

# Federal Compliance Audit

## County of Kennebec, Maine

June 30, 2022



COUNTY OF KENNEBEC, MAINE  
CONTENTS

JUNE 30, 2022

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 - 12
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	13
STATEMENT B - STATEMENT OF ACTIVITIES	14 - 15
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	16
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	17
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	18
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	19
STATEMENT G - STATEMENT OF NET POSITION - FIDUCIARY FUNDS	20
STATEMENT H - STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS	21
NOTES TO FINANCIAL STATEMENTS	22 - 57

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	58
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	59
SCHEDULE 2 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - JAIL FUND	60
SCHEDULE 3 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	61
SCHEDULE 4 - SCHEDULE OF CONTRIBUTIONS - PENSIONS	62
SCHEDULE 5 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY	63
SCHEDULE 6 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS	64
SCHEDULE 7 - SCHEDULE OF CONTRIBUTIONS - OPEB	65
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	66

OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	67
SCHEDULE A - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	68
SCHEDULE B - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	69
SPECIAL REVENUE FUNDS DESCRIPTION	70
SCHEDULE C - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	71 - 72
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	73 - 74
CAPITAL PROJECTS FUNDS DESCRIPTION	75

SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS	76
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS	77
GENERAL CAPITAL ASSETS DESCRIPTION	78
SCHEDULE G - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	79
SCHEDULE H - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	80
<u>FEDERAL COMPLIANCE</u>	
FEDERAL COMPLIANCE DESCRIPTION	81
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	82
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	83
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	84 - 85
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	86 - 88
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	89



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## INDEPENDENT AUDITOR'S REPORT

County Commissioners  
County of Kennebec  
Augusta, Maine

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited 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, 2022 and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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, 2022 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.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County of Kennebec, Maine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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## Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County of Kennebec, Maine's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit 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 County of Kennebec, Maine's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the County of Kennebec, Maine's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

#### *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 5 through 12 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and is also not a required part of the basic financial statements.

In our opinion, the combining and individual nonmajor fund financial statements, capital asset schedules and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2024, 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  
January 26, 2024

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**(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, 2022. 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 ARPA 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 decreased by \$574,449 from \$461,592 to a deficit of \$112,857.

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 \$6,691,926 at the end of this period.

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

	<b>2022</b>	<b>2021 (Restated)</b>
<b>Assets:</b>		
Current Assets	\$ 28,597,180	\$ 18,352,852
Noncurrent Assets - Capital Assets	5,545,080	5,589,611
Total Assets	34,142,260	23,942,463
<b>Deferred Outflows of Resources:</b>		
Deferred Outflows Related to Pensions	1,799,980	900,692
Deferred Outflows Related to OPEB	1,111,862	1,212,156
Total Deferred Outflows of Resources	2,911,842	2,112,848
<b>Liabilities:</b>		
Current Liabilities	1,781,111	1,359,195
Noncurrent Liabilities	8,342,242	10,819,915
Total Liabilities	10,123,353	12,179,110
<b>Deferred Inflows of Resources:</b>		
Deferred Revenue	22,286,337	11,879,283
Deferred Inflows Related to Pensions	3,307,123	29,149
Deferred Inflows Related to OPEB	1,450,146	1,506,177
Total Deferred Inflows of Resources	27,043,606	13,414,609
<b>Net Position:</b>		
Net Investment in Capital Assets	5,545,080	5,589,611
Restricted	1,033,989	1,105,984
Unrestricted (Deficit)	(6,691,926)	(6,234,003)
Total Net Position	\$ (112,857)	\$ 461,592

### Revenues and Expenses

Revenues decreased by 30.70% and expenses increased by 5.57% over the prior period. The largest decrease in revenues was operating grants and contributions. The largest increase in expenses was due to jail and program expenses.

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

	<u>2022</u>	<u>2021</u>
<b>Revenues</b>		
<i>Program revenues:</i>		
Charges for services	\$ 5,928,396	\$ 7,204,568
Operating grants and contributions	5,205,839	15,368,669
<i>General revenues:</i>		
Taxes	12,511,511	11,981,685
Investment income-gain/(loss)	(181,921)	103,566
Miscellaneous revenues	653,746	145,542
Total Revenues	<u>24,117,571</u>	<u>34,804,030</u>
<b>Expenses</b>		
Superior court	535	92
County commissioners	303,586	217,996
County treasurer	10,659	10,290
Finance	153,830	123,758
County buildings	45,989	28,321
Registry of deeds	3,730,242	4,867,671
Registry of probate	413,135	355,675
Emergency management agency	160,619	146,116
Sheriff	3,017,661	2,769,252
Jail	9,724,398	8,916,390
District attorney	753,288	701,413
Program grants	11,800	11,800
Facilities management	321,240	234,453
Information technology	189,010	158,148
Employee benefits	1,467,917	2,188,979
Insurance	63,544	76,490
Other	129,969	67,324
Program expenses	3,878,315	2,470,784
Unallocated depreciation (Note 5)	45,701	43,311
Total Expenses	<u>24,692,020</u>	<u>23,388,263</u>
Change in Net Position	(574,449)	11,415,767
Net Position - July 1, Restated	<u>461,592</u>	<u>(10,954,175)</u>
Net Position - June 30	<u>\$ (112,857)</u>	<u>\$ 461,592</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>2022</u>	<u>2021 (Restated)</u>	<u>Increase/ (Decrease)</u>
Major Funds:			
General Fund:			
Nonspendable	\$ 141,725	\$ 36,234	\$ 105,491
Committed	96,788	791,216	(694,428)
Unassigned	1,420,752	1,355,143	65,609
Total General Fund	<u>\$ 1,659,265</u>	<u>\$ 2,182,593</u>	<u>\$ (523,328)</u>
Jail Fund:			
Restricted	\$ -	\$ 480,000	\$ (480,000)
Committed	76,670	290,000	(213,330)
Unassigned	529,345	134,024	395,321
Total Jail Fund	<u>\$ 606,015</u>	<u>\$ 904,024</u>	<u>\$ (298,009)</u>
Deeds-Registry of Deeds Fund:			
Committed	\$ 315,937	\$ 230,887	\$ 85,050
Total Deeds-Registry of Deeds Fund	<u>\$ 315,937</u>	<u>\$ 230,887</u>	<u>\$ 85,050</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 1,033,989	\$ 625,984	\$ 408,005
Assigned	15,261	15,261	-
Unassigned	(67,810)	(30,089)	(37,721)
Capital Projects Funds:			
Committed	1,013,363	1,231,743	(218,380)
Total Nonmajor Funds	<u>\$ 1,994,803</u>	<u>\$ 1,842,899</u>	<u>\$ 151,904</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.

