

Federal Compliance Audit

County of York, Maine

June 30, 2021



Proven Expertise & Integrity

COUNTY OF YORK, MAINE

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JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

County Commissioners
County of York
Alfred, 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 York, Maine, as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the County of York, Maine's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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 York, Maine as of June 30, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB information on pages 4 through 12 and 64 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of York, Maine's basic financial statements. The Schedule of Departmental Operations - General Fund and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and is also not a required part of the basic financial statements.

The Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards 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 April 11, 2022 on our consideration of County of York, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant 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 the 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 County of York, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
April 11, 2022

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

(UNAUDITED)

The following management's discussion and analysis of the County of York, Maine's financial performance provides an overview of the County's financial activities for the year ended June 30, 2021. Please read this discussion and analysis in conjunction with the County's financial statements.

Financial Statement Overview

The County of York's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, pension and OPEB information and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the County's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the County's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above-mentioned financial statements have one column for the County's type of activity. The type of activity presented for the County of York is:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the County's basic services are reported in governmental activities, which include commissioners/governing body, management/administration, facilities repair and maintenance, treasurer, district attorney, deeds, probate, sheriff's/police services, communications/dispatch, EMA, juvenile fire prevention, retirement benefits, medical and dental insurance, public agencies, jail, special projects and reserves and unclassified.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of York, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the County of York can be divided into two categories: governmental and fiduciary funds.

Governmental funds: All of the basic services provided by the County are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the County's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the County.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The County of York presents six columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The County's major governmental funds are the general fund, jail fund, deeds preservation fund, Layman's Way fund and ARPA grant fund. All other funds are

shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund and the jail fund are the only funds for which the County legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget for the general fund and the actual expenditures for the current year.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Changes in Net Position - Fiduciary Funds.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions - Pension, Schedule of Changes in Net OPEB Liability, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Contributions - OPEB and Notes to Required Supplementary Information.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the County's governmental activities. The County's total net position increased by \$22,456,400 from \$20,785,673 to \$43,242,073.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased to a balance of \$6,558,114 at the end of this year.

Table 1
County of York, Maine
Net Position
June 30,

| | 2021 | 2020 (Restated) |
|--|----------------------|----------------------------|
| Assets: | | |
| Current Assets | \$ 34,112,412 | \$ 11,631,482 |
| Noncurrent Assets - Capital Assets | 16,290,302 | 17,245,369 |
| Total Assets | <u>50,402,714</u> | <u>28,876,851</u> |
| Deferred Outflows of Resources: | | |
| Deferred Amount on OPEB | 425,728 | 466,326 |
| Deferred Amount on Pensions | 1,060,797 | 1,178,942 |
| Total Deferred Outflows of Resources | <u>1,486,525</u> | <u>1,645,268</u> |
| Liabilities: | | |
| Current Liabilities | 2,865,340 | 3,397,173 |
| Noncurrent Liabilities | 5,310,754 | 5,319,300 |
| Total Liabilities | <u>8,176,094</u> | <u>8,716,473</u> |
| Deferred Inflows of Resources: | | |
| Deferred Amount on OPEB | 45,250 | 53,986 |
| Deferred Amount on Pensions | 425,822 | 965,987 |
| Total Deferred Inflows of Resources | <u>471,072</u> | <u>1,019,973</u> |
| Net Position: | | |
| Net Investment in Capital Assets | 15,390,302 | 15,345,369 |
| Restricted | 21,293,657 | 1,002,257 |
| Unrestricted | 6,558,114 | 4,438,047 |
| Total Net Position | <u>\$ 43,242,073</u> | <u>\$ 20,785,673</u> |

Table 2
County of York, Maine
Change in Net Position
For the Years Ended June 30,

| | <u>2021</u> | <u>2020</u> |
|------------------------------------|----------------------|----------------------|
| Revenues | | |
| <i>Program revenues:</i> | | |
| Charges for services | \$ 4,395,958 | \$ 3,471,518 |
| Operating grants and contributions | 25,002,461 | 3,715,223 |
| <i>General revenues:</i> | | |
| Taxes | 17,972,861 | 17,423,700 |
| Investment income | 95,049 | 149,623 |
| Miscellaneous revenues | 280,604 | 156,199 |
| Total Revenues | <u>47,746,933</u> | <u>24,916,263</u> |
| Expenses | | |
| Commissioners/governing body | 63,269 | 65,369 |
| Management/administration | 1,000,363 | 1,068,977 |
| Facilities repair and maintenance | 638,747 | 618,008 |
| Treasurer | 580 | 556 |
| District attorney | 1,433,095 | 1,351,762 |
| Deeds | 565,664 | 412,888 |
| Probate | 568,526 | 540,589 |
| Sheriff's/police services | 3,237,239 | 3,212,329 |
| Communications/dispatch | 658,112 | 647,775 |
| EMA | 991,047 | 695,013 |
| Juvenile fire prevention | 27,442 | 31,417 |
| Retirement benefits | 547,006 | 819,954 |
| Medical and dental insurance | 1,066,282 | 968,548 |
| Public agencies | 128,700 | 133,400 |
| Jail | 10,656,727 | 10,515,687 |
| Special projects and reserves | 3,437,483 | 2,422,748 |
| Unclassified | 238,913 | 385,146 |
| Interest on long-term debt | 31,338 | 45,675 |
| Total Expenses | <u>25,290,533</u> | <u>23,935,841</u> |
| Change in Net Position | 22,456,400 | 980,422 |
| Net Position - July 1, Restated | <u>20,785,673</u> | <u>19,805,251</u> |
| Net Position - June 30 | <u>\$ 43,242,073</u> | <u>\$ 20,785,673</u> |

Revenues and Expenses

Revenues for the year ending June 30, 2021 increased over the previous year by 91.63%. All revenue items with the exception of investment income increased over the prior year. Expenses increased from the prior year by 5.66%. All expense categories saw increases over the previous year with the exception of commissioners/governing body, management/administration, juvenile fire prevention, retirement benefits, public agencies, unclassified and interest on long-term debt.

Financial Analysis of the County's Fund Statements

Governmental funds: The financial reporting focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the County's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year and the net resources available for spending.

Table 3
County of York, Maine
Fund Balances - Governmental Funds
June 30,

| | 2021 | 2020 (Restated) | Increase/ (Decrease) |
|--------------------------------|----------------------|----------------------------|---------------------------------|
| General Fund: | | | |
| Nonspendable | \$ 55,568 | \$ 172,854 | \$ (117,286) |
| Committed | 1,634,999 | 1,484,999 | 150,000 |
| Assigned | 2,777,223 | 1,777,058 | 1,000,165 |
| Unassigned | 3,023,810 | 2,452,670 | 571,140 |
| Total General Fund | \$ 7,491,600 | \$ 5,887,581 | \$ 1,604,019 |
| Jail Fund: | | | |
| Nonspendable | \$ - | \$ 2,979 | \$ (2,979) |
| Committed | 170,016 | 290,164 | (120,148) |
| Assigned | 1,533,936 | 1,381,199 | 152,737 |
| Unassigned | 1,606,490 | 827,730 | 778,760 |
| Deeds Preservation: | | | |
| Restricted | 599,128 | 453,571 | 145,557 |
| Layman's Way: | | | |
| Assigned | 116,021 | 117,290 | (1,269) |
| ARPA Grant Fund: | | | |
| Restricted | 20,165,915 | - | 20,165,915 |
| Total Other Major Funds | \$ 24,191,506 | \$ 3,072,933 | \$ 21,118,573 |
| Nonmajor Funds: | | | |
| Special Revenue Funds: | | | |
| Restricted | \$ 528,614 | \$ 548,686 | \$ (20,072) |
| Unassigned | (250,671) | (164,621) | (86,050) |
| Total Nonmajor Funds | \$ 277,943 | \$ 384,065 | \$ (106,122) |

The changes to total fund balances for the general fund, jail fund, deeds preservation fund, layman's way fund and the nonmajor special revenue funds occurred due to the regular activity of operations. The change in total fund balance for the ARPA grant fund was due to the receipt of ARPA grant funds in late June 2021.

Budgetary Highlights

The difference between the original and final budget for the general fund was amounts utilized from unassigned, assigned and/or committed fund balance.

Actual revenues were over the general fund budget by \$2,337,598. This was the result of all revenue categories being receipted in excess of budgeted amounts with the

exception of charges for services - register of probate, miscellaneous - interest on investments and transfers from other funds.

General fund actual expenditures were under budget by \$3,868,477 for the fiscal year. All expenditure categories were within or under budget with the exception of treasurer, sheriff's/police services, EMA, medical and dental insurance, unclassified and transfers to other funds. The overspent items are disclosed in the notes to financial statements.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2021, the net book value of capital assets recorded by the County decreased by \$955,067 from the prior fiscal year. This was due to capital additions of \$409,441 less net disposals of \$17,815 and current year depreciation expense of \$1,346,693. Refer to Note 5 of Notes to Financial Statements for additional information.

Table 4
County of York, Maine
Capital Assets (Net of Depreciation)
June 30,

| | 2021 | 2020 |
|-------------------------------------|---------------|---------------|
| Land | \$ 741,856 | \$ 741,856 |
| Art work and historical treasures | 1,042,366 | 1,042,366 |
| Construction in progress | 27,110 | 7,110 |
| Buildings and building improvements | 13,028,544 | 13,918,529 |
| Land improvements | 4,304 | 4,591 |
| Furniture and fixtures | 92,650 | 102,085 |
| Machinery and equipment | 345,876 | 367,694 |
| Vehicles | 1,007,596 | 1,061,138 |
| Total | \$ 16,290,302 | \$ 17,245,369 |

Debt

At June 30, 2021, the County had \$900,000 in bonds outstanding versus \$1,900,000 last year. This was a decrease of \$1,000,000. Refer to Note 6 of Notes to Financial Statements for additional information.

Currently Known Facts, Decisions or Conditions

The outbreak of COVID-19 has been declared a pandemic and led to a national state of emergency in the United States. Refer to Note 1 of Notes to Financial Statements for more detailed information.

At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the County. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the County.

Economic Factors and Next Year's Budgets and Rates

Currently, the County's unassigned fund balance is within the criteria of their fund balance policy. It has increased to \$3,023,810 for the year ended June 30, 2021 from \$2,452,670 for the same period in 2020. The County continues to maintain reserve accounts for future capital and program needs.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Finance Department at 45 Kennebunk Road, Alfred, Maine 04002.

