

Audited Financial Statements and
Other Financial Information

County of Kennebec, Maine

June 30, 2021



Proven Expertise & Integrity

COUNTY OF KENNEBEC, MAINE

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JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the County of Kennebec, 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 11 and 59 through 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements and capital asset schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2022, on our consideration of the County of Kennebec, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Kennebec, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
July 1, 2022

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

(UNAUDITED)

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

Financial Statement Overview

The County of Kennebec, Maine'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 schedules 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 activity. The type of activity presented for the County of Kennebec, Maine is:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the County's basic services are reported in governmental activities, which include superior court, county commissioners, county treasurer, finance, county buildings, registry of deeds, registry of probate, emergency management agency, sheriff, jail, district attorney, program grants, facilities management, information technology, employee benefits, insurance, other and program expenses.

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 Kennebec, Maine, 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 Kennebec, Maine are either governmental or 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 Kennebec, Maine presents five columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The County has four major governmental funds: the general fund, the jail fund, the deeds-registry of deeds funds and the recovery 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 jail fund are the only funds for which the County legally adopted a budget. The Budgetary Comparison Schedules - Budgetary Basis - Budget and Actual - General Fund and Jail Fund provide a comparison of the original and final budget and the actual expenditures for the current year.

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the County of Kennebec, Maine. These funds are not reflected in the Government-Wide financial statements because the resources of these funds are not available to support the County's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of 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, Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - Jail Fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions - Pensions, 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 regard to nonmajor funds and capital asset activity.

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 \$11,415,767 from \$1,139,322 to \$12,555,089.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased to a deficit balance of \$5,989,059 at the end of this period.

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

	2021	2020 (Restated)
Assets:		
Current Assets	\$ 18,566,182	\$ 5,859,117
Noncurrent Assets - Capital Assets	5,558,881	5,830,188
Total Assets	24,125,063	11,689,305
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	900,692	890,604
Deferred Outflows Related to OPEB	1,212,156	909,799
Total Deferred Outflows of Resources	2,112,848	1,800,403
Liabilities:		
Current Liabilities	1,327,581	1,008,417
Noncurrent Liabilities	10,819,915	9,113,504
Total Liabilities	12,147,496	10,121,921
Deferred Inflows of Resources:		
Deferred Inflows Related to Pensions	29,149	495,246
Deferred Inflows Related to OPEB	1,506,177	1,733,219
Total Deferred Inflows of Resources	1,535,326	2,228,465
Net Position:		
Net Investment in Capital Assets	5,558,881	5,830,188
Restricted	12,985,267	977,903
Unrestricted (Deficit)	(5,989,059)	(5,668,769)
Total Net Position	\$ 12,555,089	\$ 1,139,322

Revenues and Expenses

Revenues increased by 71.07% and expenses decreased by 0.81% over the prior period. The largest increase in revenues was in operating grants and contributions, while the largest decrease in expenses was due to employee benefits.

It should be noted that the increase in operating grants and contributions was the result of the County receiving in June 2021 the first of the Coronavirus State and Local

Fiscal Recovery Funds (ARPA) in the amount of \$11,877,865. As of June 30, 2021, the County had not spent any of those funds.

Table 2
County of Kennebec, 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	\$ 7,204,568	\$ 5,916,533
Operating grants and contributions	15,368,669	3,301,839
<i>General revenues:</i>		
Taxes	11,981,685	11,047,694
Investment income-gain/(loss)	103,566	24,137
Miscellaneous revenues	145,542	54,720
Total Revenues	<u>34,804,030</u>	<u>20,344,923</u>
Expenses		
Superior court	92	331
County commissioners	217,996	257,075
County treasurer	10,290	10,062
Finance	123,758	110,479
County buildings	28,321	37,264
Registry of deeds	4,867,671	3,960,239
Registry of probate	355,675	328,860
Emergency management agency	146,116	142,363
Sheriff	2,769,252	2,343,286
Jail	8,916,390	8,157,224
District attorney	701,413	671,452
Program grants	11,800	11,800
Facilities management	234,453	250,246
Information technology	158,148	172,069
Employee benefits	2,188,979	4,808,204
Insurance	76,490	110,585
Other	67,324	74,836
Program expenses	2,470,784	2,084,431
Unallocated depreciation (Note 5)	43,311	48,246
Total Expenses	<u>23,388,263</u>	<u>23,579,052</u>
Change in Net Position	11,415,767	(3,234,129)
Net Position - July 1, Restated	<u>1,139,322</u>	<u>4,373,451</u>
Net Position - June 30	<u>\$ 12,555,089</u>	<u>\$ 1,139,322</u>

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 Kennebec, Maine
Fund Balances - Governmental Funds
June 30,

	<u>2021</u>	<u>2020</u>	<u>Increase/ (Decrease)</u>
Major Funds:			
General Fund:			
Nonspendable	\$ 36,234	\$ 55,094	\$ (18,860)
Committed	791,216	516,216	275,000
Unassigned	1,355,143	1,490,687	(135,544)
Total General Fund	<u>\$ 2,182,593</u>	<u>\$ 2,061,997</u>	<u>\$ 120,596</u>
Jail Fund:			
Restricted	\$ 480,000	\$ 184,408	\$ 295,592
Committed	290,000	250,000	40,000
Unassigned	134,024	-	134,024
Total Jail Fund	<u>\$ 904,024</u>	<u>\$ 434,408</u>	<u>\$ 469,616</u>
Deeds-Registry of Deeds Fund:			
Committed	\$ 230,887	\$ 106,754	\$ 124,133
Total Deeds-Registry of Deeds Fund	<u>\$ 230,887</u>	<u>\$ 106,754</u>	<u>\$ 124,133</u>
ARPA Grant Fund:			
Restricted	\$ 11,879,283	\$ -	\$ 11,879,283
Total Recovery Grant Fund	<u>\$ 11,879,283</u>	<u>\$ -</u>	<u>\$ 11,879,283</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 625,984	\$ 793,495	\$ (167,511)
Assigned	15,261	15,261	-
Unassigned	(30,089)	(9,975)	(20,114)
Capital Projects Funds:			
Committed	1,231,743	1,254,824	(23,081)
Total Nonmajor Funds	<u>\$ 1,842,899</u>	<u>\$ 2,053,605</u>	<u>\$ (210,706)</u>

The changes to total fund balances for the general fund, jail fund, deeds-registry of deeds fund and nonmajor funds occurred due to the regular activity of operations. The change in total fund balance of the ARPA grant fund was due to the receipt of grant revenues in June 2021.

Budgetary Highlights

There was no difference between the original and final budget for the general fund. There was no difference between the original and final budget for the jail fund.

The general fund actual revenues exceeded budgeted amounts by \$420,746. This was the result of all revenue categories being received over budgeted amounts with the exception of emergency management, sheriff - special detail revenue, district attorney, DA supervisory and school resource officer.

The general fund actual expenditures exceeded budgeted amounts by \$149,850. All expenditures categories were within or under budgeted amounts with the exception of registry of deeds, registry of probate, employee benefits and other.

The jail fund actual revenues were over budgeted amounts by \$411,289. All revenue categories were within or over budgeted amounts.