## Budgetary Highlights

The general fund actual revenues exceeded budgeted amounts by \$231,268. This was the result of all revenue categories being received over budgeted amounts with the exception of sheriff - special detail revenue, DA supervisory, school resource officer, investment income - gain (loss) and other revenue.

The general fund actual expenditures exceeded budgeted amounts by \$32,168. All expenditures categories were within or under budgeted amounts with the exception of sheriff, facilities management and other.

The jail fund actual revenues were over budgeted amounts by \$711,758. All revenue categories were within or over budgeted amounts, except for transfers from other funds.

The jail fund actual expenditures were under budgeted amounts by \$522,009. All expenditures categories were within or under budgeted amounts with the exception of fringe benefits, professional fees and services, operation of county vehicles, utilities, rentals, fixed charges/insurances and supplies.

## Capital Assets and Debt Administration

### Capital Assets

As of June 30, 2022, the net book value of capital assets recorded by the County decreased by \$44,531 from the prior year. This decrease is the result of capital additions of \$557,294 less current year net disposals of \$41,931 and depreciation expense of \$559,894.

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

	<u>2022</u>	<u>2021</u> <u>(Restated)</u>
Land	\$ 370,350	\$ 370,350
Artwork and historical treasures	30,000	40,000
Buildings and building improvements	3,888,370	3,976,654
Equipment	490,692	526,318
Vehicles	738,379	674,514
Infrastructure	27,289	1,775
Total	<u>\$ 5,545,080</u>	<u>\$ 5,589,611</u>

### **Long-Term Obligations**

The County does not have any outstanding long-term debt as of June 30, 2022. 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**

#### **Economic Factors and Next Year's Budgets and Rates**

The 2022 - 2023 budget could be severely impacted by the reduction of funding from the State. There is no indication of reduced funding from the State for 2022 - 2023 as of the date this report was issued.

The County's unassigned fund balance is at a level to sustain government operations for a period of approximately one month. 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, 2022

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 25,965,671
Investments	1,801,753
Accounts receivable (net of allowance for uncollectibles):	
Other	688,031
Due from other governments	-
Prepaid items	141,725
Total current assets	<u>28,597,180</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	400,350
Depreciable assets, net of accumulated depreciation	5,144,730
Total noncurrent assets	<u>5,545,080</u>
TOTAL ASSETS	<u>34,142,260</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,799,980
Deferred outflows related to OPEB	1,111,862
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,911,842</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 37,054,102</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 936,557
Accrued liabilities	580,664
Due to other governments	217,602
Current portion of long-term obligations	46,288
Total current liabilities	<u>1,781,111</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Accrued compensated absences	879,464
Net pension liability (asset)	(241,425)
Net OPEB liability	7,704,203
Total noncurrent liabilities	<u>8,342,242</u>
TOTAL LIABILITIES	<u>10,123,353</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred revenue	22,286,337
Deferred inflows related to pensions	3,307,123
Deferred inflows related to OPEB	1,450,146
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>27,043,606</u>
NET POSITION	
Net investment in capital assets	5,545,080
Restricted	1,033,989
Unrestricted (deficit)	<u>(6,691,926)</u>
TOTAL NET POSITION	<u>(112,857)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 37,054,102</u>

See accompanying independent auditor's report and notes to financial statements.

## COUNTY OF KENNEBEC, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total
					Governmental Activities
Governmental activities:					
Superior court	\$ 535	\$ -	\$ -	\$ -	\$ (535)
County commissioners/executive	303,586	-	-	-	(303,586)
County treasurer	10,659	-	-	-	(10,659)
Finance	153,830	-	-	-	(153,830)
Property improvements	45,989	-	-	-	(45,989)
Registry of Deeds	3,730,242	4,951,312	-	-	1,221,070
Registry of Probate	413,135	258,678	-	-	(154,457)
Emergency management agency	160,619	73,315	-	-	(87,304)
Sheriff	3,017,661	-	-	-	(3,017,661)
Jail	9,724,398	66,751	1,756,463	-	(7,901,184)
District attorney	753,288	50,636	-	-	(702,652)
Program grants	11,800	-	-	-	(11,800)
Facilities management	321,240	-	-	-	(321,240)
Information technology	189,010	-	-	-	(189,010)
Employee benefits	1,467,917	-	-	-	(1,467,917)
Insurance	63,544	-	-	-	(63,544)
Other	129,969	53,095	1,488,813	-	1,411,939
Program expenses	3,878,315	474,609	1,960,563	-	(1,443,143)
Capital outlay	270,582	-	-	-	(270,582)
Unallocated depreciation (Note 5)*	45,701	-	-	-	(45,701)
Total government	\$ 24,692,020	\$ 5,928,396	\$ 5,205,839	\$ -	(13,557,785)

\* 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, 2022

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(13,557,785)</u>
General revenues:	
Property taxes, levied for general purposes	12,511,511
Investment income-gain/(loss)	(181,921)
Other	<u>653,746</u>
Total general revenues	<u>12,983,336</u>
Change in net position	(574,449)
NET POSITION - JULY 1, RESTATED	<u>461,592</u>
NET POSITION - JUNE 30	<u>\$ (112,857)</u>

See accompanying independent auditor's report and notes to financial statements.