COUNTY OF YORK, MAINE
STATEMENT OF NET POSITION
JUNE 30, 2021

STATEMENT A

| | Governmental Activities |
|---|----------------------------|
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents | \$ 32,531,670 |
| Accounts receivable (net of allowance for uncollectibles) | 1,525,174 |
| Inventory | 812 |
| Prepaid items | 54,756 |
| Total current assets | 34,112,412 |
| Noncurrent assets: | |
| Capital assets: | |
| Land, infrastructure and other assets not being depreciated | 1,811,332 |
| Buildings and equipment, net of accumulated depreciation | 14,478,970 |
| Total noncurrent assets | 16,290,302 |
| TOTAL ASSETS | 50,402,714 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred outflows related to OPEB | 425,728 |
| Deferred outflows related to pensions | 1,060,797 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 1,486,525 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 51,889,239 |

STATEMENT A (CONTINUED)
COUNTY OF YORK, MAINE
STATEMENT OF NET POSITION
JUNE 30, 2021

| | Governmental Activities |
|--|----------------------------|
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable | \$ 1,572,270 |
| Accrued payroll | 310,470 |
| Due to other governments | 180,741 |
| Accrued payroll liabilities | 87,882 |
| Current portion of long-term obligations | 713,977 |
| Total current liabilities | 2,865,340 |
| Noncurrent liabilities: | |
| Noncurrent portion of long-term obligations: | |
| Bonds payable | 300,000 |
| Accrued compensated absences | 645,868 |
| Net OPEB liability | 806,201 |
| Net pension liability | 3,558,685 |
| Total noncurrent liabilities | 5,310,754 |
| TOTAL LIABILITIES | 8,176,094 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred inflows related to OPEB | 45,250 |
| Deferred inflows related to pensions | 425,822 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 471,072 |
| NET POSITION | |
| Net Investment in capital assets | 15,390,302 |
| Restricted | 21,293,657 |
| Unrestricted | 6,558,114 |
| TOTAL NET POSITION | 43,242,073 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | \$ 51,889,239 |

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

STATEMENT B

COUNTY OF YORK, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) |
|--|----------------------|----------------------|------------------------------------|----------------------------------|-------------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Revenue and Changes in Net Position |
| | | | | | Total Governmental Activities |
| Governmental activities: | | | | | |
| Commissioners/governing body | \$ 63,269 | \$ - | \$ - | \$ - | \$ (63,269) |
| Management/administration | 1,000,363 | 100,000 | - | - | (900,363) |
| Facilities repair and maintenance | 638,747 | - | - | - | (638,747) |
| Treasurer | 580 | - | - | - | (580) |
| District attorney | 1,433,095 | - | - | - | (1,433,095) |
| Deeds | 565,664 | 3,684,712 | - | - | 3,119,048 |
| Probate | 568,526 | 354,512 | - | - | (214,014) |
| Sheriff's/police services | 3,237,239 | 6,645 | - | - | (3,230,594) |
| Communications/dispatch | 658,112 | - | - | - | (658,112) |
| EMA | 991,047 | - | - | - | (991,047) |
| York County juvenile fire prevention | 27,442 | - | - | - | (27,442) |
| Retirement benefits* | 547,006 | - | - | - | (547,006) |
| Medical and dental insurance* | 1,066,282 | - | - | - | (1,066,282) |
| Public agencies | 128,700 | - | - | - | (128,700) |
| Unclassified | 238,913 | - | - | - | (238,913) |
| Jail | 10,656,727 | - | 1,719,044 | - | (8,937,683) |
| Special projects and reserves | 3,437,483 | 250,089 | 1,830,846 | - | (1,356,548) |
| Interest on long-term debt and tax anticipation note | 31,338 | - | - | - | (31,338) |
| Total governmental activities | \$ 25,290,533 | \$ 4,395,958 | \$ 3,549,890 | \$ - | (17,344,685) |

* Refer to Note 7 in Notes to Financial Statements for more detail.

STATEMENT B (CONTINUED)
COUNTY OF YORK, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

| | Governmental Activities |
|---|----------------------------|
| Changes in net position: | |
| Net (expense) revenue | (17,344,685) |
| General revenues: | |
| Property taxes, levied for general purposes | 17,972,861 |
| Intergovernmental revenue | 21,452,571 |
| Investment income | 95,049 |
| Other | 280,604 |
| Total general revenues | 39,801,085 |
| Change in net position | 22,456,400 |
| NET POSITION - JULY 1, RESTATED | 20,785,673 |
| NET POSITION - JUNE 30 | \$ 43,242,073 |

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

COUNTY OF YORK, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

| | General Fund | Jail Fund | Deeds Preservation Fund | Layman's Way | ARPA Grant Fund | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|---------------------|-------------------------------|-------------------|-----------------------|--------------------------------|--------------------------------|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 31,697,899 | \$ - | \$ 749,162 | \$ - | \$ - | \$ 84,609 | \$ 32,531,670 |
| Accounts receivable (net of allowance for uncollectibles) | 549,466 | - | - | - | - | 975,708 | 1,525,174 |
| Inventory | 812 | - | - | - | - | - | 812 |
| Prepaid items | 54,756 | - | - | - | - | - | 54,756 |
| Due from other funds | 1,328,756 | 3,618,478 | - | 131,961 | 20,165,915 | 441,887 | 25,686,997 |
| TOTAL ASSETS | \$ 33,631,689 | \$ 3,618,478 | \$ 749,162 | \$ 131,961 | \$ 20,165,915 | \$ 1,502,204 | \$ 59,799,409 |
| LIABILITIES | | | | | | | |
| Accounts payable | \$ 1,331,591 | \$ 179,200 | \$ - | \$ 15,940 | \$ - | \$ 45,539 | \$ 1,572,270 |
| Accrued payroll | 181,634 | 128,836 | - | - | - | - | 310,470 |
| Due to other governments | 180,741 | - | - | - | - | - | 180,741 |
| Payroll related liabilities | 87,882 | - | - | - | - | - | 87,882 |
| Due to other funds | 24,358,241 | - | 150,034 | - | - | 1,178,722 | 25,686,997 |
| TOTAL LIABILITIES | 26,140,089 | 308,036 | 150,034 | 15,940 | - | 1,224,261 | 27,838,360 |
| FUND BALANCES | | | | | | | |
| Nonspendable | 55,568 | - | - | - | - | - | 55,568 |
| Restricted | - | - | 599,128 | - | 20,165,915 | 528,614 | 21,293,657 |
| Committed | 1,634,999 | 170,016 | - | - | - | - | 1,805,015 |
| Assigned | 2,777,223 | 1,533,936 | - | 116,021 | - | - | 4,427,180 |
| Unassigned | 3,023,810 | 1,606,490 | - | - | - | (250,671) | 4,379,629 |
| TOTAL FUND BALANCES | 7,491,600 | 3,310,442 | 599,128 | 116,021 | 20,165,915 | 277,943 | 31,961,049 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 33,631,689 | \$ 3,618,478 | \$ 749,162 | \$ 131,961 | \$ 20,165,915 | \$ 1,502,204 | \$ 59,799,409 |

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

COUNTY OF YORK, MAINE

RECONCILIATION OF THE GENERAL FUND BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2021

| | <u>Total Governmental Funds</u> |
|---|---|
| Total Fund Balances | \$ 31,961,049 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation | 16,290,302 |
| Deferred outflows of resources are not financial resources and therefore are not reported in the funds | |
| OPEB | 425,728 |
| Pension | 1,060,797 |
| Long-term obligations shown below, are not due and payable in the current period and therefore are not reported in the funds shown above: | |
| Bonds payable | (900,000) |
| Accrued compensated absences | (759,845) |
| Net OPEB liability | (806,201) |
| Net pension liability | (3,558,685) |
| Deferred inflows of resources are not financial resources and therefore are not reported in the funds | |
| OPEB | (45,250) |
| Pension | <u>(425,822)</u> |
| Net position of governmental activities | <u><u>\$ 43,242,073</u></u> |

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

COUNTY OF YORK, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

| | General Fund | Jail Fund | Deeds Preservation Fund | Layman's Way | ARPA Grant Fund | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|---------------------|-------------------------------|-------------------|-----------------------|--------------------------------|--------------------------------|
| REVENUES | | | | | | | |
| Taxes | \$ 17,972,861 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 17,972,861 |
| Charges for services | 4,145,869 | - | - | - | - | 250,089 | 4,395,958 |
| Intergovernmental revenues | 1,083,580 | 1,719,044 | 203,076 | - | 20,165,915 | 1,830,846 | 25,002,461 |
| Miscellaneous revenues | 205,149 | 97,759 | 5,231 | - | - | 67,514 | 375,653 |
| TOTAL REVENUES | 23,407,459 | 1,816,803 | 208,307 | - | 20,165,915 | 2,148,449 | 47,746,933 |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| Commissioners/governing body | 63,269 | - | - | - | - | - | 63,269 |
| Management/administration | 987,850 | - | - | - | - | - | 987,850 |
| Facilities repair and maintenance | 515,439 | - | - | - | - | - | 515,439 |
| Treasurer | 580 | - | - | - | - | - | 580 |
| District attorney | 1,429,942 | - | - | - | - | - | 1,429,942 |
| Deeds | 556,956 | - | - | - | - | - | 556,956 |
| Probate | 568,215 | - | - | - | - | - | 568,215 |
| Sheriff's/police services | 3,249,871 | - | - | - | - | - | 3,249,871 |
| Communications/dispatch | 658,112 | - | - | - | - | - | 658,112 |
| EMA | 978,051 | - | - | - | - | - | 978,051 |
| York County juvenile fire prevention | 27,442 | - | - | - | - | - | 27,442 |
| Retirement benefits | 508,925 | - | - | - | - | - | 508,925 |
| Medical and dental insurance | 924,075 | - | - | - | - | - | 924,075 |
| Public agencies | 128,700 | - | - | - | - | - | 128,700 |
| Unclassified | 238,913 | - | - | - | - | - | 238,913 |
| Program expenditures | - | 9,825,302 | 62,750 | 951,269 | - | 2,240,512 | 13,079,833 |
| Debt service: | | | | | | | |
| Principal | 1,000,000 | - | - | - | - | - | 1,000,000 |
| Interest | 31,338 | - | - | - | - | - | 31,338 |
| Capital outlay | 182,952 | - | - | - | - | - | 182,952 |
| TOTAL EXPENDITURES | 12,050,630 | 9,825,302 | 62,750 | 951,269 | - | 2,240,512 | 25,130,463 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 11,356,829 | (8,008,499) | 145,557 | (951,269) | 20,165,915 | (92,063) | 22,616,470 |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in | 29,200 | 8,821,069 | - | 950,000 | - | 10,941 | 9,811,210 |
| Transfers (out) | (9,782,010) | (4,200) | - | - | - | (25,000) | (9,811,210) |
| TOTAL OTHER FINANCING SOURCES (USES) | (9,752,810) | 8,816,869 | - | 950,000 | - | (14,059) | - |
| NET CHANGE IN FUND BALANCES | 1,604,019 | 808,370 | 145,557 | (1,269) | 20,165,915 | (106,122) | 22,616,470 |
| FUND BALANCES - JULY 1, RESTATED | 5,887,581 | 2,502,072 | 453,571 | 117,290 | - | 384,065 | 9,344,579 |
| FUND BALANCES - JUNE 30 | \$ 7,491,600 | \$ 3,310,442 | \$ 599,128 | \$ 116,021 | \$ 20,165,915 | \$ 277,943 | \$ 31,961,049 |

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

COUNTY OF YORK, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

| | |
|---|----------------------|
| Net change in fund balances - total governmental funds (Statement E) | <u>\$ 22,616,470</u> |
| Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because: | |
| Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets: | |
| Capital asset acquisitions | 409,441 |
| Capital asset disposals, net | (17,815) |
| Depreciation expense | <u>(1,346,693)</u> |
| | <u>(955,067)</u> |
| Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds: | |
| OPEB | (40,598) |
| Pension | (118,145) |
| | <u>(158,743)</u> |
| Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position | <u>1,000,000</u> |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds: | |
| Accrued compensated absences | (24,715) |
| Net OPEB liability | (110,345) |
| Net pension liability | <u>(460,101)</u> |
| | <u>(595,161)</u> |
| Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds: | |
| OPEB | 8,736 |
| Pension | 540,165 |
| | <u>548,901</u> |
| Change in net position of governmental activities (Statement B) | <u>\$ 22,456,400</u> |