The jail fund actual expenditures were under budgeted amounts by \$465,794. All expenditures categories were within or under budgeted amounts with the exception of professional fees and services, operation of county vehicles, repairs and maintenance and supplies.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2021, the net book value of capital assets recorded by the County decreased by \$271,307 from the prior year. This decrease is the result of capital additions of \$375,131 less current year net disposals of \$131,564 and depreciation expense of \$514,874.

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

	2021	2020 (Restated)
Land	\$ 370,350	\$ 370,350
Artwork and historical treasures	40,000	40,000
Buildings and building improvements	3,976,654	4,234,359
Equipment	526,318	485,416
Vehicles	643,784	698,248
Infrastructure	1,775	1,815
Total	<u>\$ 5,558,881</u>	<u>\$ 5,830,188</u>

Long-Term Obligations

The County does not have any outstanding long-term debt as of June 30, 2021. However, the County has other long-term obligations, which includes accrued compensated absences, net pension liability and net OPEB liability. Refer to Note 6 of Notes to Financial Statements for more detailed information on the other long-term obligations.

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

The County's unassigned fund balance is at a level to sustain government operations for a period of approximately four months. The County also maintains significant reserve accounts for future capital and program needs.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers and 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 Treasurer's Office at 125 State Street, Augusta, Maine 04330.

COUNTY OF KENNEBEC, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 15,692,786
Investments	2,006,158
Accounts receivable (net of allowance for uncollectibles):	
Other	586,060
Due from other governments	244,944
Prepaid items	36,234
Total current assets	<u>18,566,182</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	410,350
Depreciable assets, net of accumulated depreciation	5,148,531
Total noncurrent assets	<u>5,558,881</u>
TOTAL ASSETS	<u>24,125,063</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	900,692
Deferred outflows related to OPEB	1,212,156
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,112,848</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 26,237,911</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 915,980
Accrued liabilities	12,795
Due to other governments	352,777
Current portion of long-term obligations	46,029
Total current liabilities	<u>1,327,581</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Accrued compensated absences	874,545
Net pension liability	2,651,083
Net OPEB liability	7,294,287
Total noncurrent liabilities	<u>10,819,915</u>
TOTAL LIABILITIES	<u>12,147,496</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	29,149
Deferred inflows related to OPEB	1,506,177
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,535,326</u>
NET POSITION	
Net investment in capital assets	5,558,881
Restricted	12,985,267
Unrestricted (deficit)	(5,989,059)
TOTAL NET POSITION	<u>12,555,089</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 26,237,911</u>

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

STATEMENT B

COUNTY OF KENNEBEC, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
Superior court	\$ 92	\$ -	\$ -	\$ -	\$ (92)
County commissioners/executive	217,996	-	-	-	(217,996)
County treasurer	10,290	-	-	-	(10,290)
Finance	123,758	-	-	-	(123,758)
Property improvements	28,321	-	-	-	(28,321)
Registry of Deeds	4,867,671	6,152,284	-	-	1,284,613
Registry of Probate	355,675	190,369	-	-	(165,306)
Emergency management agency	146,116	41,719	0	-	(104,397)
Sheriff	2,769,252	-	-	-	(2,769,252)
Jail	8,916,390	35,298	1,910,190	-	(6,970,902)
District attorney	701,413	28,305	-	-	(673,108)
Program grants	11,800	-	-	-	(11,800)
Facilities management	234,453	-	-	-	(234,453)
Information technology	158,148	-	-	-	(158,148)
Employee benefits	2,188,979	-	-	-	(2,188,979)
Insurance	76,490	-	-	-	(76,490)
Other	67,324	51,548	11,877,865	-	11,862,089
Program expenses	2,470,784	705,045	1,580,614	-	(185,125)
Unallocated depreciation (Note 5)*	43,311	-	-	-	(43,311)
Total government	\$ 23,388,263	\$ 7,204,568	\$ 15,368,669	\$ -	(815,026)

* This amount excludes the depreciation that is included in the direct expenses of the various programs.

STATEMENT B (CONTINUED)

COUNTY OF KENNEBEC, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(815,026)</u>
General revenues:	
Property taxes, levied for general purposes	11,981,685
Investment income-gain/(loss)	103,566
Other	<u>145,542</u>
Total general revenues	<u>12,230,793</u>
Change in net position	11,415,767
NET POSITION - JULY 1, RESTATED	<u>1,139,322</u>
NET POSITION - JUNE 30	<u><u>\$ 12,555,089</u></u>

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

COUNTY OF KENNEBEC, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Jail Fund	Deeds - Registry of Deeds Fund	ARPA Grant Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 14,476,065	\$ -	\$ 555,219	\$ -	\$ 661,502	\$ 15,692,786
Investments	2,006,158	-	-	-	-	2,006,158
Accounts receivable (net of allowance for uncollectibles):						
Other	586,060	-	-	-	-	586,060
Due from other governments	-	244,944	-	-	-	244,944
Prepaid items	36,234	-	-	-	-	36,234
Due from other funds	171,353	904,024	-	11,879,283	1,490,963	14,445,623
TOTAL ASSETS	\$ 17,275,870	\$ 1,148,968	\$ 555,219	\$ 11,879,283	\$ 2,152,465	\$ 33,011,805
LIABILITIES						
Accounts payable	\$ 453,435	\$ -	\$ 324,332	\$ -	\$ 138,213	\$ 915,980
Accrued liabilities	12,795	-	-	-	-	12,795
Accrued compensated absences	-	244,944	-	-	-	244,944
Due to other governments	352,777	-	-	-	-	352,777
Due to other funds	14,274,270	-	-	-	171,353	14,445,623
TOTAL LIABILITIES	15,093,277	244,944	324,332	-	309,566	15,972,119
FUND BALANCES						
Nonspendable	36,234	-	-	-	-	36,234
Restricted	-	480,000	-	11,879,283	625,984	12,985,267
Committed	791,216	290,000	230,887	-	1,231,743	2,543,846
Assigned	-	-	-	-	15,261	15,261
Unassigned	1,355,143	134,024	-	-	(30,089)	1,459,078
TOTAL FUND BALANCES	2,182,593	904,024	230,887	11,879,283	1,842,899	17,039,686
TOTAL LIABILITIES AND FUND BALANCES	\$ 17,275,870	\$ 1,148,968	\$ 555,219	\$ 11,879,283	\$ 2,152,465	\$ 33,011,805

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

COUNTY OF KENNEBEC, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Total Governmental Funds</u>
Total Fund Balances (Statement C)	\$ 17,039,686
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	5,558,881
Deferred outflows of resources related to pension are not financial resources and therefore are not reported in the funds	900,692
Deferred outflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	1,212,156
Long-term obligations shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Accrued compensated absences	(675,630)
Net pension liability	(2,651,083)
Net OPEB liability	(7,294,287)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(29,149)
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	<u>(1,506,177)</u>
Net position of governmental activities (Statement A)	<u>\$ 12,555,089</u>