## STATEMENT C

## COUNTY OF KENNEBEC, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2022

	General Fund	Jail Fund	Deeds - Registry of Deeds Fund	ARPA Grant Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 25,295,734	\$ -	\$ 432,055	\$ -	\$ 237,882	\$ 25,965,671
Investments	1,801,753	-	-	-	-	1,801,753
Accounts receivable (net of allowance for uncollectibles):						
Other	688,031	-	-	-	-	688,031
Prepaid items	141,725	-	-	-	-	141,725
Due from other funds	75,443	819,345	-	22,286,337	1,972,111	25,153,236
<b>TOTAL ASSETS</b>	<b>\$ 28,002,686</b>	<b>\$ 819,345</b>	<b>\$ 432,055</b>	<b>\$ 22,286,337</b>	<b>\$ 2,209,993</b>	<b>\$ 53,750,416</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 680,692	\$ -	\$ 116,118	\$ -	\$ 139,747	\$ 936,557
Accrued liabilities	367,334	213,330	-	-	-	580,664
Accrued compensated absences	-	-	-	-	-	-
Due to other governments	217,602	-	-	-	-	217,602
Due to other funds	25,077,793	-	-	-	75,443	25,153,236
<b>TOTAL LIABILITIES</b>	<b>26,343,421</b>	<b>213,330</b>	<b>116,118</b>	<b>-</b>	<b>215,190</b>	<b>26,888,059</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred revenues	-	-	-	22,286,337	-	22,286,337
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,286,337</b>	<b>-</b>	<b>22,286,337</b>
<b>FUND BALANCES</b>						
Nonspendable	141,725	-	-	-	-	141,725
Restricted	-	-	-	-	1,033,989	1,033,989
Committed	96,788	76,670	315,937	-	1,013,363	1,502,758
Assigned	-	-	-	-	15,261	15,261
Unassigned	1,420,752	529,345	-	-	(67,810)	1,882,287
<b>TOTAL FUND BALANCES</b>	<b>1,659,265</b>	<b>606,015</b>	<b>315,937</b>	<b>-</b>	<b>1,994,803</b>	<b>4,576,020</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 28,002,686</b>	<b>\$ 819,345</b>	<b>\$ 432,055</b>	<b>\$ 22,286,337</b>	<b>\$ 2,209,993</b>	<b>\$ 53,750,416</b>

See accompanying independent auditor's 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, 2022

	Total Governmental Funds
	Funds
Total Fund Balances (Statement C)	\$ 4,576,020
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	5,545,080
Deferred outflows of resources related to pension are not financial resources and therefore are not reported in the funds	1,799,980
Deferred outflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	1,111,862
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	(925,752)
Net pension liability/(asset)	241,425
Net OPEB liability	(7,704,203)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(3,307,123)
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	(1,450,146)
	(1,450,146)
Net position of governmental activities (Statement A)	\$ (112,857)

See accompanying independent auditor's 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, 2022

	General Fund	Jail Fund	Deeds - Registry of Deeds Fund	ARPA Grant Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$5,204,824	\$7,306,687	\$ -	\$ -	\$ -	\$12,511,511
Charges for services	1,845,362	-	3,608,425	-	474,609	5,928,396
Intergovernmental revenues	-	1,756,463	-	1,488,813	1,960,563	5,205,839
Miscellaneous revenues	(119,470)	591,295	-	-	-	471,825
<b>TOTAL REVENUES</b>	<b>6,930,716</b>	<b>9,654,445</b>	<b>3,608,425</b>	<b>1,488,813</b>	<b>2,435,172</b>	<b>24,117,571</b>
<b>EXPENDITURES</b>						
Current:						
Superior court	535	-	-	-	-	535
County Commissioners/executive	338,770	-	-	-	-	338,770
County treasurer	10,659	-	-	-	-	10,659
Finance	153,830	-	-	-	-	153,830
Property improvements	45,989	-	-	-	-	45,989
Registry of deeds	215,869	-	3,523,375	-	-	3,739,244
Registry of probate	412,278	-	-	-	-	412,278
Emergency management agency	160,619	-	-	-	-	160,619
Sheriff	2,819,763	-	-	-	-	2,819,763
Jail	-	9,422,454	-	-	-	9,422,454
District attorney	744,451	-	-	-	-	744,451
Program grants	11,800	-	-	-	-	11,800
Facilities management	321,240	-	-	-	-	321,240
Information technology	189,010	-	-	-	-	189,010
Employee benefits	1,525,136	-	-	-	-	1,525,136
Insurance	63,544	-	-	-	-	63,544
Other	129,969	-	-	-	-	129,969
Program expenses	-	-	-	1,488,813	2,389,502	3,878,315
Capital outlay	270,582	-	-	-	463,766	734,348
<b>TOTAL EXPENDITURES</b>	<b>7,414,044</b>	<b>9,422,454</b>	<b>3,523,375</b>	<b>1,488,813</b>	<b>2,853,268</b>	<b>24,701,954</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(483,328)</b>	<b>231,991</b>	<b>85,050</b>	<b>-</b>	<b>(418,096)</b>	<b>(584,383)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	570,000	570,000
Transfers (out)	(40,000)	(530,000)	-	-	-	(570,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(40,000)</b>	<b>(530,000)</b>	<b>-</b>	<b>-</b>	<b>570,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(523,328)</b>	<b>(298,009)</b>	<b>85,050</b>	<b>-</b>	<b>151,904</b>	<b>(584,383)</b>
<b>FUND BALANCES - JULY 1, RESTATED</b>	<b>2,182,593</b>	<b>904,024</b>	<b>230,887</b>	<b>-</b>	<b>1,842,899</b>	<b>5,160,403</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$1,659,265</b>	<b>\$ 606,015</b>	<b>\$ 315,937</b>	<b>\$ -</b>	<b>\$ 1,994,803</b>	<b>\$ 4,576,020</b>