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

COUNTY OF YORK, MAINE

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2021

| | Custodial Funds | | | | Total |
|---------------------------|------------------------|------------------|-----------------|----------------------|-------------------|
| | Inmate Benefit Fund | Inmate Cash | Work Release | District Attorney | |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 150,807 | \$ 42,168 | \$ 5,019 | \$ 30,230 | \$ 228,224 |
| Investments | 320,504 | - | - | - | 320,504 |
| TOTAL ASSETS | \$ 471,311 | \$ 42,168 | \$ 5,019 | \$ 30,230 | \$ 548,728 |
| LIABILITIES | | | | | |
| Deposits held for others | \$ 471,311 | \$ 42,168 | \$ 5,019 | \$ 30,230 | \$ 548,728 |
| TOTAL LIABILITIES | \$ 471,311 | \$ 42,168 | \$ 5,019 | \$ 30,230 | \$ 548,728 |

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

COUNTY OF YORK, MAINE

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

| | Custodial Funds | | | | Total |
|------------------------|------------------------|------------------|-----------------|----------------------|-------------------|
| | Inmate Benefit Fund | Inmate Cash | Work Release | District Attorney | |
| ADDITIONS | | | | | |
| Investment earnings: | | | | | |
| Interest | \$ 8,048 | \$ 20 | \$ 2 | \$ 13 | \$ 8,083 |
| Other | 1,555 | 10,590 | - | 13,135 | 25,280 |
| Total additions | <u>9,603</u> | <u>10,610</u> | <u>2</u> | <u>13,148</u> | <u>33,363</u> |
| DEDUCTIONS | | | | | |
| Other | 53,445 | - | - | 11,255 | 64,700 |
| Total deductions | <u>53,445</u> | <u>-</u> | <u>-</u> | <u>11,255</u> | <u>64,700</u> |
| CHANGE IN NET POSITION | (43,842) | 10,610 | 2 | 1,893 | (31,337) |
| NET POSITION - JULY 1 | <u>515,153</u> | <u>31,558</u> | <u>5,017</u> | <u>28,337</u> | <u>580,065</u> |
| NET POSITION - JUNE 30 | <u>\$ 471,311</u> | <u>\$ 42,168</u> | <u>\$ 5,019</u> | <u>\$ 30,230</u> | <u>\$ 548,728</u> |

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

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The County of York was incorporated under the laws of the State of Maine. The County provides the following services: commissioners/governing body, management/administration, facilities repair and maintenance, treasurer, district attorney, deeds, probate, sheriff's/police services, communications/dispatch, EMA, juvenile fire prevention, retirement benefits, medical and dental insurance, public agencies, jail, special projects and reserves and unclassified.

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

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

COVID-19 Outbreak

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization and led to a national state of emergency in the United States. The State of Maine, along with other state and local governments, declared states of emergency and issued multiple public health emergency orders that severely restrict movement and limit businesses and activities to essential functions. These actions and effects of COVID-19 have disrupted economic activity at all levels and impacted the processes and procedures for almost all businesses, including municipal and quasi-municipal entities.

In response to the health crisis created by COVID-19 since early March, the Governor of Maine issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Maine to those necessary to obtain or provide essential services or activities. The state of emergency expired on June 30, 2021.

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact on Finances

The County does not currently anticipate any additional FY 2021 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security ("CARES") Act, American Rescue Plan Act ("ARPA") funding and applicable Federal and/or State programs.

Expected Federal/State Support

The County may have to take action to meet certain requirements to receive any additional Federal or State funding for budgetary or economic relief related to the challenges presented by COVID-19. However, the County expects that if those actions are necessary, that the County would qualify and satisfy the various conditions required to receive applicable Federal or State funds.

Conclusion

The ongoing effects of COVID-19, including the financial impact to the County and its inhabitants, may change significantly as events and circumstances evolve locally, nationally and worldwide. At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the County. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the County.

Implementation of New Accounting Standards

During the year ended June 30, 2021, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 84 "Fiduciary Activities". This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 90 "Majority Equity Interests". This Statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. Management has determined the impact of this Statement is not material to the financial statements.

Statement No 93 "Replacement of Interbank Offered Rates (paragraphs 4-11a)." The primary objectives of paragraphs 4-11a concern hedging derivative instruments (specifically exceptions to termination of hedge accounting, modifications to hedged items, probability of expected transactions and appropriate benchmark interest rates). The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency and comparability of reported information. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds).

Both the government-wide and fund financial statements categorize primary activities as governmental. The County categorizes all activities as governmental.

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column and (b) is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position. The County first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions (general government services, courts, jail, sheriff, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The County does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the County as an entity and the change in the County's net position resulting from the current year's activities.

Measurement Focus - Basic Financial Statements and Fund Financial Statements

The financial transactions of the County are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the County:

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the County:

Major Funds

- a. The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Jail Fund is used to account for the operations of the York County Jail. Revenue sources are primarily from the transfer of tax revenue from the general fund and other intergovernmental revenues.
- c. The Deeds Preservation Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Revenue sources include intergovernmental revenues.
- d. The Layman's Way Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Revenue sources are from transfers from the general fund.
- e. The ARPA Grant Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Revenues sources include intergovernmental revenues.

Nonmajor Fund

- f. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

2. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and therefore are not available to support County programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The County's fiduciary funds are presented in the fiduciary fund financial statements by type (custodial). Since by definition these assets are being held for the benefit of a third-party (other local governments, private-parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

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

Basis of Accounting

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

1. Accrual

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

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget

The annual budget is the financial plan for the operation of the County of York, Maine for the ensuing annual period. The budget process provides for a professional management approach to the establishment of priorities and implementation of work programs while providing an orderly means for control and evaluation of the financial posture of the government.

The County Commissioners submit itemized financial estimates in the form of a budget to the budget committee no later than sixty days before the end of the County's fiscal year. The budget committee reviews the itemized estimated budget prepared by the County commissioners, together with any supplementary material prepared by the head of each County department or provided by an independent board or institution or another governmental agency.

The budget committee reviews the proposed budget and may increase, decrease or alter the estimated budget based on certain guidelines or restrictions. Statutes require the budget committee to hold a public hearing in the County on the proposed budget before the end of the County's fiscal year and before the final adoption of the budget.

After the public hearing is completed, the budget committee adopts a final budget and transmits that budget to the County Commissioners. The County Commissioners may not further increase, decrease, alter or revise the budget adopted by the budget committee, except by unanimous vote of the County Commissioners. If the adopted budget is changed by the County Commissioners; the budget committee may reject that change by a 2/3 vote of its membership. Those actions are final and are not subject to further action by either the County Commissioners or the budget committee.

An annual budget is adopted for the general fund and jail fund. No budgets are officially adopted for the special revenue funds, although budgets are generally prepared as part of the oversight procedures in regards to these funds.

Deposits and Investments

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

It is the County's policy to value investments at fair value. None of the County's investments are reported at amortized cost. The County Treasurer is authorized by State Statutes to invest all excess funds in the following:

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

The County of York's investment policy does not conflict with the State of Maine Statutes. The policy is comprehensive and is applicable to all County funds.

Receivables

Receivables include amounts due from governmental agencies and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2021. Accounts receivable netted with allowances for uncollectible accounts were \$1,525,174 for the year ended June 30, 2021.

Inventories and Prepaid Items

Inventories of supplies are considered to be expenditures at the time of purchase and are not included in the general fund balance sheet, with the exception of certain products bought in bulk. Inventories are valued and recorded at cost which approximates market, using the first-in/first-out (FIFO) method.

Certain insurance and other payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Interfund Receivables and Payables

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

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transactions Between Funds

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

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are reported at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values. Records and books preservation have been capitalized as art and historical items. These items are categorized as non-depreciable assets as they are considered inexhaustible.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. The County has no recorded infrastructure.

Estimated useful lives are as follows:

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

Long-term Obligations

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of bonds payable, accrued compensated absences, net OPEB liability and net pension liability.

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Participating Local District (PLD) Consolidated Plan and additions to/deductions from the PLD Consolidated Plan's fiduciary net position have been determined on the same basis as they are reported by the PLD Consolidated Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OPEB

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, management received and relied on an actuarial report provided to them by the Maine Municipal Employees Health Trust (MMEHT), which determined the County's fiduciary net position as a single employer defined benefit plan based on information provided solely by MMEHT to complete the actuarial report. Additions to/deductions from the MMEHT OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by MMEHT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investments in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances

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

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

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

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the County Commissioners. Please refer to the budgeting process for the authority for committing items within the budget.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the County Commissioners.

Unassigned - This includes all other spendable amounts. The general fund and jail fund are the only funds that can report a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

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

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two types of this item, deferred outflows related to OPEB and deferred outflows related to pensions, which arises only under an accrual basis of accounting that qualifies for reporting in this category. These items are reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows related to OPEB and deferred inflows related to pensions qualify for reporting in this category. These items are reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The County's property tax for the current period was voted on the assessed value for all real and personal property located in the County. Property taxes for the current year budget was and will be carried as receivables for any unpaid balances. The full amount of the current year assessment will be recognized in the current financial statements.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided, operating or capital grants and contributions, including special assessments).

Encumbrance Accounting

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

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

The County's investment policies, which follow state statutes, authorize the County to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other States and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. These investment policies apply to all County funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the County will not be able to recover its deposits. The County does not have a policy covering custodial credit risk for deposits. However, the County maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

At June 30, 2021, the County's cash and cash equivalents amounting to \$32,759,894 were comprised of bank deposits of \$33,181,095 and cash equivalents of \$51. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the County's cash and cash equivalents balance. Of these deposits, \$32,482,879 was fully insured by federal depository insurance and consequently not exposed to custodial credit risk. The remaining deposits of \$698,216 was collateralized with securities held by the financial institution in the County's name. The cash equivalents of \$51 were covered by the Securities Investor Protection Corporation (SIPC).

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

| <u>Account Type</u> | <u>Bank Balance</u> |
|-----------------------|-------------------------|
| Checking accounts | \$ 1,067,734 |
| Savings accounts | 180,766 |
| Money market accounts | 139,691 |
| ICS accounts | 31,792,904 |
| Cash equivalents | 51 |
| | <u>\$ 33,181,146</u> |

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the County does not have a policy for custodial credit risk for investments.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

At June 30, 2021, the County had \$320,504 of investments. These investments were in mutual funds. The maturity of these is not applicable. These investments were covered by the Securities Investor Protection Corporation (SIPC).

Fair Value Hierarchy

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The County has the following recurring fair value measurements as June 30, 2021:

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

| | June 30, 2021 Total | Fair Value Measurements Using | | |
|--|------------------------|--|--|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level I) | Significant Other Observable Inputs (Level II) | Significant Unobservable Inputs (Level III) |
| <u>Investments by fair value level</u> | | | | |
| Equity securities: | | | | |
| Mutual funds and exchange traded funds | \$ 320,504 | \$ 320,504 | \$ - | \$ - |
| Total equity securities | 320,504 | 320,504 | - | - |
| Total investments by fair value level | 320,504 | \$ 320,504 | \$ - | \$ - |
| <u>Cash equivalents measured at the net asset value (NAV)</u> | | | | |
| Money market mutual funds | 51 | | | |
| Total cash equivalents measured at the NAV | 51 | | | |
| Total investments and cash equivalents measured at fair value | \$ 320,555 | | | |

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The County has no Level II or III investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2021 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

Credit risk - Statutes for the State of Maine authorize the County to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other States and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The County does not have an investment policy on credit risk.