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

COUNTY OF KENNEBEC, MAINE

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

	General Fund	Jail Fund	Deeds - Registry of Deeds Fund	ARPA Grant Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 4,887,814	\$ 7,093,871	\$ -	\$ -	\$ -	\$ 11,981,685
Charges for services	1,720,624	-	4,778,899	-	705,045	7,204,568
Intergovernmental revenues	-	1,910,190	-	11,877,865	1,580,614	15,368,669
Miscellaneous revenues	115,654	131,099	937	1,418	-	249,108
TOTAL REVENUES	6,724,092	9,135,160	4,779,836	11,879,283	2,285,659	34,804,030
EXPENDITURES						
Current:						
Superior court	92	-	-	-	-	92
County Commissioners/executive	265,788	-	-	-	-	265,788
County treasurer	10,290	-	-	-	-	10,290
Finance	123,758	-	-	-	-	123,758
Property improvements	28,321	-	-	-	-	28,321
Registry of deeds	238,779	-	4,655,703	-	-	4,894,482
Registry of probate	354,818	-	-	-	-	354,818
Emergency management agency	146,116	-	-	-	-	146,116
Sheriff	2,645,729	-	-	-	-	2,645,729
Jail	-	8,615,544	-	-	-	8,615,544
District attorney	708,459	-	-	-	-	708,459
Program grants	11,800	-	-	-	-	11,800
Facilities management	234,453	-	-	-	-	234,453
Information technology	158,148	-	-	-	-	158,148
Employee benefits	1,493,131	-	-	-	-	1,493,131
Insurance	76,490	-	-	-	-	76,490
Other	67,324	-	-	-	-	67,324
Program expenses	-	-	-	-	2,470,784	2,470,784
Capital outlay	-	-	-	-	115,581	115,581
TOTAL EXPENDITURES	6,563,496	8,615,544	4,655,703	-	2,586,365	22,421,108
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	160,596	519,616	124,133	11,879,283	(300,706)	12,382,922
OTHER FINANCING SOURCES (USES)						
Transfers in	100,000	-	-	-	90,000	190,000
Transfers (out)	(140,000)	(50,000)	-	-	-	(190,000)
TOTAL OTHER FINANCING SOURCES (USES)	(40,000)	(50,000)	-	-	90,000	-
NET CHANGE IN FUND BALANCES	120,596	469,616	124,133	11,879,283	(210,706)	12,382,922
FUND BALANCES - JULY 1	2,061,997	434,408	106,754	-	2,053,605	4,656,764
FUND BALANCES - JUNE 30	\$ 2,182,593	\$ 904,024	\$ 230,887	\$ 11,879,283	\$ 1,842,899	\$ 17,039,686

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

COUNTY OF KENNEBEC, 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) \$ 12,382,922

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	375,131
Capital asset disposals	(131,564)
Depreciation expense	<u>(514,874)</u>
	<u>(271,307)</u>

Deferred outflows of resources are a consumption of net position by
the government that are applicable to a future reporting period and
therefore are not reported in the funds:

Pension	10,088
OPEB	<u>302,357</u>
	<u>312,445</u>

Deferred inflows of resources are an acquisition of net position by
the government that are applicable to a future reporting period and
therefore are not reported in the funds:

Pension	466,097
OPEB	<u>227,042</u>
	<u>693,139</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	(89,905)
Net pension liability	(673,862)
Net OPEB liability	<u>(937,665)</u>
	<u>(1,701,432)</u>

Change in net position of governmental activities (Statement B) \$ 11,415,767

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

COUNTY OF KENNEBEC, MAINE

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2021

	<u>Custodial Funds</u>		
	<u>Jail Inmate</u>	<u>Jail Telephone</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 732	\$ -	\$ 732
Due from other governments	146,624	4,885	151,509
TOTAL ASSETS	<u>\$ 147,356</u>	<u>\$ 4,885</u>	<u>\$ 152,241</u>
LIABILITIES			
Deposits held for others	\$ 147,356	\$ 4,885	\$ 152,241
TOTAL LIABILITIES	<u>\$ 147,356</u>	<u>\$ 4,885</u>	<u>\$ 152,241</u>

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

COUNTY OF KENNEBEC, MAINE

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

	<u>Custodial Funds</u>		
	<u>Jail Inmate</u>	<u>Jail Telephone</u>	<u>Total</u>
ADDITIONS			
Other	\$ 252,026	\$ 121,804	\$ 373,830
Total Additions	<u>252,026</u>	<u>121,804</u>	<u>373,830</u>
DEDUCTIONS			
Other	234,998	57,563	292,561
Total Deductions	<u>234,998</u>	<u>57,563</u>	<u>292,561</u>
CHANGE IN NET POSITION (DEFICIT)	17,028	64,241	81,269
NET POSITION (DEFICIT) - JULY 1	<u>130,328</u>	<u>(59,356)</u>	<u>70,972</u>
NET POSITION (DEFICIT) - JUNE 30	<u>\$ 147,356</u>	<u>\$ 4,885</u>	<u>\$ 152,241</u>

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

COUNTY OF KENNEBEC, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The County of Kennebec, Maine was incorporated under the laws of the State of Maine. The County operates under the Board of Commissioners form of government and provides the following services: superior court, county commissioners, county treasurer, finance, county buildings, registry of deeds, registry of probate emergency management agency, sheriff, jail, district attorney, program grants, facilities management, information technology, employee benefits, insurance, other and program expenses.

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 2020, 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 KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact on and Results of Operations

On March 17, 2020 Maine LD 2167 was issued and executed by the Governor of Maine. Among other measures, this LD gave guidance concerning municipal budgets and the election process during the state of emergency. The County conducted the budget meeting via Zoom. In accordance with Executive Order 39, issued by the Governor of Maine on April 10, 2020, primary elections (and all applicable dates in coordination with it) were suspended from June 9 to July 14.

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

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 either governmental or business-type. All activities of the County are categorized as governmental.

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

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

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.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. Component units that are fiduciary in nature have been excluded from these financial statements. The following fund types are used by the County:

1. Governmental Funds:

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

Major Funds

- a. The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Jail Fund is another operating fund of the County that was established by state statutes to account for the operations of the Jail. Revenue sources are comprised primarily of taxes and charges for services.
- c. The Deeds-Registry of Deeds Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Primary revenue sources are charges for services.
- d. The ARPA Grant Fund is used to account for the proceeds of the ARPA financial assistance. The County will receive the financial assistance in two tranches (the first tranche was received in June 2021 and the second tranche is due in June 2022. The County Commissioners will allocate the funding to various external and internal projects throughout the County.

Nonmajor Funds

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

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- f. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

2. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support County programs. The reporting focus is on net position and changes in net position and the funds are reported using accounting principles similar to proprietary funds. Component units that are fiduciary in nature have been excluded from these financial statements.

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

Basis of Accounting

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

1. Accrual

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

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Modified Accrual

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

Budget

The County's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the year the County prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the County was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the County budget committee.

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:

- 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

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Repurchase agreements
- Money market mutual funds
- Corporate bonds

The County of Kennebec, Maine has a formal investment policy which follows the State of Maine Statutes.

Receivables

Receivables include amounts due from governmental agencies. 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 \$831,004 for the year ended June 30, 2021.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements. 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".

Transactions Between Funds

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

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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. The County has capitalized two statues and a sculpture as art and historical items. These items are categorized as non-depreciable assets as they are considered inexhaustible.

Estimated useful lives are as follows:

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

Long-term Obligations

The accounting treatment of long-term obligations (including debt and other 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 resources are reported as liabilities in government-wide statements. The long-term obligations consist of accrued compensated absences, net pension liability and net OPEB liability.