See accompanying independent auditor's 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, 2022

Net change in fund balances - total governmental funds (Statement E)     \$   (584,383)

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	557,294
Capital asset disposals	(41,931)
Depreciation expense	<u>(559,894)</u>
	<u>(44,531)</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	899,288
OPEB	<u>(100,294)</u>
	<u>798,994</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	(3,277,974)
OPEB	<u>56,031</u>
	<u>(3,221,943)</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	(5,178)
Net pension liability	2,892,508
Net OPEB liability/(asset)	<u>(409,916)</u>
	<u>2,477,414</u>

Change in net position of governmental activities (Statement B)     \$   (574,449)

See accompanying independent auditor's report and notes to financial statements.

## COUNTY OF KENNEBEC, MAINE

STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2022

	<u>Custodial Funds</u>		
	<u>Jail Inmate</u>	<u>Jail Telephone</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 732	\$ -	\$ 732
Due from other governments	172,051	46,855	218,906
<b>TOTAL ASSETS</b>	<u>\$ 172,783</u>	<u>\$ 46,855</u>	<u>\$ 219,638</u>
<b>LIABILITIES</b>			
Deposits held for others	\$ 172,783	\$ 46,855	\$ 219,638
<b>TOTAL LIABILITIES</b>	<u>\$ 172,783</u>	<u>\$ 46,855</u>	<u>\$ 219,638</u>

See accompanying independent auditor's report and notes to financial statements.

## COUNTY OF KENNEBEC, MAINE

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Custodial Funds</u>		
	<u>Jail Inmate</u>	<u>Jail Telephone</u>	<u>Total</u>
ADDITIONS			
Other	<u>\$ 285,772</u>	<u>\$ 78,730</u>	<u>\$ 364,502</u>
Total Additions	<u>285,772</u>	<u>78,730</u>	<u>364,502</u>
DEDUCTIONS			
Other	<u>260,345</u>	<u>36,760</u>	<u>297,105</u>
Total Deductions	<u>260,345</u>	<u>36,760</u>	<u>297,105</u>
CHANGE IN NET POSITION	25,427	41,970	67,397
NET POSITION - JULY 1	<u>147,356</u>	<u>4,885</u>	<u>152,241</u>
NET POSITION - JUNE 30	<u>\$ 172,783</u>	<u>\$ 46,855</u>	<u>\$ 219,638</u>

See accompanying independent auditor's report and notes to financial statements.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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.

**Implementation of New Accounting Standards**

During the year ended June 30, 2022, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 87 "Leases". The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". This Statement establishes accounting requirements for interest

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 91 “Conduit Debt Obligations”. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 92 “Omnibus 2020”. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 93 “Replacement of Interbank Offered Rates (paragraphs 13-14)”. The primary objectives of paragraphs 13-14 concern provisions of lease contracts that are amended while the contract is in effect. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 97 “*Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*”. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management has determined the impact of this Statement is not material to the financial statements.

**Government-Wide and Fund Financial Statements**

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

Both the government-wide and fund financial statements categorize primary activities as 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.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Measurement Focus - Basic Financial Statements and Fund Financial Statements**

The financial transactions of the County are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund 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 was received in June 2022.) The County Commissioners will allocate the funding to various external and internal projects throughout the County.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.
- 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 custodial capacity for others and therefore are not available to support County programs. The reporting focus is on net position and changes in net position and 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.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Accrual

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

2. Modified Accrual

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

**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.

COUNTY OF KENNEBEC, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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
- 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, 2022. Accounts receivable netted with allowances for uncollectible accounts were \$930,221 for the year ended June 30, 2022.

**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".

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Transactions Between Funds**

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

**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.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Pensions**

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

**OPEB**

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

**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 OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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,

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 June 3, 2021 on the assessed value listed as of April 1, 2021, for all real and personal property located in the County. Taxes were due in one installment on September 1, 2021. Interest on unpaid taxes commenced on October 30, 2021 at 6% 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.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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.

**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, 2022, the County's cash and cash equivalents balances amounting to \$25,645,402 were comprised of bank deposits of \$25,830,393. 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	\$ 72,116
Savings accounts	46,018
Sweep accounts	25,513,720
Cash and cash equivalents	198,539
	<u>\$ 25,830,393</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.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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 \$1,801,753, \$301,461 was covered by the Securities Investor Protection Corporation (SIPC). The remaining investments of \$1,500,292 were uncollateralized and uninsured.