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2021 consisted of the following individual fund receivables and payables.

| | Receivables (Due from) | Payables (Due to) |
|--------------------------------|---------------------------|----------------------|
| General fund | \$ 1,328,756 | \$24,358,241 |
| Jail fund | 3,618,478 | - |
| Deeds preservation Fund | - | 150,034 |
| Layman's Way fund | 131,961 | - |
| ARPA grant fund | 20,165,915 | - |
| Nonmajor special revenue funds | 441,887 | 1,178,722 |
| | <u>\$25,686,997</u> | <u>\$25,686,997</u> |

The result of amounts owed between funds are considered to be in the course of normal operations by the County. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

NOTE 4 - INTERFUND TRANSFERS

The County had the following interfund transfers at June 30, 2021:

| | Transfers From | Transfers To |
|--------------------------------|---------------------|---------------------|
| General fund | \$ 9,782,010 | \$ 29,200 |
| Jail fund | 4,200 | 8,821,069 |
| Layman's Way fund | - | 950,000 |
| Nonmajor special revenue funds | 25,000 | 10,941 |
| | <u>\$ 9,811,210</u> | <u>\$ 9,811,210</u> |

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2021:

| | Balance, 7/1/20 | Additions | Disposals | Balance, 6/30/21 |
|-------------------------------------|----------------------|---------------------|--------------------|----------------------|
| <u>Governmental activities</u> | | | | |
| Non-depreciated assets: | | | | |
| Land | \$ 741,856 | \$ - | \$ - | \$ 741,856 |
| Art work and historical treasures | 1,042,366 | - | - | 1,042,366 |
| Construction in progress | 7,110 | 20,000 | - | 27,110 |
| Totals | <u>1,791,332</u> | <u>20,000</u> | <u>-</u> | <u>1,811,332</u> |
| Depreciated assets: | | | | |
| Buildings and building improvements | 30,497,566 | 74,435 | - | 30,572,001 |
| Land improvements | 138,149 | - | - | 138,149 |
| Furniture and fixtures | 106,638 | - | - | 106,638 |
| Machinery and equipment | 2,000,486 | 60,912 | - | 2,061,398 |
| Vehicles | 2,417,036 | 254,094 | (277,615) | 2,393,515 |
| | <u>35,159,875</u> | <u>389,441</u> | <u>(277,615)</u> | <u>35,271,701</u> |
| Less accumulated depreciation | <u>(19,705,838)</u> | <u>(1,346,693)</u> | <u>259,800</u> | <u>(20,792,731)</u> |
| | <u>15,454,037</u> | <u>(957,252)</u> | <u>(17,815)</u> | <u>14,478,970</u> |
| Net capital assets | <u>\$ 17,245,369</u> | <u>\$ (937,252)</u> | <u>\$ (17,815)</u> | <u>\$ 16,290,302</u> |
| <u>Current period depreciation:</u> | | | | |
| EMA | | | | \$ 62,551 |
| Management/Administration | | | | 56,446 |
| Courthouse repair and maintenance | | | | 123,308 |
| Jail | | | | 856,329 |
| Probate | | | | 311 |
| District attorney | | | | 3,153 |
| Deeds | | | | 8,708 |
| Sheriff's/Police services | | | | 235,887 |
| | | | | <u>\$ 1,346,693</u> |

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2021:

| | Balance, 7/1/20 | Additions | Deletions | Balance, 6/30/21 | Current Year Portion |
|---------------|--------------------|-----------|----------------|---------------------|----------------------------|
| Bonds payable | \$ 1,900,000 | \$ - | \$ (1,000,000) | \$ 900,000 | \$ 600,000 |

The following is a summary of the outstanding bonds payable:

| | |
|--|-------------------|
| \$6,000,000 2003 Capital Improvement Bond payable to TD Bank. Annual principal payments of \$300,000. Fixed interest rate ranges from 2.0% - 3.8% per annum. Maturity in December of 2022. | \$ 600,000 |
| \$3,000,000 2011 Bond payable to Maine Municipal Bond Bank. Annual principal payments of \$300,000. Fixed interest rate ranges from 0.5% - 5.5% per annum. Maturity in November of 2021. | <u>300,000</u> |
| Total Bonds Payable | <u>\$ 900,000</u> |

The following is a summary of the outstanding bond principal and interest requirements for the following fiscal years ending June 30:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|-------------------|------------------|-------------------|
| 2022 | \$ 600,000 | \$ 24,150 | \$ 624,150 |
| 2023 | 300,000 | 11,400 | 311,400 |
| | <u>\$ 900,000</u> | <u>\$ 35,550</u> | <u>\$ 935,550</u> |

All bonds payable and notes from direct borrowings payable are direct obligations of the County, for which its full faith and credit are pledged. The County is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the County.

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2021 is as follows:

| | Balance, 7/1/20 | Additions | Deletions | Balance, 6/30/21 | Current Year Portion |
|------------------------------|---------------------|---------------------|---------------------|---------------------|----------------------------|
| Accrued compensated absences | \$ 735,130 | \$ 24,715 | \$ - | \$ 759,845 | \$ 113,977 |
| Net OPEB liability | 695,856 | 114,946 | (4,601) | 806,201 | - |
| Net pension liability | 3,098,584 | 1,156,814 | (696,713) | 3,558,685 | - |
| Totals | <u>\$ 4,529,570</u> | <u>\$ 1,296,475</u> | <u>\$ (701,314)</u> | <u>\$ 5,124,731</u> | <u>\$ 113,977</u> |

Please see Notes 8, 13 and 15 for detailed information on each of the other long-term obligations.

NOTE 8 - ACCRUED COMPENSATED ABSENCES

In accordance with GASB Statement No. 16 Accounting for Compensated Absences, vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the County will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the foreseeable future.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date and reduced to the maximum payment allowed by contract and/or statute, plus any applicable additional salary related payments.

As of June 30, 2021, the liability for any unpaid compensated absences was \$759,845.

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 - NONSPENDABLE FUND BALANCES

At June 30, 2021, the County had the following nonspendable fund balances:

| | | |
|---------------|----|---------------|
| General fund: | | |
| Prepaid items | \$ | 54,756 |
| Inventory | | 812 |
| | \$ | <u>55,568</u> |

NOTE 10 - RESTRICTED NET POSITION AND FUND BALANCES

At June 30, 2021, the County had the following restricted net position and fund balances:

| | | |
|---------------------------------|----|-------------------|
| Deeds preservation | \$ | 599,128 |
| ARPA grant fund | | 20,165,915 |
| Nonmajor special revenue funds: | | |
| Admin/supervision | | 259,190 |
| Probate preservation | | 28,731 |
| Jag Byrne grant LLBEG | | 10,545 |
| Speed enforcement program | | 186 |
| YCSO federal forfeiture | | 47,267 |
| YCSO property | | 1,981 |
| State criminal alien assist | | 61,561 |
| York County operations | | 56,225 |
| Hazmat professional development | | 8,458 |
| FY '15 HSGP | | 224 |
| Local emergency planning com | | 18,885 |
| Vaccine center | | 8,271 |
| Seabrook stipend | | 26,921 |
| Cart donation | | 169 |
| | \$ | <u>21,293,657</u> |

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 11 - COMMITTED FUND BALANCES

At June 30, 2021, the County had the following committed fund balances:

| | |
|------------------------|---------------------|
| General fund: | |
| EMA vehicle | \$ 247,017 |
| SO vehicle | 139,052 |
| Major capital projects | 464,202 |
| Insurance fund | 784,728 |
| Jail fund: | |
| Jail vehicle | 170,016 |
| | <u>\$ 1,805,015</u> |

NOTE 12 - ASSIGNED FUND BALANCES

At June 30, 2021, the County had the following assigned fund balances:

| | |
|-----------------------------------|---------------------|
| General fund: | |
| Capital improvement | \$ 289,913 |
| New government building | 509,620 |
| Wellness equipment and programs | 47,360 |
| Ergonomics | 550 |
| Tech upgrade | 181,788 |
| Personnel record storage | 455 |
| Employee training and development | 25,741 |
| Special projects | 13,716 |
| Special projects/grant match | 400,000 |
| EMA/facilities garage | 585,323 |
| Payroll liabilities | 611,562 |
| Maine200 committee | 11,195 |
| Contingency | 100,000 |
| Jail fund: | |
| Capital improvement | 1,333,936 |
| Debt payment reserve | 200,000 |
| Layman's Way fund | 116,021 |
| | <u>\$ 4,427,180</u> |

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

PARTICIPATING LOCAL DISTRICT CONSOLIDATED PLAN

Plan Description

County employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (207) 512-3100.

Benefits Provided

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

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

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. All County plan members are required to contribute either 7.35% or 8.10% of their annual covered salary for the AC plan, 8.80% for the 1C plan and 8.10% for 2C plan and the County is required to contribute at an actuarially determined rate. The current rate is 10.10% of covered payroll for all County employees in plan "AC", 16.00% for law enforcement employees in special plan "1C" (future only from January 1, 2009) and 10.80% for corrections officers and certain law enforcement employees in special plan "2C". The contribution rates of plan members and the County are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The County's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2021 was \$615,679.

Pension Liabilities

PLD Consolidated Plan

At June 30, 2021, the County reported a liability of \$3,558,685 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2020 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The County's proportion of the net pension liabilities were based on a projection of the County's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2020, the County's proportion was 0.895687%, which was a decrease of 0.118037% from its proportion measured as of June 30, 2019.

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

For the year ended June 30, 2021, the County recognized pension expense of \$38,081. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

| | <u>PLD Plan</u> | |
|--|---|--|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences between expected and actual experience | \$ 213,550 | \$ 39,128 |
| Changes of assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | 231,569 | - |
| Changes in proportion and differences between contributions and proportionate share of contributions | - | 386,694 |
| Contributions subsequent to the measurement date | <u>615,679</u> | <u>-</u> |
| Total | <u>\$ 1,060,798</u> | <u>\$ 425,822</u> |

\$615,679 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | <u>PLD Plan</u> |
|--------------------------|---------------------|
| Plan year ended June 30: | |
| 2021 | \$ (312,103) |
| 2022 | (62,420) |
| 2023 | 196,693 |
| 2024 | 197,127 |
| 2025 | - |
| Thereafter | - |

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2020, using the following methods and assumptions applied to all periods included in the measurement:

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Cost Method

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits and dividing it by the value, also as of the member's entry age, of his or her expected future salary. The normal cost for each employee is the product of his or her pay and his or her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., 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 of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2020 are as follows:

Investment Rate of Return - 6.75% per annum for the year ended June 30, 2020, compounded annually.

Salary Increases, Merit and Inflation - 2.75% to 9.00% per year

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.

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Cost of Living Benefit Increases - 1.91%

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2020 are summarized in the following table.

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|--------------------|-------------------|--|
| Public equities | 30.00% | 6.00% |
| US Government | 7.50% | 2.30% |
| Private equity | 15.00% | 7.60% |
| Real assets: | | |
| Real estate | 10.00% | 5.20% |
| Infrastructure | 10.00% | 5.30% |
| Natural resources | 5.00% | 5.00% |
| Traditional credit | 7.50% | 3.00% |
| Alternative credit | 5.00% | 7.20% |
| Diversifiers | 10.00% | 5.90% |

Discount Rate

The discount rate used to measure the collective total pension liability was 6.75% for 2020 for the Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments 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.