Long-term debt for governmental funds are not reported as liabilities in the fund financial statements. Debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

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.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Fund Balance

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

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

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

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the County. The inhabitants of the County through County Commissioners' meetings are the highest level of decision-making authority of the County. Please refer to the budgeting process for the authority for committing items within the budget.

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

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through 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.

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 pensions and deferred outflows related to OPEB. 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

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

resources (revenue) until that time. Deferred inflows related to pensions and deferred inflows related to OPEB 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 year was voted on May 12, 2020 on the assessed value listed as of April 1, 2020, for all real and personal property located in the County. Taxes were due in one installment on September 1, 2020. Interest on unpaid taxes commenced on October 30, 2020 at 7% per annum. The full amount of the current year assessment has been recognized in the 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.

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

State statutes require that all investments made by the County consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all County funds.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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 balances amounting to \$15,693,518 were comprised of bank deposits of \$16,049,950. 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. All of these bank deposits were either fully insured by federal depository insurance, covered by the Securities Investor Protection Corporation (SIPC) or collateralized with securities held by the financial institution in the County's name and consequently were not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 99,228
Savings accounts	11,708
Sweep accounts	15,797,288
Cash and cash equivalents	141,726
	<u>\$ 16,049,950</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.

Of the County's investments of \$2,006,158, \$500,000 was covered by the Securities Investor Protection Corporation (SIPC). The remaining investments of \$1,506,158 were uncollateralized and uninsured.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2021, the County had the following investments and maturities:

Investment Type	Fair Value	N/A	> 1 Year	1-5 Years	5+ Years
Debt securities:					
U.S. agency securities	\$ 763,917	\$ -	\$ 392,607	\$ 40,022	\$ 331,288
Corporate bonds	1,242,241	-	132,357	836,887	272,997
	<u>\$ 2,006,158</u>	<u>\$ -</u>	<u>\$ 524,964</u>	<u>\$ 876,909</u>	<u>\$ 604,285</u>

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:

	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>				
Debt securities:				
U.S. Agency Securities	\$ 763,917	\$ -	\$ 763,917	\$ -
Corporate bonds	1,242,241	-	1,242,241	-
Total debt securities	<u>2,006,158</u>	<u>-</u>	<u>2,006,158</u>	<u>-</u>
Total investments by fair value level	<u>2,006,158</u>	<u>\$ -</u>	<u>\$ 2,006,158</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	141,726			
Total cash equivalents measured at the NAV	<u>141,726</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 2,147,884</u>			

Debt securities classified in Level II of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The County has no Level I or Level 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.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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. The County's investments in corporate bonds and U.S. Treasury Securities were rated A1 (\$195,287), A2 (\$493,902), A3 (\$82,837), Aa1 (\$43,879), Aa2 (\$126,089), Aa3 (\$125,789), Aaa (\$787,459), Baa1 (\$58,626), Baa2 (\$42,165) and N/A or unknown (\$50,125) by Moody's Investors Service.

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	\$ 171,353	\$ 14,274,270
Jail Fund	904,024	-
ARPA Grant Fund	11,879,283	-
Nonmajor Special Revenue Funds	259,220	171,353
Nonmajor Capital Projects Funds	1,231,743	-
	<u>\$ 14,445,623</u>	<u>\$ 14,445,623</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

Interfund transfers at June 30, 2021 consisted of the following:

	Transfers From	Transfers To
General Fund	\$ 140,000	\$ 100,000
Jail Fund	50,000	-
Nonmajor Capital Projects Funds	-	90,000
	<u>\$ 190,000</u>	<u>\$ 190,000</u>

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

COUNTY OF KENNEBEC, 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 (Restated)	Additions	Disposals	Balance, 6/30/21
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 370,350	\$ -	\$ -	\$ 370,350
Art work and historical treasures	40,000	-	-	40,000
Totals	<u>410,350</u>	<u>-</u>	<u>-</u>	<u>410,350</u>
Depreciated assets:				
Buildings	18,756,569	-	-	18,756,569
Building improvements	2,101,801	47,792	-	2,149,593
Furniture and fixtures	85,028	-	-	85,028
Machinery and equipment	2,001,356	126,193	-	2,127,549
Vehicles	1,423,660	201,146	(543,701)	1,081,105
Infrastructure	2,017	-	-	2,017
	<u>24,370,431</u>	<u>375,131</u>	<u>(543,701)</u>	<u>24,201,861</u>
Less accumulated depreciation	<u>(18,950,593)</u>	<u>(514,874)</u>	<u>412,137</u>	<u>(19,053,330)</u>
	<u>5,419,838</u>	<u>(139,743)</u>	<u>(131,564)</u>	<u>5,148,531</u>
Net capital assets	<u>\$ 5,830,188</u>	<u>\$ (139,743)</u>	<u>\$ (131,564)</u>	<u>\$ 5,558,881</u>
Current period depreciation:				
County-wide				\$ 43,311
District Attorney				845
Jail				311,640
Sheriff				158,221
Probate				857
Total depreciation expense				<u>\$ 514,874</u>

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - OTHER LONG-TERM OBLIGATIONS

The General Fund of the County is used to pay for all other long-term obligations. The following is a summary of changes in other long-term obligations of the County for the year ended June 30, 2021:

	Balance, 7/1/20	Additions	Deletions	Balance, 6/30/21	Current Portion
Accrued compensated absences	\$ 814,348	\$ 106,246	\$ (20)	\$ 920,574	\$ 46,029
Net pension liability	1,977,221	1,191,141	(517,279)	2,651,083	-
Net OPEB liability	6,356,622	1,062,388	(124,723)	7,294,287	-
Total	<u>\$ 6,309,375</u>	<u>\$ 2,359,775</u>	<u>\$ (642,022)</u>	<u>\$10,865,944</u>	<u>\$ 46,029</u>

Refer to Notes 7, 15 and 19 for more detailed information regarding other long-term obligations.

NOTE 7 - ACCRUED COMPENSATED ABSENCES

The County's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded for the jail fund as a liability, for all other as long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources. As of June 30, 2021, the County's liability for compensated absences is \$920,574.

NOTE 8 - NONSPENDABLE FUND BALANCE

At June 30, 2021, the County has the following nonspendable fund balance:

General fund:	
Prepaid items	<u>\$ 36,234</u>

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 - RESTRICTED NET POSITION AND FUND BALANCES

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

ARPA grant	\$ 11,879,283
Jail fund:	
CARA FY20 and FY21 not used	480,000
Nonmajor special revenue funds:	
Sheriff's office funds	3,498
Sheriff's grant	2,439
Byrne grant	28,528
Alternative sentencing program	26,868
Drug forfeiture	9,628
Federal forfeitures	21,349
Probate surcharge	2,158
Probate	2,089
Deeds surcharge	342,899
Computer	2,902
Restitution	34,879
DA advocate	74
DA eldercare victim	2,619
DA monitoring	15,739
Contingency	100,000
Homeland security grant	22,612
EMA exercise	2,207
EMA hazmat	5,496
	<u>\$ 12,985,267</u>

NOTE 10 - COMMITTED FUND BALANCES

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

General fund:	
Unfunded payroll	\$ 100,000
Dedicated for deferred comp	31,216
Pay adjust 27th PR	260,000
Sheriff deputy buyout	40,000
Retiree/separate sick/vacation FY22	60,000
Subsequent year tax reduction	300,000