At June 30, 2022, 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	\$ 666,664	\$ -	\$ 143,957	\$ 294,524	\$ 228,183
Corporate bonds	1,135,089	-	314,464	638,010	182,615
	<u>\$ 1,801,753</u>	<u>\$ -</u>	<u>\$ 458,421</u>	<u>\$ 932,534</u>	<u>\$ 410,798</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, 2022:

	June 30, 2022 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	\$ 666,664	\$ -	\$ 666,664	\$ -
Corporate bonds	1,135,089	-	1,135,089	-
Total debt securities	<u>1,801,753</u>	<u>-</u>	<u>1,801,753</u>	<u>-</u>
Total investments by fair value level	<u>1,801,753</u>	<u>\$ -</u>	<u>\$ 1,801,753</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	198,539			
Total cash equivalents measured at the NAV	<u>198,539</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 2,000,292</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 OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2022 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

Credit risk - Statutes for the State of Maine authorize the County to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The County does not have an investment policy on credit risk. The County's investments in corporate bonds and U.S. Treasury Securities were rated A1 (\$218,680), A2 (\$424,605), A3 (\$142,519), Aa1 (\$39,646), Aa2 (\$89,775), Aa3 (\$80,206), Aaa (\$503,784), Baa1 (\$53,384), Baa2 (\$36,881) and N/A or unknown (\$212,274) by Moody's Investors Service.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2022 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 75,443	\$ 25,077,793
Jail Fund	819,345	-
ARPA Grant Fund	22,286,337	-
Nonmajor Special Revenue Funds	958,748	75,443
Nonmajor Capital Projects Funds	1,013,363	-
	<u>\$ 25,153,236</u>	<u>\$ 25,153,236</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.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2022 consisted of the following:

	Transfers From	Transfers To
General Fund	\$ 40,000	\$ -
Jail Fund	530,000	-
Nonmajor Special Revenue Funds	-	480,000
Nonmajor Capital Projects Funds	-	90,000
	<u>\$ 570,000</u>	<u>\$ 570,000</u>

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

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2022:

	Balance, 7/1/21 (Restated)	Additions	Disposals	Balance, 6/30/22
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 370,350	\$ -	\$ -	\$ 370,350
Art work and historical treasures	40,000	-	(10,000)	30,000
Totals	<u>410,350</u>	<u>-</u>	<u>(10,000)</u>	<u>400,350</u>
Depreciated assets:				
Buildings	18,756,569	-	-	18,756,569
Building improvements	2,149,593	219,602	-	2,369,195
Furniture and fixtures	85,028	-	-	85,028
Machinery and equipment	2,127,549	86,939	-	2,214,488
Vehicles	1,116,949	225,199	(106,773)	1,235,375
Infrastructure	2,017	25,554	-	27,571
	<u>24,237,705</u>	<u>557,294</u>	<u>(106,773)</u>	<u>24,688,226</u>
Less accumulated depreciation	<u>(19,058,444)</u>	<u>(559,894)</u>	<u>74,842</u>	<u>(19,543,496)</u>
	<u>5,179,261</u>	<u>(2,600)</u>	<u>(31,931)</u>	<u>5,144,730</u>
Net capital assets	<u>\$ 5,589,611</u>	<u>\$ (2,600)</u>	<u>\$ (41,931)</u>	<u>\$ 5,545,080</u>

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Current period depreciation:	
County-wide	\$ 45,701
District Attorney	8,837
Jail	299,190
Sheriff	205,309
Probate	857
Total depreciation expense	<u>\$ 559,894</u>

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, 2022:

	Balance, 7/1/21	Additions	Deletions	Balance, 6/30/22	Current Portion
Accrued compensated absences	\$ 920,574	\$ 17,089	\$ (11,911)	\$ 925,752	\$ 46,288
Net pension liability (asset)	2,651,083	995,560	(3,888,068)	(241,425)	-
Net OPEB liability	7,294,287	727,740	(317,824)	7,704,203	-
Total	<u>\$ 10,865,944</u>	<u>\$ 1,740,389</u>	<u>\$ (4,217,803)</u>	<u>\$ 8,388,530</u>	<u>\$ 46,288</u>

Refer to Notes 7, 16 and 20 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. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources. As of June 30, 2022, the County's liability for compensated absences is \$925,752.

NOTE 8 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the County at June 30, 2022.

Invested in capital assets	\$ 25,088,576
Accumulated depreciation	<u>(19,543,496)</u>
	<u>\$ 5,545,080</u>

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 9 - NONSPENDABLE FUND BALANCE

At June 30, 2022, the County has the following nonspendable fund balance:

General fund:	
Prepaid items	<u>\$ 141,725</u>

NOTE 10 - RESTRICTED NET POSITION AND FUND BALANCES

At June 30, 2022, the County had the following restricted net position and fund balances:

Jail fund:	
CARA fund	719,910
Nonmajor special revenue funds:	
Byrne grant	28,528
Alternative sentencing program	15,143
Drug forfeiture	10,964
Federal forfeitures	11,579
Probate surcharge	8,172
Probate	803
Deeds surcharge	70,011
Computer	2,544
Restitution	17,588
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>\$ 1,033,989</u>

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 11 - COMMITTED FUND BALANCES

At June 30, 2022, the County has the following committed fund balances:

General fund:	
Unfunded payroll	\$ 49,418
Dedicated for deferred comp	31,216
Sheriff deputy buyout	4,000
Retiree/separate sick/vacation FY23	12,154
Jail fund:	
Medical escrow	10,000
Unfunded payroll	26,670
Retiree/separate sick/vacation FY23	10,000
Jail staff buyout	30,000
Registry of deeds fund	315,937
Nonmajor capital projects funds (Schedule E)	1,013,363
	<u>\$ 1,502,758</u>

NOTE 12 - ASSIGNED FUND BALANCES

At June 30, 2022, the County has the following assigned fund balances:

