Commissioners  
County of Oxford, Maine  
South Paris, 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 Oxford, Maine as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County of Oxford, Maine's basic financial statements and have issued our report thereon dated June 8, 2020.

Internal Control Over Financial Reporting

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

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

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Oxford, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the County of Oxford, Maine in a separate letter dated June 8, 2020.

### Purpose of this Report

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

*RHR Smith & Company*

Buxton, Maine  
June 8, 2020