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10 - COMMITTED FUND BALANCES (CONTINUED)

Jail fund:	
Medical escrow	10,000
Pay adjust 27th PR	240,000
Retiree/separate sick/vacation FY22	10,000
Jail staff buyout	30,000
Registry of deeds fund	230,887
Nonmajor capital projects funds (Schedule E)	1,231,743
	<u>\$ 2,543,846</u>

NOTE 11 - ASSIGNED FUND BALANCES

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

Nonmajor special revenue funds (Schedule C)	<u>\$ 15,261</u>
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NOTE 12 - OVERSPENT APPROPRIATIONS

At June 30, 2021, the County has the following overspent appropriations:

General fund:	
Register of Deeds	\$ 1,032
Register of Probate	1,774
Employee benefits	39,619
Other	6,881
Jail fund:	
Professional fees/services	227,127
Operation County vehicles	3,142
Repairs/maintenance	9,495
Supplies	16,602
	<u>\$ 302,866</u>

NOTE 13 - DEFICIT FUND BALANCES

At June 30, 2021, the County has the following deficit fund balances:

Nonmajor special revenue funds:	
Re-entry grant	\$ 20,114
Victim advocate	7,368
LEPC reserve	2,607
	<u>\$ 30,089</u>

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 - 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, participates in a public entity risk pool or is effectively self-insured. The County participates in the following self-insured and public-entity risk pools:

During fiscal year 1989, the County contracted with Maine County Commissioners Association Self-Funded Risk Management Pool for property insurance and general liability insurance. The Risk Pool can make special assessments to its members if the Risk Pool is experiencing financial troubles. No special assessments have been made to its members since the inception of the Risk Pool.

The County is also a member of 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.

The County provides health, life and accidental death and dismemberment insurance to most employees through Maine Municipal Employees Health Trust.

Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchased, the County is not aware of any material actual or potential claim liabilities which should be recorded at 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 15 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

County employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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%.

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The County's plan members are required to contribute 8.10% of their annual covered salary and the County is required to contribute at an actuarially determined rate. The current rate is 10.00% of covered payroll for the AC plan and 10.80% for the 2C plan. 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 \$517,279.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

At June 30, 2021, the County reported a liability of \$2,651,083 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 0.667253% which was an increase of 0.020391% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized total pension expense of \$197,677. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 159,087	\$ 29,149
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	172,510	-
Changes in proportion and differences between contributions and proportionate share of contributions	51,816	-
Contributions subsequent to the measurement date	517,279	-
Total	\$ 900,692	\$ 29,149

\$517,279 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:

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan
Plan year ended June 30:	
2021	\$ (62,560)
2022	123,444
2023	146,529
2024	146,852
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:

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.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 - Members of the consolidated plan for PLDs, 2.75% to 9.00% per year.

Mortality Rates - For participating local districts, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

Cost of Living Benefit Increases - 1.91%; in 2017 the rate was 2.20%

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.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

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	\$ 5,571,506	\$ 2,651,083	\$ 260,502

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 Projected and Actual Investment Earnings on Pension Plan Investments

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.

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.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.maineopers.org or by contacting the System at (207) 512-3100.

NOTE 16 - DEFERRED COMPENSATION PLANS

Plan Description

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457(b) through MissionSquare Retirement, Hartford Life Insurance Company and ING Life Insurance and Annuity Company. The plan, available to County employees as part of a collective bargaining agreement and to County elected officials and all other full-time employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

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 (until paid or made available to the employee or other beneficiary) are held in a trust for the exclusive benefit of participants and their beneficiaries. All amounts are not subject to the claims of the County's general creditors.

Funding Policy

The contribution requirements of plan members and the County are established and may be amended by the County's Plan Administration Committee. Plan participation is voluntary for all full-time employees and elected officials. Plan members are required

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFERRED COMPENSATION PLANS (CONTINUED)

to contribute a minimum of 6.5% of their annual salary. The County is required to match 9.62% of the plan member's contribution only if the plan member participates in the deferred compensation plan alone. The plan member's contribution is tax deferred for federal and state taxes until the withdrawal date. The plan member's contribution, as well as the County's matching contribution, vests according to the terms of each plan. The County's contributions to the plan for the years ended June 30, 2021, 2020 and 2019 were \$199,413, \$192,888 and \$176,027, respectively.

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

NOTE 17 - CONTINGENCIES

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

In the normal course of operations, the County receives grant funds from Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

The County offers its employees a defined benefit pension plan through the Maine Public Employees Retirement System and may need to extend that offering to a certain employee group. Any liability for retirement funding which may arise as the result of this offering is not known at this time.

NOTE 18 - 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

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 18 - JAIL OPERATIONS (CONTINUED)

of its ability, these issues in its 2020 county and jail annual audit. At the present time issues such as the funding of accrued benefits; ownership and maintenance of correction assets; external funding of certain corrections operations; corrections capital/reserve funding and ownership; and the treatment of net asset balances (deficits) have not been specifically addressed in this Act. However, we have included a liability and offsetting receivable from the State of Maine for accrued compensated absences that are expected to be paid by the State. If the State decides not to cover these amounts, the jail will be liable for them. Any financial and/or other impact on the County and the Jail Department cannot be determined at the time of the issuance of this report.

NOTE 19 - 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 criteria of paragraph 4 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 contacting 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.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Employees Covered by Benefit Terms

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

Active members	114
Retirees and spouses	<u>9</u>
Total	<u><u>123</u></u>

Contributions

Retiree and spouse premium amounts are funded by the retiree at the rate for the coverage elected by the retiree. Premium rates are those determined by the MMEHT's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage. Retirees must contribute 100% of the Medicare premium amounts. Retiree Spouses must contribute 100% of the premium amounts. The sponsoring employer pays the remainder of the premium for Retirees Pre-Medicare. 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>
POS A	\$931.24	\$2,088.87
POS C	\$819.49	\$1,838.21
PPO 500	\$755.06	\$1,693.67
<u>Medicare</u>		
Medicare-Eligible Retirees	\$589.25	\$1,178.50

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 \$7,294,287 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.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

For the year ended June 30, 2021, the County recognized OPEB expense of \$408,266. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>MMEHT</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,297,879
Changes of assumptions	1,092,230	208,298
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	<u>119,926</u>	<u>-</u>
Total	<u>\$ 1,212,156</u>	<u>\$ 1,506,177</u>

\$119,926 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:

	<u>MMEHT</u>
Plan year ended December 31:	
2022	\$ (75,808)
2023	(75,808)
2024	(75,808)
2025	(75,808)
2026	(75,812)
Thereafter	(34,903)

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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:

	1% Decrease	Discount Rate	1% Increase
	1.12%	2.12%	3.12%
Total OPEB liability	\$ 8,806,269	\$ 7,294,287	\$ 6,113,963
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 8,806,269</u>	<u>\$ 7,294,287</u>	<u>\$ 6,113,963</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

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

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 5,876,052	\$ 7,294,287	\$ 9,234,848
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 5,876,052</u>	<u>\$ 7,294,287</u>	<u>\$ 9,234,848</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

COUNTY OF KENNEBEC, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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.

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.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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.

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 - Assumes that the current Plan and cost-sharing structure remain in place for all future years.