Nonmajor special revenue funds (Schedule C)	<u>\$ 15,261</u>
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NOTE 13 - OVERSPENT APPROPRIATIONS

At June 30, 2022, the County has the following overspent appropriations:

General fund:	
Sheriff	52,988
Facilities management	70,600
Other	61,596
Transfers to other funds	(6,000)
Jail fund:	
Fringe benefits	11,881
Professional fees/services	73,716
Operation County vehicles	2,366
Utilities	19,502
Rentals	2,557
Supplies	6,440
Fixed charges/insurances	40
	<u>\$ 295,686</u>

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 14 - DEFICIT FUND BALANCES

At June 30, 2022, the County has the following deficit fund balances:

Nonmajor special revenue funds:	
Sheriff's special revenue	\$ 56,852
Sheriff's grant	983
Victim Advocate	7,368
LEPC reserve	2,607
	<hr/>
	\$ 67,810
	<hr/>

NOTE 15 - 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, 2022. 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.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 16 - 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 Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

**Benefits Provided**

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60, 62 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions. As of June 30, 2021, there were 305 employees 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 0.93%.

**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

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2022 was \$610,094.

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

At June 30, 2022, the County reported an asset of \$241,425 for its proportionate share of the net pension liabilities/(assets) for the plan. The net pension liabilities/(assets) were measured as of June 30, 2021 and the total pension liabilities/(assets) used to calculate the net pension liabilities/(assets) was determined by an actuarial valuation as of that date. The County's proportion of the net pension liabilities/(assets) 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, 2021, the County's proportion was 0.751257% which was an increase of 0.084004% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the County recognized total pension revenue of \$513,822. At June 30, 2022, 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	\$ 156,173	\$ 16,409
Changes of assumptions	810,686	-
Net difference between projected and actual earnings on pension plan investments	-	3,290,714
Changes in proportion and differences between contributions and proportionate share of contributions	223,027	-
Contributions subsequent to the measurement date	610,094	-
<b>Total</b>	<b>\$ 1,799,980</b>	<b>\$ 3,307,123</b>

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$610,094 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/(asset) in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan
Plan year ended June 30:	
2022	\$ (241,492)
2023	(212,238)
2024	(749,084)
2025	(914,423)
2026	-
Thereafter	-

**Actuarial Methods and Assumptions**

The collective total pension liability/(asset) for the Plan was determined by an actuarial valuation as of June 30, 2021, 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 and his or her expected future salary. The normal cost for each member is the product of the member's pay and 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., decreases or increases in liabilities and/or in assets when actual experiences differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Asset Valuation Method*

The actuarial valuation employs a technique for determining the actuarial value of assets which reduces the impact of short-term volatility in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

*Amortization*

The net pension liability/(asset) 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, 2021 are as follows:

*Investment Rate of Return* - 6.50% per annum for the year ended June 30, 2021; compounded annually.

*Salary Increases, Merit and Inflation* - Members of the consolidated plan for PLDs, 2.75% to 11.48% per year.

*Mortality Rates* - For the plan, the rates are based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC\_2020 model.

*Cost of Living Benefit Increases* - 1.91%

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2021 are summarized in the following table.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 16 - 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/(assets) was 6.50% for 2021 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/(asset) as of June 30, 2021 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 6.50% for each of the Plans.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.50%	6.50%	7.50%
County's proportionate share of the net pension liability/(asset)	\$ 3,435,620	\$ (241,425)	\$ (3,282,826)

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Changes in Net Pension Liability/(Asset)**

Each employer's share of the collective net pension liability/(asset) is equal to the collective net pension liability/(asset) multiplied by the employer's proportionate share as of June 30, 2021 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability/(asset) are recognized in pension 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 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 2021 and 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 are 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 are 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, 2021 valuation were based on the results of an actuarial experience study for the period of June 30, 2016 through June 30, 2020. 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. Please refer to the *Actuarial Methods and Assumptions* section for information relating to the use of assumptions.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 16 - 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 are 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' 2021 Annual Comprehensive Financial Report available online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

NOTE 17 - 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 to contribute a minimum of 6.5% of their annual salary. The County is required to match

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2022, 2021 and 2020 were \$208,265, \$199,413 and \$192,888, 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 18 - 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 19 - JAIL OPERATIONS

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

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 19 - JAIL OPERATIONS (CONTINUED)

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

NOTE 20 - 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, 2022

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

**Employees Covered by Benefit Terms**

At January 1, 2022, the following employees were covered by the benefit terms:

Active members	119
Retirees and spouses	<u>7</u>
Total	<u><u>126</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	\$ 940.55	\$ 2,109.76
POS C	827.68	1,856.59
PPO 500	762.61	1,710.61
<u>Medicare</u>		
Medicare - Eligible Retirees	600.50	1,201.00

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

At June 30, 2022, the County reported a liability of \$7,704,203 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2022 and was determined by an actuarial valuation as of that date. The County's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2022, the County recognized OPEB expense of \$454,179. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,276,564
Changes of assumptions	1,007,395	173,582
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	104,467	-
Total	<u>\$ 1,111,862</u>	<u>\$ 1,450,146</u>

\$104,467 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	<u>MMEHT</u>
Plan year ended December 31:	
2023	\$ (86,269)
2024	(86,269)
2025	(86,269)
2026	(86,273)
2027	(70,640)
Thereafter	(27,031)

**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, 2022. 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 2.06% per annum for June 30, 2022 was based upon a measurement date of December 31, 2021. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	1.06%	2.06%	3.06%
Total OPEB liability	\$ 9,400,806	\$ 7,704,203	\$ 6,369,825
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 9,400,806</u>	<u>\$ 7,704,203</u>	<u>\$ 6,369,825</u>

Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
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**Healthcare Trend**

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

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 6,090,665	\$ 7,704,203	\$ 9,930,673
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 6,090,665</u>	<u>\$ 7,704,203</u>	<u>\$ 9,930,673</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

**Actuarial Methods and Assumptions**

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2022, 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, 2021. 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.