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

The following table shows how the collective net pension liability as of June 30, 2020 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.75% for each of the Plans.

| | 1% Decrease | Discount Rate | 1% Increase |
|--|----------------|------------------|----------------|
| <u>PLD Plan:</u> | | | |
| Discount rate | 5.75% | 6.75% | 7.75% |
| County's proportionate share of the net pension liability | \$ 7,478,919 | \$ 3,558,685 | \$ 349,686 |

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2020 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2020 with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resource. For 2020, this was three years for the PLD Consolidated Plan. For 2019, this was four years for the PLD Consolidated Plan. For 2018 and 2017, this was three years; prior to 2017, this was four years for the PLD Consolidated Plan.

Differences between Expected and Actual Investment Earnings

Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2020 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the *Actuarial Methods and Assumptions* section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2020 Comprehensive Annual Financial Report available online at www.mainebers.org or by contacting the System at (207) 512-3100.

NOTE 14 - DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The plan is available to County employees as part of a collective bargaining agreement and/or County policy. The deferred compensation is not available to employees until termination, retirement, death, financial hardship or unforeseen emergency.

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 - DEFERRED COMPENSATION PLAN (CONTINUED)

Participants' rights under the plan are equal to those of the County's in an amount equal to the fair market value of the deferred amount for each participant. All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries.

It is in the opinion of the County's management that the County has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

The plan permits the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan has provisions for employees to borrow or take plan assets. The plan is being maintained by The Equitable Life Assurance Society of the United States.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

Under the plan the County is required to contribute on behalf of each participant a pre-determined percentage determined by contract of the participants' earnings for the plan year or up to 10%. For the twelve months ended June 30, 2021, the County's contributions to the plan totaled \$229,361.

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

Plan Description

The County and County retirees contribute to the County's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the County and/or the County retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the County concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. No assets are accumulated in a trust that meets the criterion of paragraph 4

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

Benefits Provided

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their surviving spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The Plan also provides an automatic life insurance benefit of \$2,000 to participants which includes a surviving spouse benefit for the same. The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for the Plan. The retiree must enroll when first eligible and continue coverage without interruption.

Employees Covered by Benefit Terms

At January 1, 2021, the following employees were covered by the benefit terms:

| | |
|----------------------|-----------|
| Active members | 81 |
| Retirees and spouses | - |
| Total | <u>81</u> |

Contributions

Retiree and spouse premium amounts are funded by the retiree at the rate for the coverage elected by the retiree. Premium rates are those determined by the MMEHT’s Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage. Retirees and spouses must contribute 100% of the premium amounts. The sponsoring employer pays the remainder of the premium. Medical benefits are provided for the life of the retiree and surviving spouses.

Retiree Premium Amounts

The following monthly premium amounts were reported on the individual data file. Actual plan election was reflected in expected retiree premium amounts.

| <u>Pre-Medicare</u> | <u>Single Coverage</u> | <u>Family Coverage</u> |
|----------------------------|------------------------|------------------------|
| PPO 2500 | \$809.66 | \$1,816.21 |
| <u>Medicare</u> | | |
| Medicare-Eligible Retirees | \$589.25 | \$1,178.50 |

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

At June 30, 2021, the County reported a liability of \$806,201 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2021 and was determined by an actuarial valuation as of that date. The County's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2021, the County recognized OPEB expense of \$142,207. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | MMEHT | |
|---|-----------------------------------|----------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 249,492 | \$ 9,409 |
| Changes of assumptions | 171,635 | 35,841 |
| Net difference between projected and actual earnings on OPEB plan investments | - | - |
| Contributions subsequent to the measurement date | 4,601 | - |
| Total | \$ 425,728 | \$ 45,250 |

\$4,601 were reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

| | <u>MMEHT</u> | |
|------------------------------|--------------|--------|
| Plan year ended December 31: | | |
| 2022 | \$ | 82,983 |
| 2023 | | 82,983 |
| 2024 | | 82,983 |
| 2025 | | 82,985 |
| 2026 | | 15,197 |
| Thereafter | | 28,746 |

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2021. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 2.12% per annum for June 30, 2021 was based upon a measurement date of December 31, 2020. The sensitivity of net OPEB liability to changes in discount rate are as follows:

| | <u>1%</u> <u>Decrease</u> | <u>Discount</u> <u>Rate</u> | <u>1%</u> <u>Increase</u> |
|--|------------------------------|--------------------------------|------------------------------|
| | 1.12% | 2.12% | 3.12% |
| Total OPEB liability | \$ 947,816 | \$ 806,201 | \$ 691,170 |
| Plan fiduciary net position | - | - | - |
| Net OPEB liability | <u>\$ 947,816</u> | <u>\$ 806,201</u> | <u>\$ 691,170</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.00% | 0.00% | 0.00% |

Healthcare Trend

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of net OPEB liability to changes in healthcare cost trend rates are as follows:

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

| | 1% Decrease | Healthcare Trend Rates | 1% Increase |
|--|-------------------|---------------------------|-------------------|
| Total OPEB liability | \$ 677,653 | \$ 806,201 | \$ 970,353 |
| Plan fiduciary net position | - | - | - |
| Net OPEB liability | <u>\$ 677,653</u> | <u>\$ 806,201</u> | <u>\$ 970,353</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.00% | 0.00% | 0.00% |

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2021, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2019. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

Amortization

The total OPEB liability of this Plan is amortized on an open 30-year period. The amortization method is a level dollar amortization method.

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Assumptions

The actuarial assumptions used in the January 1, 2021 actuarial valuation was based on economic, demographic and claim and expense assumptions that resulted from actuarial studies conducted for the period of December 31, 2017 and December 31, 2018.

Significant actuarial assumptions employed by the actuary for economic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2021, they are as follows:

Discount Rate - 2.12% per annum for year end 2021 reporting. 2.74% per annum for 2020 year end reporting.

Trend Assumptions:

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007 and version 2020_b was used for this valuation. The following assumptions were input into this model:

| <u>Variable</u> | <u>Rate</u> |
|---|-------------|
| Rate of Inflation | 2.00% |
| Rate of Growth in Real Income/GDP per capital 2029+ | 1.25% |
| Extra Trend due to Taste/Technology 2029+ | 1.10% |
| Expected Health Share of GDP 2029 | 20.00% |
| Health Share of GDP Resistance Point | 25.00% |
| Year for Limiting Cost Growth to GDP Growth | 2040 |

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgements of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group. The rate for the extra trend for taste and technology was set above the baseline of 1.1% (to 1.2%) to move closer to the 30-year average to reflect the future projections from the Centers for Medicare and Medicaid Services Office of the Actuary (CMS OACT). The Medicare Trustee Report and CBO Long-Term Budget Outlook.

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

The trends selected from 2020 to 2023 were based on plan design, population weighting, renewal projections and market analysis. For years 2024 to 2028, these are interpolated from 2023 to 2029 (which is the product of the inflation, GDP and extra trend rate assumptions).

Deductibles, Co-payments and Out of Pocket Maximums are assumed to increase at the above trend rates. The ultimate trend rate reflects an assumed nominal per capital GDP growth.

Administrative and claims expense: 3% per annum

Future plan changes: It is assumed that the current Plan and cost-sharing structure remains in place for all future years.

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2021, they are as follows:

Retirement Rates - Rates vary for plans with no explicit employer subsidy (or payment) versus those plans defining an explicit employer subsidy (or payment). The rates are based on assumptions from the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims.

Family Enrollment Composition - For males, 50% of future retirees under the age of 65 and 50% of current retirees are married and elect spousal coverage while females are at 30% for both. 25% of male and female future retirees over the age of 65 are married and elect spousal coverage.

Age Difference of Spouses - Husbands are assumed to be 3 years older than wives.

Administrative expenses - Included in the per capita claims cost.

Disability Incidence - Disabled lives will be considered active employees and will not be valued separately.

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Salary Increase Rate - 2.75% per year assumed using the level percentage of pay entry age method.

Dates of Hire - Needed to be assumed for some employees and will be based on the average age at hire for similar employees.

Rate of Mortality - Based on 104% and 120% of the 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 the start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC _2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120 and convergence to the ultimate rate in the year 2020. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

Retiree Continuation Percentage:

Medicare participant retirees - 100% assumed to continue in the plan elected

Pre-Medicare plan retirees and active participants - 75% assumed to continue coverage once Medicare-eligible

Pre-Medicare plan spouses and spouses of active participants - 50% assumed to continue coverage once Medicare-eligible

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2021 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The net difference between expected and actual experience as of January 1, 2020 was \$240,083.

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the June 30, 2017 and June 30, 2016 actuarial valuations were based primarily on those used by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 which were based on the experience study covering the period from June 30, 2012 through June 30, 2015. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Differences between Projected and Actual Earnings on OPEB Plan Investments

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the County office at 45 Kennebunk Road, Alfred, Maine 04002.

NOTE 16 - EXPENDITURES OVER APPROPRIATIONS

The following expenditures were over appropriations at June 30, 2021:

| | | |
|------------------------------|----|----------------|
| Treasurer | \$ | 18 |
| Sheriff's/Police services | | 123,473 |
| EMA | | 377,461 |
| Medical and dental insurance | | 100,765 |
| Unclassified | | 238,913 |
| Transfers to other funds | | 10,941 |
| | \$ | <u>851,571</u> |

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - DEFICIT FUND BALANCES

The following funds have a deficit fund balance as of June 30, 2021:

| | |
|---------------------------------|-------------------|
| Nonmajor special revenue funds: | |
| Victim of crimes act | \$ 35,329 |
| Civil process | 29,663 |
| Reimbursable Sheriff services | 29,969 |
| Ride team program | 829 |
| US Gov't Agency Assist. | 10,477 |
| YCSO state forfeiture | 1,388 |
| Homeland security grants | 142,944 |
| YC fire admin | 72 |
| | <u>\$ 250,671</u> |

Management may be asking the Board of Commissioners in fiscal year 2022 to consider a transfer from the general fund's unassigned fund balance to cover some of these nonmajor special revenue funds deficit fund balances.

NOTE 18 - 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 self-insured risk pool sponsored by the Maine County Commissioners Association. The Maine County Commissioners Association Group Risk Pool is a state-chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2021.

The County's participation in the public entity risk pool is limited to the Maine Municipal Association - Worker Compensation Trust Fund ("Fund"). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain lower costs for worker's compensation coverage and develop a comprehensive loss control program. The County pays an annual premium to the fund for its worker's compensation coverage. The County's agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies' reinsurance contracts, coverage for claims in excess of \$1,000,000.

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 18 - RISK MANAGEMENT (CONTINUED)

Based on the coverage provided by the insurance purchased, the County is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2021. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 19 - CONTINGENCIES

With regard to any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the County's financial position.

The County participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the County's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

NOTE 20 - JAIL OPERATIONS

During its 2007 Fiscal Year, the State of Maine enacted legislation known as LD 2080 "An Act to Better Coordinate and Reduce the Cost of the Delivery of State and County Correctional Services", located in Public Laws 2007, Chapter 653. This Act has in essence capped what Counties can assess their municipalities for taxes to fund their corrections budgets and will also establish the annual growth limitations for future corrections expenditures. A Board of Overseers at the State of Maine has been appointed to supervise county correction operations. The Act has raised many accounting and auditing issues regarding both financial and budgetary reporting. It is the position of the County that it has addressed, to the best of its ability, these issues in its County annual audit report and the jail annual audit.