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

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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.

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

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

Rate of Mortality - Based on 104% and 120% of the RP2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC_2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120 and convergence to the ultimate rate in the year 2020. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

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

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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 difference between expected and actual experience as of January 1, 2020 was \$1,297,879.

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. The amortization period was six years for 2018. For the fiscal year ended June 30, 2018, there were no changes in assumptions with the exception of the claim costs and retiree contributions being updated to reflect current healthcare costs.

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.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the County Office at 125 State Street, Augusta, Maine 04330.

NOTE 20 - RESTATEMENT

In 2021, the County determined that certain transactions had been recorded incorrectly or omitted. Therefore, a restatement to the governmental activities net position was required. The capital asset balance was restated by an increase of \$16,511 to include capital assets that were not recorded in FY20 and the accumulated depreciation was increased by \$12.

The net restatement to the governmental activities beginning net position was an increase of \$16,499 from \$1,122,823 to \$1,139,322.

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
- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - Jail Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pensions
- 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 KENNEBEC, 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	\$ 2,061,997	\$ 2,061,997	\$ 2,061,997	\$ -
Resources (Inflows):				
Taxes - municipalities	4,885,314	4,885,314	4,887,814	2,500
Charges for services:				
Emergency management	72,987	72,987	41,719	(31,268)
Register of Deeds	950,000	950,000	1,373,385	423,385
Register of Probate	150,000	150,000	190,369	40,369
Sheriff:				
Special detail revenue	66,950	66,950	28,372	(38,578)
Miscellaneous	5,000	5,000	6,926	1,926
District attorney	10,000	10,000	-	(10,000)
DA supervisory	65,000	65,000	28,305	(36,695)
School resource officer	53,095	53,095	51,548	(1,547)
	<u>1,373,032</u>	<u>1,373,032</u>	<u>1,720,624</u>	<u>347,592</u>
Miscellaneous:				
Investment income-gain(loss)	35,000	35,000	103,566	68,566
Other revenues	10,000	10,000	12,088	2,088
	<u>45,000</u>	<u>45,000</u>	<u>115,654</u>	<u>70,654</u>
Transfers from other funds	60,000	100,000	100,000	-
Amounts Available for Appropriation	<u>8,425,343</u>	<u>8,465,343</u>	<u>8,886,089</u>	<u>420,746</u>
Charges to Appropriations (Outflows):				
Superior court	2,000	2,000	92	1,908
County Commissioners/Executive	273,522	273,522	265,788	7,734
County treasurer	10,776	10,776	10,290	486
Finance	124,879	124,879	123,758	1,121
Property improvements	50,000	50,000	28,321	21,679
Registry of Deeds	237,747	237,747	238,779	(1,032)
Registry of Probate	353,044	353,044	354,818	(1,774)
Emergency management	155,292	155,292	146,116	9,176
Sheriff	2,474,590	2,714,590	2,645,729	68,861
District attorney	727,956	727,956	708,459	19,497
Program grants	11,800	11,800	11,800	-
Facilities management	254,389	254,389	234,453	19,936
Information technology	192,370	192,370	158,148	34,222
Employee benefits	1,453,512	1,453,512	1,493,131	(39,619)
Insurance	91,026	91,026	76,490	14,536
Other	60,443	60,443	67,324	(6,881)
Transfers to other funds	40,000	140,000	140,000	-
Total Charges to Appropriations	<u>6,513,346</u>	<u>6,853,346</u>	<u>6,703,496</u>	<u>149,850</u>
Budgetary Fund Balance, June 30	<u>\$ 1,911,997</u>	<u>\$ 1,611,997</u>	<u>\$ 2,182,593</u>	<u>\$ 570,596</u>
Utilization of Assigned Fund Balance	<u>\$ 150,000</u>	<u>\$ 450,000</u>	<u>\$ -</u>	<u>\$ (450,000)</u>

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

COUNTY OF KENNEBEC, MAINE

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

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 434,408	\$ 434,408	\$ 434,408	\$ -
Resources (Inflows):				
Taxes	7,093,871	7,093,871	7,093,871	-
Intergovernmental	1,620,000	1,620,000	1,910,190	290,190
Miscellaneous revenues	10,000	10,000	131,099	121,099
Amounts Available for Appropriation	<u>9,158,279</u>	<u>9,158,279</u>	<u>9,569,568</u>	<u>411,289</u>
Charges to Appropriations (Outflows):				
Salary and wages	4,268,333	4,268,333	3,681,697	586,636
Fringe benefits	1,628,596	1,628,596	1,602,021	26,575
Professional fees/services	2,284,854	2,284,854	2,511,981	(227,127)
Travel	18,000	18,000	4,892	13,108
Operation County vehicles	32,000	32,000	35,142	(3,142)
Utilities	248,850	248,850	247,344	1,506
Rentals	129,500	129,500	78,243	51,257
Repairs/maintenance	76,000	76,000	85,495	(9,495)
Fixed charges/insurances	141,255	141,255	139,510	1,745
General operations	4,850	4,850	1,583	3,267
Other	37,100	37,100	36,445	655
Supplies	90,000	90,000	106,602	(16,602)
Clothing and materials	56,000	56,000	48,024	7,976
Capital outlay	66,000	66,000	36,565	29,435
Transfers to other funds	50,000	50,000	50,000	-
Total Charges to Appropriations	<u>9,131,338</u>	<u>9,131,338</u>	<u>8,665,544</u>	<u>465,794</u>
Budgetary Fund Balance, June 30	<u>\$ 26,941</u>	<u>\$ 26,941</u>	<u>\$ 904,024</u>	<u>\$ 877,083</u>

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

COUNTY OF KENNEBEC, MAINE

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

	2021	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>							
Proportion of the net pension liability (asset)	0.67%	0.65%	0.64%	0.56%	0.54%	0.48%	0.40%
Proportionate share of the net pension liability (asset)	\$ 2,651,083	\$ 1,977,221	\$ 1,757,687	\$ 2,281,187	\$ 2,858,150	\$ 1,538,466	\$ 621,634
Covered payroll	\$ 4,285,482	\$ 5,110,988	\$ 3,565,368	\$ 3,043,438	\$ 2,842,849	\$ 2,521,507	\$ 1,932,565
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	61.86%	38.69%	49.30%	74.95%	100.54%	61.01%	32.17%
Plan fiduciary net position as a percentage of the total pension liability	88.35%	90.62%	91.14%	86.43%	86.40%	81.61%	88.30%

* 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 KENNEBEC, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSIONS
LAST 10 FISCAL YEARS*

	2021	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>							
Contractually required contribution	\$ 517,279	\$ 431,011	\$ 408,879	\$ 350,942	\$ 285,565	\$ 253,014	\$ 197,430
Contributions in relation to the contractually required contribution	<u>(517,279)</u>	<u>(431,011)</u>	<u>(408,879)</u>	<u>(350,942)</u>	<u>(285,565)</u>	<u>(253,014)</u>	<u>(197,430)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,056,629	\$ 4,285,482	\$ 5,110,988	\$ 3,565,368	\$ 3,043,438	\$ 2,842,849	\$ 2,521,507
Contributions as a percentage of covered payroll	10.23%	10.06%	8.00%	9.84%	9.38%	8.90%	7.83%