*Assumptions*

The actuarial assumptions used in the January 1, 2022 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. As of January 1, 2021, they are as follows:

Discount Rate - 2.06% per annum for year end 2022 reporting. 2.12% per annum for year end 2021 reporting.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 20 - 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 2022\_fa was used for this valuation. The following assumptions were input into this model:

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	2.40%
Rate of Growth in Real Income/GDP per capital 2031+	1.10%
Extra Trend due to Taste/Technology 2031+	1.00%
Expected Health Share of GDP 2031	19.00%
Health Share of GDP Resistance Point	20.00%
Year for Limiting Cost Growth to GDP Growth	2042

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 trends selected from 2020 to 2025 were based on plan design, population weighting, renewal projections and market analysis. For years 2026 to 2030, these are interpolated from 2025 to 2031 (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.

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, 2021.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims. A constant cost sharing in plan design between employer and employees is assumed.

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:

Healthy Annuitant- Based on 112% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. The proposed rates are projected generationally using the RPEC\_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95, and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC\_2020 model are those included in the published MP-2020 scale. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

Active Employees - Rates of mortality are based on 83.5% and 88.6% of the 2010 Public Plan General Benefits- Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC\_2020 model as described in the healthy annuitant mortality.

COUNTY OF KENNEBEC, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

Retiree Continuation Percentage:

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

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

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

**Changes in Net OPEB Liability**

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2022 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, 2022 was \$1,276,564.

*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 January 1, 2022 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. 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, 2022

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

*Differences between Projected and Actual Earnings on OPEB Plan Investments*

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

**OPEB Plan Fiduciary Net Position**

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

NOTE 21 - RESTATEMENT

In 2021, the County determined that certain transactions had been recorded incorrectly or omitted. Therefore, a restatement to the governmental activities net position and the fund financials beginning fund balance was required. The capital asset balance was restated by an increase of \$35,844 to include capital assets that were not recorded in 2021 and the accumulated depreciation was increased by \$5,114. Current liabilities were increased by \$31,614 to account for the change in accrued compensated absence from the prior year.

The ARPA Grant Fund balance of \$11,879,283 was reclassified as deferred revenue. Restricted fund balance was decreased and deferred revenue was increased. The net restatement to the governmental activities beginning net position was a decrease of \$12,193,970 from \$12,555,089 to \$461,592.

NOTE 22 - SUBSEQUENT EVENT

On May 5, 2022, L.D. 1654, "An Act to Stabilize State Funding for County Corrections" was approved. 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. 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.

## 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, 2022

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,182,593	\$ 2,182,593	\$ 2,182,593	\$ -
Resources (Inflows):				
Taxes - municipalities	5,204,823	5,204,823	5,204,824	1
Charges for services:				
Emergency management	72,987	72,987	73,315	328
Register of Deeds	1,000,000	1,000,000	1,342,887	342,887
Register of Probate	175,000	175,000	258,678	83,678
Sheriff:				
Special detail revenue	66,950	66,950	60,728	(6,222)
Miscellaneous	5,000	5,000	6,023	1,023
District attorney	10,000	10,000	10,000	-
DA supervisory	65,000	65,000	40,636	(24,364)
School resource officer	54,688	54,688	53,095	(1,593)
	<u>1,449,625</u>	<u>1,449,625</u>	<u>1,845,362</u>	<u>395,737</u>
Miscellaneous:				
Interest income	35,000	35,000	57,669	22,669
Investment income-gain(loss)	-	-	(181,921)	(181,921)
Other revenues	10,000	10,000	4,782	(5,218)
	<u>45,000</u>	<u>45,000</u>	<u>(119,470)</u>	<u>(164,470)</u>
Amounts Available for Appropriation	<u>8,882,041</u>	<u>8,882,041</u>	<u>9,113,309</u>	<u>231,268</u>
Charges to Appropriations (Outflows):				
Superior court	2,000	2,000	535	1,465
County Commissioners/Executive	298,914	346,760	338,770	7,990
County treasurer	11,086	11,086	10,659	427
Finance	150,913	153,913	153,830	83
Property improvements	50,000	50,000	45,989	4,011
Registry of Deeds	243,061	243,931	215,869	28,062
Registry of Probate	386,495	414,495	412,278	2,217
Emergency management	154,480	160,680	160,619	61
Sheriff	2,690,775	2,766,775	2,819,763	(52,988)
District attorney	760,724	760,724	744,451	16,273
Program grants	11,800	11,800	11,800	-
Facilities management	250,640	250,640	321,240	(70,600)
Information technology	192,209	195,209	189,010	6,199
Employee benefits	1,561,343	1,571,343	1,525,136	46,207
Insurance	97,565	97,565	63,544	34,021
27th pay period	-	270,582	270,582	-
Other	97,443	68,373	129,969	(61,596)
Transfers to other funds	40,000	46,000	40,000	6,000
Total Charges to Appropriations	<u>6,999,448</u>	<u>7,421,876</u>	<u>7,454,044</u>	<u>(32,168)</u>
Budgetary Fund Balance, June 30	<u>\$ 1,882,593</u>	<u>\$ 1,460,165</u>	<u>\$ 1,659,265</u>	<u>\$ 199,100</u>
Utilization of Unassigned Fund Balance	\$ -	\$ 28,000	\$ -	\$ (28,000)
Utilization of Assigned Fund Balance	<u>\$ 300,000</u>	<u>\$ 694,428</u>	<u>\$ -</u>	<u>\$ (694,428)</u>
	<u>\$ 300,000</u>	<u>\$ 722,428</u>	<u>\$ -</u>	<u>\$ (722,428)</u>