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

At the present time, issues such as the funding of accrued benefits; ownership and maintenance of correction assets; external funding of certain corrections operations; corrections capital/reserve funding and ownership and the treatment of net position balances (deficits) have not been specifically addressed in this Act. Any financial and/or other impact on the County and the Jail Department cannot be determined at the time of the issuance of this report.

COUNTY OF YORK, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 21 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the County's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

NOTE 22 - RESTATEMENT

In 2021, the County determined that certain transactions were recorded incorrectly or omitted. Therefore, a restatement to the beginning net position of governmental activities and fund financial statements was necessary. The deed preservation fund's beginning fund balance was restated by \$4,410, while the nonmajor special revenue funds - probate preservation fund's beginning fund balance was restated by \$14,781.

The resulting restatements decreased the deed preservation fund by \$4,410 from \$457,981 to \$453,571, increased the probate preservation fund by \$14,781 from \$22,729 to \$37,510 and the governmental activities beginning net position increased by \$10,371 from \$20,775,302 to \$20,785,673.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pension
- Schedule of Changes in Net OPEB Liability
- Schedule of Changes in Net OPEB Liability and Related Ratios
- Schedule of Contributions - OPEB
- Notes to Required Supplementary Information

COUNTY OF YORK, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2021

| | Budgeted Amounts | | Actual Amounts | Variance Positive (Negative) |
|-------------------------------------|-------------------|-------------------|-------------------|------------------------------------|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 5,887,581 | \$ 5,887,581 | \$ 5,887,581 | \$ - |
| Resources (Inflows): | | | | |
| Taxes - municipalities | 17,972,861 | 17,972,861 | 17,972,861 | - |
| Intergovernmental: | | | | |
| EMPG 50% EMA reimbursement | 238,000 | 238,000 | 250,717 | 12,717 |
| Other intergovernmental revenues | 25,000 | 25,000 | 832,863 | 807,863 |
| | <u>263,000</u> | <u>263,000</u> | <u>1,083,580</u> | <u>820,580</u> |
| Charges for services: | | | | |
| Administration | 100,000 | 100,000 | 100,000 | - |
| Register of Deeds | 2,195,000 | 2,195,000 | 3,684,712 | 1,489,712 |
| Register of Probate | 375,000 | 375,000 | 354,512 | (20,488) |
| Sheriff | 6,000 | 6,000 | 6,645 | 645 |
| | <u>2,676,000</u> | <u>2,676,000</u> | <u>4,145,869</u> | <u>1,469,869</u> |
| Miscellaneous: | | | | |
| Interest on investments | 100,000 | 100,000 | 95,049 | (4,951) |
| Rent income | 30,000 | 30,000 | 30,000 | - |
| Other revenues | 3,000 | 3,000 | 80,100 | 77,100 |
| | <u>133,000</u> | <u>133,000</u> | <u>205,149</u> | <u>72,149</u> |
| Transfers from other funds | <u>54,200</u> | <u>54,200</u> | <u>29,200</u> | <u>(25,000)</u> |
| Amounts Available for Appropriation | <u>26,986,642</u> | <u>26,986,642</u> | <u>29,324,240</u> | <u>2,337,598</u> |

SCHEDULE 1 (CONTINUED)
COUNTY OF YORK, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

| | Budgeted Amounts | | Actual Amounts | Variance |
|---|-------------------|---------------------|---------------------|------------------------|
| | Original | Final | | Positive (Negative) |
| Charges to Appropriations (Outflows): | | | | |
| Commissioners/governing body | 68,622 | 68,622 | 63,269 | 5,353 |
| Management/administration | 1,098,449 | 1,098,449 | 987,850 | 110,599 |
| Facilities repair and maintenance | 552,071 | 552,071 | 515,439 | 36,632 |
| Treasurer | 562 | 562 | 580 | (18) |
| District attorney | 1,478,738 | 1,478,738 | 1,429,942 | 48,796 |
| Deeds | 622,169 | 622,169 | 556,956 | 65,213 |
| Probate | 646,422 | 646,422 | 568,215 | 78,207 |
| Sheriffs/police services | 3,126,398 | 3,126,398 | 3,249,871 | (123,473) |
| Communications/dispatch | 678,715 | 678,715 | 658,112 | 20,603 |
| EMA | 600,590 | 600,590 | 978,051 | (377,461) |
| York County juvenile fire prevention | 32,388 | 32,388 | 27,442 | 4,946 |
| Retirement benefits | 521,858 | 521,858 | 508,925 | 12,933 |
| Medical and dental insurance | 823,310 | 823,310 | 924,075 | (100,765) |
| Public agencies | 128,700 | 128,700 | 128,700 | - |
| Unclassified | - | - | 238,913 | (238,913) |
| Contingency | 50,000 | 50,000 | - | 50,000 |
| Debt service: | | | | |
| Principal | 1,000,000 | 1,000,000 | 1,000,000 | - |
| Interest | 39,000 | 39,000 | 31,338 | 7,662 |
| Capital outlay | - | 4,462,056 | 182,952 | 4,279,104 |
| Transfers to other funds | 9,771,069 | 9,771,069 | 9,782,010 | (10,941) |
| Total Charges to Appropriations | 21,239,061 | 25,701,117 | 21,832,640 | 3,868,477 |
| | | | | |
| Budgetary Fund Balance, June 30 | \$ 5,747,581 | \$ 1,285,525 | \$ 7,491,600 | \$ 6,206,075 |
| | | | | |
| Paid from assigned/committed fund balance | \$ - | \$ 3,212,056 | \$ - | \$ (3,212,056) |
| Paid from unassigned fund balance | 140,000 | 1,390,000 | - | (1,390,000) |
| | <u>\$ 140,000</u> | <u>\$ 4,602,056</u> | <u>\$ -</u> | <u>\$ (4,602,056)</u> |
| | | | | |
| Fund Balance, June 30 | | | <u>\$ 7,491,600</u> | |

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

COUNTY OF YORK, MAINE

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

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <u>PLD Plan:</u> | | | | | | | | |
| Proportion of the net pension liability | 0.90% | 1.01% | 1.10% | 1.04% | 1.10% | 1.05% | 1.07% | 1.11% |
| Proportionate share of the net pension liability | \$ 3,558,685 | \$ 3,098,584 | \$ 3,006,650 | \$ 4,266,199 | \$ 5,834,824 | \$ 3,339,494 | \$ 1,641,101 | \$ 3,431,160 |
| Covered payroll | \$ 4,937,321 | \$ 5,319,825 | \$ 5,440,470 | \$ 4,996,958 | \$ 4,895,906 | \$ 4,437,860 | \$ 3,747,793 | \$ - |
| Proportionate share of the net pension liability as a percentage of its covered payroll | 72.08% | 58.25% | 55.26% | 85.38% | 119.18% | 75.25% | 43.79% | 0.00% |
| Plan fiduciary net position as a percentage of the total pension liability | 88.35% | 90.62% | 91.14% | 86.40% | 81.61% | 88.27% | 94.10% | 87.50% |

* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

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

COUNTY OF YORK, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS*

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <u>PLD Plan:</u> | | | | | | | | |
| Contractually required contribution | \$ 615,679 | \$ 578,568 | \$ 620,116 | \$ 609,865 | \$ 534,054 | \$ 515,304 | \$ 427,858 | \$ 371,853 |
| Contributions in relation to the contractually required contribution | <u>(615,679)</u> | <u>(578,568)</u> | <u>(620,116)</u> | <u>(609,865)</u> | <u>(534,054)</u> | <u>(515,304)</u> | <u>(427,858)</u> | <u>(371,853)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| Covered payroll | \$ 5,198,675 | \$ 4,937,321 | \$ 5,319,825 | \$ 5,440,470 | \$ 4,996,958 | \$ 4,895,906 | \$ 4,437,860 | \$ 3,747,793 |
| Contributions as a percentage of covered payroll | 11.84% | 11.72% | 11.66% | 11.21% | 10.69% | 10.53% | 9.64% | 9.92% |

* The amounts presented for each fiscal year are for those years for which information is available.

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

COUNTY OF YORK, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2021

| | Increase (Decrease) | | |
|--|------------------------------|--|------------------------------------|
| | Net OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
| | <u> </u> | <u> </u> | <u> </u> |
| Balances at 1/1/20 (Reporting December 31, 2020) | \$ 695,856 | \$ - | \$ 533,492 |
| Changes for the year: | | | |
| Service cost | 43,690 | - | 43,690 |
| Interest | 20,201 | - | 20,201 |
| Changes of benefits | - | - | - |
| Differences between expected and actual experience | - | - | - |
| Changes of assumptions | 51,055 | - | 51,055 |
| Contributions - employer | - | 4,601 | (4,601) |
| Contributions - member | - | - | - |
| Net investment income | - | - | - |
| Benefit payments | (4,601) | (4,601) | - |
| Administrative expense | - | - | - |
| Net changes | <u>110,345</u> | <u>-</u> | <u>110,345</u> |
| Balances at 1/1/21 (Reporting December 31, 2021) | <u>\$ 806,201</u> | <u>\$ -</u> | <u>\$ 643,837</u> |

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

COUNTY OF YORK, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
AND RELATED RATIOS
LAST 10 FISCAL YEARS*

| | 2021 | 2020 | 2019 | 2018 |
|---|-------------------|-------------------|-------------------|-------------------|
| <u>Total OPEB liability</u> | | | | |
| Service cost (BOY) | 43,690 | 28,960 | 32,281 | - |
| Interest (includes interest on service cost) | 20,201 | 22,988 | 19,706 | - |
| Changes of benefit terms | - | (13,886) | - | - |
| Differences between expected and actual experience | - | (12,545) | - | 498,984 |
| Changes of assumptions | 51,055 | 140,416 | (57,345) | 43,298 |
| Benefit payments, including refunds of member contributions | (4,601) | (3,569) | (3,432) | - |
| Net change in total OPEB liability | <u>\$ 110,345</u> | <u>\$ 162,364</u> | <u>\$ (8,790)</u> | <u>\$ 542,282</u> |
| Total OPEB liability - beginning | \$ 695,856 | \$ 533,492 | \$ 542,282 | \$ - |
| Total OPEB liability - ending | <u>\$ 806,201</u> | <u>\$ 695,856</u> | <u>\$ 533,492</u> | <u>\$ 542,282</u> |
| <u>Plan fiduciary net position</u> | | | | |
| Contributions - employer | 4,601 | 3,569 | 3,432 | - |
| Contributions - member | - | - | - | - |
| Net investment income | - | - | - | - |
| Benefit payments, including refunds of member contributions | (4,601) | (3,569) | (3,432) | - |
| Administrative expense | - | - | - | - |
| Net change in fiduciary net position | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Plan fiduciary net position - beginning | \$ - | \$ - | \$ - | \$ - |
| Plan fiduciary net position - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Net OPEB liability - ending | <u>\$ 806,201</u> | <u>\$ 695,856</u> | <u>\$ 533,492</u> | <u>\$ 542,282</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.0% | 0.0% | 0.0% | 0.0% |
| Covered payroll | \$ 4,899,168 | \$ 4,899,168 | \$ 4,262,906 | \$ 4,262,906 |
| Net OPEB liability as a percentage of covered payroll | 16.5% | 14.2% | 12.5% | 12.7% |

* The amounts presented for each fiscal year are for those years for which information is available.