* 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 KENNEBEC, 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)
Balances at 1/1/20 (Reporting December 31, 2020)	\$ 6,356,622	\$ -	\$ 6,356,622
Changes for the year:			
Service cost	421,768	-	421,768
Interest	184,031	-	184,031
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	456,589	-	456,589
Contributions - employer	-	124,723	(124,723)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(124,723)	(124,723)	-
Administrative expense	-	-	-
Net changes	<u>937,665</u>	<u>-</u>	<u>937,665</u>
Balances at 1/1/21 (Reporting December 31, 2021)	<u>\$ 7,294,287</u>	<u>\$ -</u>	<u>\$ 7,294,287</u>

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

COUNTY OF KENNEBEC, MAINE

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

	2020	2020	2019	2018
<u>Total OPEB liability</u>				
Service cost (BOY)	\$ 421,768	\$ 211,533	\$ 234,156	\$ 245,380
Interest (includes interest on service cost)	184,031	164,229	140,773	149,750
Changes of benefit terms	-	2,937,757	-	-
Differences between expected and actual experience	-	(1,513,130)	-	(217,801)
Changes of assumptions	456,589	827,397	(312,446)	77,118
Benefit payments, including refunds of member contributions	(124,723)	(129,122)	(124,156)	(101,231)
Net change in total OPEB liability	<u>\$ 937,665</u>	<u>\$ 2,498,664</u>	<u>\$ (61,673)</u>	<u>\$ 153,216</u>
Total OPEB liability - beginning	\$ 6,356,622	\$ 3,857,958	\$ 3,919,631	\$ 3,766,415
Total OPEB liability - ending	\$ 7,294,287	\$ 6,356,622	\$ 3,857,958	\$ 3,919,631
<u>Plan fiduciary net position</u>				
Contributions - employer	124,723	129,122	124,156	101,231
Contributions - member	-	-	-	-
Net investment income	-	-	-	-
Benefit payments, including refunds of member contributions	(124,723)	(129,122)	(124,156)	(101,231)
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>\$ 7,294,287</u>	<u>\$ 6,356,622</u>	<u>\$ 3,857,958</u>	<u>\$ 3,919,631</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%
Covered payroll	\$ 4,836,510	\$ 4,836,510	\$ 4,269,281	\$ 4,269,281
Net OPEB liability as a percentage of covered payroll	150.8%	131.4%	90.4%	91.8%

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

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

COUNTY OF KENNEBEC, 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	\$ 124,723	\$ 129,122	\$ 124,156	\$ 110,231
Benefit payments	<u>(124,723)</u>	<u>(129,122)</u>	<u>(124,156)</u>	<u>(110,231)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,836,510	\$ 4,836,510	\$ 4,269,281	\$ 4,269,281
Contributions as a percentage of covered payroll	2.58%	2.67%	2.91%	2.58%

* 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 KENNEBEC, 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.

- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

COUNTY OF KENNEBEC, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 661,502	\$ -	\$ 661,502
Due from other funds	259,220	1,231,743	1,490,963
TOTAL ASSETS	<u>\$ 920,722</u>	<u>\$ 1,231,743</u>	<u>\$ 2,152,465</u>
LIABILITIES			
Accounts payable	\$ 138,213	\$ -	\$ 138,213
Due to other funds	171,353	-	171,353
TOTAL LIABILITIES	<u>309,566</u>	<u>-</u>	<u>309,566</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	625,984	-	625,984
Committed	-	1,231,743	1,231,743
Assigned	15,261	-	15,261
Unassigned	(30,089)	-	(30,089)
TOTAL FUND BALANCES	<u>611,156</u>	<u>1,231,743</u>	<u>1,842,899</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 920,722</u>	<u>\$ 1,231,743</u>	<u>\$ 2,152,465</u>

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

COUNTY OF KENNEBEC, MAINE

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

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Charges for services	\$ 702,545	\$ 2,500	\$ 705,045
Intergovernmental revenues	1,580,614	-	1,580,614
TOTAL REVENUES	<u>2,283,159</u>	<u>2,500</u>	<u>2,285,659</u>
EXPENDITURES			
Program expenses	2,470,784	-	2,470,784
Capital outlay	-	115,581	115,581
TOTAL EXPENDITURES	<u>2,470,784</u>	<u>115,581</u>	<u>2,586,365</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(187,625)</u>	<u>(113,081)</u>	<u>(300,706)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	90,000	90,000
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>90,000</u>	<u>90,000</u>
NET CHANGE IN FUND BALANCES	(187,625)	(23,081)	(210,706)
FUND BALANCES - JULY 1	<u>798,781</u>	<u>1,254,824</u>	<u>2,053,605</u>
FUND BALANCES - JUNE 30	<u>\$ 611,156</u>	<u>\$ 1,231,743</u>	<u>\$ 1,842,899</u>

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

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

COUNTY OF KENNEBEC, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	ASSETS		TOTAL ASSETS	LIABILITIES		FUND BALANCES			TOTAL LIABILITIES AND FUND BALANCES
	Cash and cash equivalents	Due from other funds		Accounts payable	Due to other funds	Restricted	Assigned	Unassigned	
Sheriff's Office Funds									
Sheriff's Office Funds	\$ -	\$ 3,498	\$ 3,498	\$ -	\$ -	\$ 3,498	\$ -	\$ -	\$ 3,498
Sheriff Grant	-	2,439	2,439	-	-	2,439	-	-	2,439
Re-Entry Grant	-	-	-	-	20,114	-	-	(20,114)	-
Byrne Grant	-	28,528	28,528	-	-	28,528	-	-	28,528
Alternative Sentencing Program	-	26,868	26,868	-	-	26,868	-	-	26,868
Home Release Program	-	15,261	15,261	-	-	-	15,261	-	15,261
Drug Forfeiture	-	9,628	9,628	-	-	9,628	-	-	9,628
Diversion Grant	-	-	-	-	-	-	-	-	-
Federal Forfeitures	-	21,349	21,349	-	-	21,349	-	-	21,349
Probate Funds									
Probate Surcharge	10,870	-	10,870	-	8,712	2,158	-	-	10,870
Probate	19,305	-	19,305	17,216	-	2,089	-	-	19,305
Deeds									
Deeds Surcharge	466,684	-	466,684	-	123,785	342,899	-	-	466,684

SCHEDULE C (CONTINUED)

COUNTY OF KENNEBEC, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	ASSETS		TOTAL ASSETS	LIABILITIES		FUND BALANCES			TOTAL LIABILITIES AND FUND BALANCES
	Cash and cash equivalents	Due from other funds		Accounts payable	Due to other funds	Restricted	Assigned	Unassigned	
District Attorney's Office Funds									
Victim Advocate	-	-	-	-	7,368	-	-	(7,368)	-
Computer	-	2,902	2,902	-	-	2,902	-	-	2,902
Restitution	164,643	-	164,643	120,997	8,767	34,879	-	-	164,643
Stop Grant	-	-	-	-	-	-	-	-	-
DA Advocate	-	74	74	-	-	74	-	-	74
DA Eldercare Victim	-	2,619	2,619	-	-	2,619	-	-	2,619
DA Monitoring	-	15,739	15,739	-	-	15,739	-	-	15,739
Contingency Funds									
Contingency	-	100,000	100,000	-	-	100,000	-	-	100,000
EMA Funds									
Homeland Security Grant	-	22,612	22,612	-	-	22,612	-	-	22,612
EMA Exercise	-	2,207	2,207	-	-	2,207	-	-	2,207
LEPC Reserve	-	-	-	-	2,607	-	-	(2,607)	-
EMA Hazmat	-	5,496	5,496	-	-	5,496	-	-	5,496
EMA School Planner	-	-	-	-	-	-	-	-	-
Total	\$ 661,502	\$ 259,220	\$ 920,722	\$ 138,213	\$ 171,353	\$ 625,984	\$ 15,261	\$ (30,089)	\$ 920,722