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

COUNTY OF YORK, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|--------------|--------------|--------------|--------------|
| <u>MMEHT:</u> | | | | |
| Employer contributions | \$ 4,601 | \$ 3,569 | \$ 3,432 | \$ - |
| Benefit payments | (4,601) | (3,569) | (3,432) | - |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| | | | | |
| Covered payroll | \$ 4,899,168 | \$ 4,899,168 | \$ 4,262,906 | \$ 4,262,906 |
| | | | | |
| Contributions as a percentage of covered payroll | 0.00% | 0.00% | 0.00% | 0.00% |

* The amounts presented for each fiscal year are for those years for which information is available.

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

COUNTY OF YORK, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

Changes of Assumptions

MEPERS PLD Plan:

There have been no changes in actuarial assumptions since the last measurement date.

MMEHT OPEB Plan:

There was a change in the discount rate from 2.74% to 2.12% per GASB 75 discount rate selection. In addition, medical and prescription drug trend arrays were updated.

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

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Schedule of Departmental Operations - General Fund
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds

COUNTY OF YORK, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

| | Original Budget | Budget Adjustments | Final Budget | Actual Expenditures | Variance Positive/(Negative) |
|--|--------------------|-----------------------|------------------|------------------------|---------------------------------|
| Commissioners/Governing Body | | | | | |
| Wages | \$ 57,245 | \$ - | \$ 57,245 | \$ 58,001 | \$ (756) |
| Taxes/benefits | 4,677 | - | 4,677 | 4,783 | (106) |
| Travel | 6,000 | - | 6,000 | 209 | 5,791 |
| Other | 700 | - | 700 | 276 | 424 |
| | <u>68,622</u> | <u>-</u> | <u>68,622</u> | <u>63,269</u> | <u>5,353</u> |
| Management/Administration | | | | | |
| Wages | 806,672 | - | 806,672 | 698,203 | 108,469 |
| Taxes/benefits | 83,427 | - | 83,427 | 69,117 | 14,310 |
| Legal | 80,000 | - | 80,000 | 82,267 | (2,267) |
| Contracted services | 20,000 | - | 20,000 | 23,200 | (3,200) |
| Dues and memberships | 18,000 | - | 18,000 | 18,368 | (368) |
| Equipment | 51,500 | - | 51,500 | 57,093 | (5,593) |
| Postage/office supplies | 9,500 | - | 9,500 | 8,605 | 895 |
| Telephone | 10,500 | - | 10,500 | 17,169 | (6,669) |
| Insurance | 3,600 | - | 3,600 | 3,363 | 237 |
| Other | 15,250 | - | 15,250 | 10,465 | 4,785 |
| | <u>1,098,449</u> | <u>-</u> | <u>1,098,449</u> | <u>987,850</u> | <u>110,599</u> |
| Facilities Repair and Maintenance | | | | | |
| Wages | 237,438 | - | 237,438 | 228,700 | 8,738 |
| Taxes/benefits | 34,033 | - | 34,033 | 29,872 | 4,161 |
| Electricity | 80,000 | - | 80,000 | 62,874 | 17,126 |
| Property and casualty | 23,800 | - | 23,800 | 21,591 | 2,209 |
| Electrical repairs | 18,000 | - | 18,000 | 15,188 | 2,812 |
| Heating repairs | 20,000 | - | 20,000 | 28,602 | (8,602) |
| Plumbing repairs | 10,000 | - | 10,000 | 10,168 | (168) |
| Plowing/sanding/mowing | 34,500 | - | 34,500 | 37,526 | (3,026) |
| Contracted services | 20,000 | - | 20,000 | 24,267 | (4,267) |
| Cleaning supplies | 7,500 | - | 7,500 | 5,141 | 2,359 |
| Propane/heating fuel | 12,800 | - | 12,800 | 9,154 | 3,646 |
| General repairs | 10,500 | - | 10,500 | 9,597 | 903 |
| Major and minor equipment | 22,000 | - | 22,000 | 8,504 | 13,496 |
| Other | 21,500 | - | 21,500 | 24,255 | (2,755) |
| | <u>552,071</u> | <u>-</u> | <u>552,071</u> | <u>515,439</u> | <u>36,632</u> |

SCHEDULE A (CONTINUED)

COUNTY OF YORK, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

| | Original Budget | Budget Adjustments | Final Budget | Actual Expenditures | Variance Positive/(Negative) |
|-----------------------------|--------------------|-----------------------|------------------|------------------------|---------------------------------|
| Treasurer | | | | | |
| Wages | 518 | - | 518 | 537 | (19) |
| Taxes/benefits | 44 | - | 44 | 43 | 1 |
| | <u>562</u> | <u>-</u> | <u>562</u> | <u>580</u> | <u>(18)</u> |
| District Attorney | | | | | |
| Wages | 1,117,503 | - | 1,117,503 | 1,124,786 | (7,283) |
| Taxes/benefits | 99,535 | - | 99,535 | 100,127 | (592) |
| General repairs/maintenance | 65,000 | - | 65,000 | 57,152 | 7,848 |
| Telephone | 36,000 | - | 36,000 | 41,228 | (5,228) |
| Travel | 40,500 | - | 40,500 | 12,939 | 27,561 |
| Contracted services | 18,000 | - | 18,000 | 5,328 | 12,672 |
| Office supplies | 29,000 | - | 29,000 | 31,366 | (2,366) |
| Equipment | 17,700 | - | 17,700 | 18,492 | (792) |
| Witness fees | 6,500 | - | 6,500 | 58 | 6,442 |
| Postage | 12,500 | - | 12,500 | 9,538 | 2,962 |
| Other | 36,500 | - | 36,500 | 28,928 | 7,572 |
| | <u>1,478,738</u> | <u>-</u> | <u>1,478,738</u> | <u>1,429,942</u> | <u>48,796</u> |
| Deeds | | | | | |
| Wages | 461,436 | - | 461,436 | 409,844 | 51,592 |
| Taxes/benefits | 42,133 | - | 42,133 | 37,678 | 4,455 |
| Records management | 83,000 | - | 83,000 | 88,400 | (5,400) |
| Postage | 5,000 | - | 5,000 | 5,980 | (980) |
| Office supplies | 7,000 | - | 7,000 | 2,372 | 4,628 |
| Equipment | 13,000 | - | 13,000 | 2,399 | 10,601 |
| Telephone | 4,000 | - | 4,000 | 7,476 | (3,476) |
| Insurance | 2,900 | - | 2,900 | 2,657 | 243 |
| Travel | 3,200 | - | 3,200 | - | 3,200 |
| Other | 500 | - | 500 | 150 | 350 |
| | <u>622,169</u> | <u>-</u> | <u>622,169</u> | <u>556,956</u> | <u>65,213</u> |

COUNTY OF YORK, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

| | Original Budget | Budget Adjustments | Final Budget | Actual Expenditures | Variance Positive/(Negative) |
|---------------------------|--------------------|-----------------------|------------------|------------------------|---------------------------------|
| Probate | | | | | |
| Wages | 434,286 | - | 434,286 | 423,791 | 10,495 |
| Taxes/benefits | 39,661 | - | 39,661 | 40,614 | (953) |
| Professional fees | 84,000 | - | 84,000 | 27,980 | 56,020 |
| Advertising | 40,000 | - | 40,000 | 33,821 | 6,179 |
| Postage | 20,000 | - | 20,000 | 17,509 | 2,491 |
| Equipment | 10,500 | - | 10,500 | 9,619 | 881 |
| Telephone | 4,000 | - | 4,000 | 6,008 | (2,008) |
| Other | 13,975 | - | 13,975 | 8,873 | 5,102 |
| | <u>646,422</u> | <u>-</u> | <u>646,422</u> | <u>568,215</u> | <u>78,207</u> |
| Sheriff's/Police Services | | | | | |
| Wages | 2,146,510 | - | 2,146,510 | 2,190,860 | (44,350) |
| Taxes/benefits | 311,488 | - | 311,488 | 308,448 | 3,040 |
| Gas and oil | 80,000 | - | 80,000 | 52,134 | 27,866 |
| Insurances | 66,700 | - | 66,700 | 41,227 | 25,473 |
| Telephone | 30,000 | - | 30,000 | 30,648 | (648) |
| Vehicle repair | 44,000 | - | 44,000 | 69,646 | (25,646) |
| Uniforms/safety equipment | 29,000 | - | 29,000 | 56,597 | (27,597) |
| Equipment | 294,000 | - | 294,000 | 363,211 | (69,211) |
| Professional services | 20,000 | - | 20,000 | 22,818 | (2,818) |
| Software | 16,500 | - | 16,500 | 25,722 | (9,222) |
| Training | 25,200 | - | 25,200 | 50,665 | (25,465) |
| Minor equipment | 25,900 | - | 25,900 | 11,201 | 14,699 |
| Other | 37,100 | - | 37,100 | 26,694 | 10,406 |
| | <u>3,126,398</u> | <u>-</u> | <u>3,126,398</u> | <u>3,249,871</u> | <u>(123,473)</u> |
| Communications/Dispatch | | | | | |
| Sanford contract | 633,815 | - | 633,815 | 635,162 | (1,347) |
| Contracted services | 27,500 | - | 27,500 | 22,575 | 4,925 |
| Other | 17,400 | - | 17,400 | 375 | 17,025 |
| | <u>678,715</u> | <u>-</u> | <u>678,715</u> | <u>658,112</u> | <u>20,603</u> |

COUNTY OF YORK, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

| | Original Budget | Budget Adjustments | Final Budget | Actual Expenditures | Variance Positive/(Negative) |
|---------------------------|--------------------|-----------------------|-----------------|------------------------|---------------------------------|
| EMA Department | | | | | |
| Wages | 378,676 | - | 378,676 | 733,629 | (354,953) |
| Taxes/benefits | 40,189 | - | 40,189 | 78,763 | (38,574) |
| Rental of land | 35,000 | - | 35,000 | 31,200 | 3,800 |
| Contracted services | 20,000 | - | 20,000 | 4,837 | 15,163 |
| Insurances | 12,000 | - | 12,000 | 8,953 | 3,047 |
| Rental of other equipment | 7,500 | - | 7,500 | 6,000 | 1,500 |
| Telephone | 16,000 | - | 16,000 | 38,315 | (22,315) |
| Office/other supplies | 10,700 | - | 10,700 | 4,811 | 5,889 |
| Internet services | 10,000 | - | 10,000 | 6,693 | 3,307 |
| Meals and lodging | 7,000 | - | 7,000 | 839 | 6,161 |
| Travel | 11,000 | - | 11,000 | 2,761 | 8,239 |
| Vehicle repair | 8,000 | - | 8,000 | 15,313 | (7,313) |
| Equipment | 13,875 | - | 13,875 | 22,694 | (8,819) |
| Repairs and maintenance | 8,500 | - | 8,500 | 4,362 | 4,138 |
| Other | 22,150 | - | 22,150 | 18,881 | 3,269 |
| | <u>600,590</u> | <u>-</u> | <u>600,590</u> | <u>978,051</u> | <u>(377,461)</u> |
| York County Juvenile Fire | | | | | |
| Wages | 28,800 | - | 28,800 | 23,618 | 5,182 |
| Taxes/benefits/other | 3,588 | - | 3,588 | 3,824 | (236) |
| | <u>32,388</u> | <u>-</u> | <u>32,388</u> | <u>27,442</u> | <u>4,946</u> |
| Retirement Benefits | | | | | |
| ICMA 457 deferred comp | 173,379 | - | 173,379 | 140,820 | 32,559 |
| Maine State retirement | 348,479 | - | 348,479 | 368,105 | (19,626) |
| | <u>521,858</u> | <u>-</u> | <u>521,858</u> | <u>508,925</u> | <u>12,933</u> |
| Medical/Dental Insurance | | | | | |
| Health insurance | 768,310 | - | 768,310 | 719,122 | 49,188 |
| Dental insurance | 55,000 | - | 55,000 | 47,538 | 7,462 |
| HRA costs | - | - | - | 157,415 | (157,415) |
| | <u>823,310</u> | <u>-</u> | <u>823,310</u> | <u>924,075</u> | <u>(100,765)</u> |

COUNTY OF YORK, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

| | Original Budget | Budget Adjustments | Final Budget | Actual Expenditures | Variance Positive/(Negative) |
|-------------------------------|----------------------|-----------------------|----------------------|------------------------|---------------------------------|
| Public Agencies | | | | | |
| Southern Maine Planning | 37,000 | - | 37,000 | 37,000 | - |
| York County Soil | 7,200 | - | 7,200 | 7,200 | - |
| York County Extension | 84,500 | - | 84,500 | 84,500 | - |
| | <u>128,700</u> | <u>-</u> | <u>128,700</u> | <u>128,700</u> | <u>-</u> |
| Unclassified | | | | | |
| Covid 19 related | - | - | - | 238,913 | (238,913) |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>238,913</u> | <u>(238,913)</u> |
| Debt Service | | | | | |
| Principal | 1,000,000 | - | 1,000,000 | 1,000,000 | - |
| Interest | 39,000 | - | 39,000 | 31,338 | 7,662 |
| | <u>1,039,000</u> | <u>-</u> | <u>1,039,000</u> | <u>1,031,338</u> | <u>7,662</u> |
| Capital Outlay | | | | | |
| Major capital projects | - | 318,409 | 318,409 | 28,496 | 289,913 |
| Technology upgrades | - | 200,778 | 200,778 | 18,990 | 181,788 |
| Other reserve activity | - | 3,942,869 | 3,942,869 | 135,466 | 3,807,403 |
| | <u>-</u> | <u>4,462,056</u> | <u>4,462,056</u> | <u>182,952</u> | <u>4,279,104</u> |
| Contingency | 50,000 | - | 50,000 | - | 50,000 |
| | <u>50,000</u> | <u>-</u> | <u>50,000</u> | <u>-</u> | <u>50,000</u> |
| Transfers | | | | | |
| Jail | 8,821,069 | - | 8,821,069 | 8,821,069 | - |
| Layman's Way | 950,000 | - | 950,000 | 950,000 | - |
| Special revenues | - | - | - | 10,941 | (10,941) |
| | <u>9,771,069</u> | <u>-</u> | <u>9,771,069</u> | <u>9,782,010</u> | <u>(10,941)</u> |
| Total Departmental Operations | <u>\$ 21,239,061</u> | <u>\$ 4,462,056</u> | <u>\$ 25,701,117</u> | <u>\$ 21,832,640</u> | <u>\$ 3,868,477</u> |

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

SCHEDULE B

COUNTY OF YORK, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

| | Fund | 7/1/20 Fund Balance (Restated) | Revenues | | | Expenditures | Transfers | 6/30/21 Fund Balance |
|--|------|---|-------------------------|-------------------|-----------|--------------|-------------|----------------------------|
| | | | Charges for Services | Intergovernmental | Other | | | |
| District Attorney: | | | | | | | | |
| Victim of crimes act | 2110 | \$ (35,330) | - | 19,337 | - | 23,995 | 4,659 | \$ (35,329) |
| Admin/supervision | 2120 | 252,809 | - | 77,616 | - | 46,235 | (25,000) | 259,190 |
| Probate: | | | | | | | | |
| Probate preservation | 2310 | 37,510 | - | - | 134 | 8,913 | - | 28,731 |
| Sheriff: | | | | | | | | |
| Civil process | 2500 | 47,967 | 250,089 | 37,884 | - | 365,603 | - | (29,663) |
| RSU 57 resource officer | 2510 | - | - | 104,164 | - | 104,164 | - | - |
| Parsonsfield contract officer | 2512 | - | - | 101,995 | - | 101,995 | - | - |
| Arundel contract officer | 2514 | - | - | 166,067 | - | 166,067 | - | - |
| Waterboro contract officer | 2516 | - | - | 191,757 | - | 191,757 | - | - |
| Limington contract officer | 2517 | - | - | 81,072 | - | 81,072 | - | - |
| Reimbursable Sheriff services | 2520 | (18,829) | - | 4,574 | - | 15,714 | - | (29,969) |
| Jag Byrme grant LLBEG | 2525 | 10,545 | - | 7,673 | - | 13,315 | 5,642 | 10,545 |
| Acton/Shapleigh contract officer | 2539 | - | - | 81,563 | - | 81,563 | - | - |
| Ride team program | 2543 | (829) | - | 2,338 | - | 2,978 | 640 | (829) |
| US Govt Agency Assist. | 2546 | (4,213) | - | 13,769 | - | 20,033 | - | (10,477) |
| Speed enforcement program | 2554 | 186 | - | - | - | - | - | 186 |
| NAMI peer groupnt | 2559 | - | - | 4,971 | - | 4,971 | - | - |
| YCSO state forfeiture | 2593 | (1,389) | - | - | 1 | - | - | (1,388) |
| YCSO federal forfeiture | 2596 | 47,193 | - | - | 74 | - | - | 47,267 |
| YCSO property | 2597 | 1,983 | - | - | - | 2 | - | 1,981 |
| Jail: | | | | | | | | |
| State criminal alien assist | 2630 | 61,561 | - | - | - | - | - | 61,561 |
| EMA: | | | | | | | | |
| York county operations | 2710 | 37,828 | - | 23,729 | - | 5,332 | - | 56,225 |
| Hazmat professional development | 2715 | 14,864 | - | - | - | 6,406 | - | 8,458 |
| FY '15 HSGP | 2720 | - | - | 101,161 | - | 100,937 | - | 224 |
| Homeland security grants | 2723 | (104,031) | - | 43,961 | - | 82,874 | - | (142,944) |
| Local emergency planning com | 2750 | 6,065 | - | 36,535 | 2,365 | 26,080 | - | 18,885 |
| Vaccine center | 2765 | - | - | 730,680 | - | 722,409 | - | 8,271 |
| OJP grant | 2775 | - | - | - | 50,633 | 50,633 | - | - |
| YC fire admin | 2778 | 3,085 | - | - | 14,307 | 17,464 | - | (72) |
| Seabrook stipend | 2780 | 26,921 | - | - | - | - | - | 26,921 |
| Cart donation | 2790 | 169 | - | - | - | - | - | 169 |
| Total Special Revenue General Reserves | | \$ 384,065 | \$ 250,089 | \$ 1,830,846 | \$ 67,514 | \$ 2,240,512 | \$ (14,059) | \$ 277,943 |

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

COUNTY OF YORK, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

| Federal Grantor Pass-Through Grantor Program Title | Federal AL Number | Federal Expenditures | Expenditures to Subrecipients |
|---|-------------------------|-------------------------|-------------------------------------|
| U.S. DEPARTMENT OF JUSTICE | | | |
| Direct Program: | | | |
| Coronavirus Emergency Supplemental Funding Program | 16.034 | \$ 50,633 | \$ - |
| Public Safety Partnership and Community Policing Grants | 16.710 | 4,971 | - |
| Passed through State of Maine Department of Public Safety: | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 13,315 | - |
| Total U.S. Department of Justice | | <u>68,919</u> | <u>-</u> |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | |
| Passed through State of Maine Department of Health and Human Services: | | | |
| Crime Victim Assistance | 16.575 | 19,337 | - |
| Total U.S. Department of Health and Human Services | | <u>19,337</u> | <u>-</u> |
| U.S. DEPARTMENT OF TRANSPORTATION | | | |
| Passed through State of Maine Department of Transportation: | | | |
| Highway Safety Cluster: | | | |
| National Priority Safety Programs | 20.616 | 2,978 | - |
| Subtotal Highway Safety Cluster | | <u>2,978</u> | <u>-</u> |
| Total U.S. Department of Transportation | | <u>2,978</u> | <u>-</u> |
| U.S. DEPARTMENT OF HOMELAND SECURITY | | | |
| Passed through Federal Emergency Management Agency and Maine Emergency Management Agency in the Department of Defense and Veteran's Services: | | | |
| Disaster Grants - Public Assistance | 97.036 | 51,026 | - |
| Disaster Grants - Public Assistance | 97.036 | 722,409 | - |
| Disaster Grants - Public Assistance | 97.036 | 238,912 | - |
| | | <u>1,012,347</u> | <u>-</u> |
| Emergency Management Performance Grants | 97.042 | 238,000 | - |
| Homeland Security Grant Program | 97.067 | 100,938 | - |
| Homeland Security Grant Program | 97.067 | 64,512 | - |
| | | <u>165,450</u> | <u>-</u> |
| Total U.S. Department of Homeland Security | | <u>1,415,797</u> | <u>-</u> |
| Total Federal Assistance | | <u>\$ 1,507,031</u> | <u>\$ -</u> |

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

COUNTY OF YORK, MAINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of York, Maine under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of York, Maine, it is not intended to and does not present the financial position, changes in net assets or cash flows of the County of York, Maine.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The County of York, Maine has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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



Proven Expertise & Integrity

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

County Commissioners
County of York
Alfred, 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 York, Maine, as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the County of York, Maine's basic financial statements and have issued our report thereon dated April 11, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of York, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of York, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 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.

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

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

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 York, Maine's financial statements are free of 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 York, Maine in a separate letter dated April 4, 2022.

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 organization's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
April 11, 2022



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
County of York
Alfred, Maine

Report on Compliance for Each Major Federal Program

We have audited the County of York, Maine's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the County of York, Maine's major federal programs for the year ended June 30, 2021. The County of York, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations and the terms and conditions of its federal awards applicable to each of its major federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County of York, Maine's major federal programs based on our audit of the type of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of York, Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the County of York, Maine's compliance.

Opinion on Each Major Federal Program

In our opinion, the County of York, Maine, complied in all material respects, with the type of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the County of York, Maine is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of York, Maine internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of York, Maine's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency or combination of deficiencies, in internal control over compliance requirements of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
April 11, 2022

COUNTY OF YORK, MAINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Section I - Summary of Auditor's Results

• *Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no
- Noncompliance material to financial statements noted? yes no

• *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported
in accordance with §200.516 of Uniform Guidance? yes no

Identification of major programs:

| <u>AL Numbers</u> | <u>Name of Federal Program or Cluster</u> |
|-------------------|---|
| 97.036 | Disaster Grants - Public Assistance |

Dollar threshold used to distinguish between type A and B: \$750,000

Auditee qualified as low-risk auditee? yes no

Section II - Financial Statement Findings

None

Section III - Federal Awards Findings and Questioned Costs

None