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

COUNTY OF KENNEBEC, MAINE

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

	FUND BALANCES JULY 1	REVENUES		EXPENDITURES	NET CHANGE IN FUND BALANCES	FUND BALANCES JUNE 30
		Charges for services	Intergovernmental revenues	Program expenses		
Sheriff's Office Funds						
Sheriff's Office Funds	\$ 12,510	\$ -	\$ 970,193	\$ (979,205)	\$ (9,012)	\$ 3,498
Sheriff Grant	-	-	88,509	(86,070)	2,439	2,439
Re-Entry Grant	-	-	-	(20,114)	(20,114)	(20,114)
Byrne Grant	28,528	-	-	-	-	28,528
Alternative Sentencing Program	28,509	-	-	(1,641)	(1,641)	26,868
Home Release Program	15,261	-	-	-	-	15,261
Drug Forfeiture	9,620	-	15,696	(15,688)	8	9,628
Diversion Grant	-	-	90,501	(90,501)	-	-
Federal Forfeitures	22,924	-	-	(1,575)	(1,575)	21,349
Probate Funds						
Probate Surcharge	3,873	6,813	-	(8,528)	(1,715)	2,158
Probate	1,097	405,069	-	(404,077)	992	2,089
Deeds						
Deeds Surcharge	510,466	76,412	-	(243,979)	(167,567)	342,899

SCHEDULE D (CONTINUED)

COUNTY OF KENNEBEC, MAINE

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

FUND	REVENUES		EXPENDITURES	NET CHANGE IN FUND BALANCES	FUND BALANCES JUNE 30	
	BALANCES JULY 1	Charges for services	Intergovernmental revenues			Program expenses
District Attorney's Office Funds						
Victim Advocate	(7,368)	-	54,571	(54,571)	-	(7,368)
Computer	2,902	-	229,763	(229,763)	-	2,902
Restitution	18,293	214,251	-	(197,665)	16,586	34,879
Stop Grant	-	-	29,853	(29,853)	-	-
DA Advocate	74	-	-	-	-	74
DA Eldercare Victim	2,619	-	-	-	-	2,619
DA Monitoring	16,302	-	560	(1,123)	(563)	15,739
Contingency Funds						
Contingency	100,000	-	-	-	-	100,000
EMA's Funds						
Homeland Security Grant	28,075	-	50,088	(55,551)	(5,463)	22,612
EMA Exercise	2,207	-	-	-	-	2,207
LEPC Reserve	(2,607)	-	18,619	(18,619)	-	(2,607)
EMA Hazmat	5,496	-	11,010	(11,010)	-	5,496
EMA School Planner	-	-	21,251	(21,251)	-	-
Total	<u>\$ 798,781</u>	<u>\$ 702,545</u>	<u>\$ 1,580,614</u>	<u>\$ (2,470,784)</u>	<u>\$ (187,625)</u>	<u>\$ 611,156</u>

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

Capital Projects Fund

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

COUNTY OF KENNEBEC, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2021

	<u>General Fund</u>	<u>Jail</u>	<u>Total</u>
ASSETS			
Due from other funds	\$ 567,908	\$ 663,835	\$ 1,231,743
TOTAL ASSETS	<u>\$ 567,908</u>	<u>\$ 663,835</u>	<u>\$ 1,231,743</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	567,908	663,835	1,231,743
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>567,908</u>	<u>663,835</u>	<u>1,231,743</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 567,908</u>	<u>\$ 663,835</u>	<u>\$ 1,231,743</u>

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

COUNTY OF KENNEBEC, MAINE

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

	General Fund	Jail	Total
REVENUES			
Intergovernmental revenues	\$ 2,500	\$ -	\$ 2,500
TOTAL REVENUES	<u>2,500</u>	<u>-</u>	<u>2,500</u>
EXPENDITURES			
Capital outlay	82,600	32,981	115,581
TOTAL EXPENDITURES	<u>82,600</u>	<u>32,981</u>	<u>115,581</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(80,100)</u>	<u>(32,981)</u>	<u>(113,081)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	40,000	50,000	90,000
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>40,000</u>	<u>50,000</u>	<u>90,000</u>
NET CHANGE IN FUND BALANCES	(40,100)	17,019	(23,081)
FUND BALANCES, JULY 1	<u>608,008</u>	<u>646,816</u>	<u>1,254,824</u>
FUND BALANCES, JUNE 30	<u>\$ 567,908</u>	<u>\$ 663,835</u>	<u>\$ 1,231,743</u>

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

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position.

COUNTY OF KENNEBEC, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2021

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
County-wide	\$ 111,750	\$ 3,613,510	\$ 157,594	\$ -	\$ 3,882,854
District Attorney	-	-	54,090	-	54,090
Commissioners	-	-	14,600	-	14,600
Register of Deeds	-	-	72,531	-	72,531
Register of Probate	-	-	66,338	-	66,338
Jail	298,600	17,292,652	1,350,566	2,017	18,943,835
Sheriff	-	-	1,577,963	-	1,577,963
Total General Capital	410,350	20,906,162	3,293,682	2,017	24,612,211
Less: Accumulated Depreciation	-	(16,929,508)	(2,123,580)	(242)	(19,053,330)
Net General Capital Assets	<u>\$ 410,350</u>	<u>\$ 3,976,654</u>	<u>\$ 1,170,102</u>	<u>\$ 1,775</u>	<u>\$ 5,558,881</u>

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

COUNTY OF KENNEBEC, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2021

	General Capital Assets 7/1/20 (Restated)	Additions	Deletions	General Capital Assets 6/30/21
County-wide	\$ 3,835,062	\$ 47,792	\$ -	\$ 3,882,854
District Attorney	46,199	7,891	-	54,090
Commissioners	14,600	-	-	14,600
Register of Deeds	45,720	26,811	-	72,531
Register of Probate	66,338	-	-	66,338
Jail	18,933,041	10,794	-	18,943,835
Sheriff	1,839,821	281,843	(543,701)	1,577,963
Total General Capital	<u>24,780,781</u>	<u>375,131</u>	<u>(543,701)</u>	<u>24,612,211</u>
Less: Accumulated Depreciation	<u>(18,950,593)</u>	<u>(514,874)</u>	<u>412,137</u>	<u>(19,053,330)</u>
Net General Capital Assets	<u>\$ 5,830,188</u>	<u>\$ (139,743)</u>	<u>\$ (131,564)</u>	<u>\$ 5,558,881</u>

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 Kennebec
Augusta, 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 Kennebec, 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 Kennebec, Maine's basic financial statements and have issued our report thereon dated July 1, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the County of Kennebec, Maine in a separate letter dated May 16, 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
July 1, 2022