See accompanying independent auditor's 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, 2022

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 904,024	\$ 904,024	\$ 904,024	\$ -
Resources (Inflows):				
Taxes	8,145,133	7,306,687	7,306,687	-
Intergovernmental	1,620,000	1,620,000	1,756,463	136,463
Miscellaneous revenues	10,000	10,000	591,295	581,295
Transfers from other funds	-	6,000	-	(6,000)
Amounts Available for Appropriation	<u>10,679,157</u>	<u>9,846,711</u>	<u>10,558,469</u>	<u>711,758</u>
Charges to Appropriations (Outflows):				
Salary and wages	4,325,255	4,331,255	3,774,348	556,907
Fringe benefits	1,666,207	1,666,207	1,678,088	(11,881)
Professional fees/services	2,829,416	2,829,416	2,903,132	(73,716)
Travel	18,000	18,000	8,415	9,585
Operation County vehicles	37,000	37,000	39,366	(2,366)
Utilities	257,850	257,850	277,352	(19,502)
Rentals	100,500	100,500	103,057	(2,557)
Repairs/maintenance	105,000	105,000	75,286	29,714
Fixed charges/insurances	141,255	141,255	141,295	(40)
General operations	3,350	3,350	1,740	1,610
Other	41,300	41,300	23,505	17,795
Supplies	94,000	94,000	100,440	(6,440)
Clothing and materials	56,000	56,000	44,110	11,890
Capital outlay	50,000	50,000	38,990	11,010
27th Payroll	-	213,330	213,330	-
Transfers to other funds	50,000	530,000	530,000	-
Total Charges to Appropriations	<u>9,775,133</u>	<u>10,474,463</u>	<u>9,952,454</u>	<u>522,009</u>
Budgetary Fund Balance, June 30	<u>\$ 904,024</u>	<u>\$ (627,752)</u>	<u>\$ 606,015</u>	<u>\$ 1,233,767</u>
Utilization of Restricted Fund Balance	<u>\$ -</u>	<u>\$ 693,330</u>	<u>\$ -</u>	<u>\$ (693,330)</u>

See accompanying independent auditor's report and notes to financial statements.

COUNTY OF KENNEBEC, MAINE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)  
LAST 10 FISCAL YEARS\*

	2022	2021	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>								
Proportion of the net pension liability (asset)	0.75%	0.67%	0.65%	0.64%	0.56%	0.54%	0.48%	0.40%
Proportionate share of the net pension liability (asset)	\$ (241,425)	\$ 2,651,083	\$ 1,977,221	\$ 1,757,687	\$ 2,281,187	\$ 2,858,150	\$ 1,538,466	\$ 621,634
Covered payroll	\$ 5,056,629	\$ 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	-4.77%	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	100.86%	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 auditor's report and notes to financial statements.

COUNTY OF KENNEBEC, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSIONS  
LAST 10 FISCAL YEARS\*

	2022	2021	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>								
Contractually required contribution	\$ 610,094	\$ 517,279	\$ 431,011	\$ 408,879	\$ 350,942	\$ 285,565	\$ 253,014	\$ 197,430
Contributions in relation to the contractually required contribution	<u>(610,094)</u>	<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>	<u>\$ -</u>
Covered payroll	\$ 5,941,572	\$ 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	10.27%	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 auditor's report and notes to financial statements.

## COUNTY OF KENNEBEC, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2022

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/21 (Reporting December 31, 2021)	\$7,294,287	\$ -	\$ 7,294,287
Changes for the year:			
Service cost	491,020	-	491,020
Interest	163,681	-	163,681
Changes of benefits	-	-	-
Differences between expected and actual experience	(188,112)	-	(188,112)
Changes of assumptions	73,039	-	73,039
Contributions - employer	-	129,712	(129,712)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(129,712)	(129,712)	-
Administrative expense	-	-	-
Net changes	<u>409,916</u>	<u>-</u>	<u>409,916</u>
Balances at 1/1/22 (Reporting December 31, 2022)	<u>\$ 7,704,203</u>	<u>\$ -</u>	<u>\$ 7,704,203</u>

See accompanying independent auditor's report and notes to financial statements.

COUNTY OF KENNEBEC, MAINE

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Total OPEB liability</u>					
Service cost (BOY)	\$ 491,020	\$ 421,768	\$ 211,533	\$ 234,156	\$ 245,380
Interest (includes interest on service cost)	163,681	184,031	164,229	140,773	149,750
Changes of benefit terms	-	-	2,937,757	-	-
Differences between expected and actual experience	(188,112)	-	(1,513,130)	-	(217,801)
Changes of assumptions	73,039	456,589	827,397	(312,446)	77,118
Benefit payments, including refunds of member contributions	(129,712)	(124,723)	(129,122)	(124,156)	(101,231)
Net change in total OPEB liability	<u>\$ 409,916</u>	<u>\$ 937,665</u>	<u>\$ 2,498,664</u>	<u>\$ (61,673)</u>	<u>\$ 153,216</u>
Total OPEB liability - beginning	\$ 7,294,287	\$ 6,356,622	\$ 3,857,958	\$ 3,919,631	\$ 3,766,415
Total OPEB liability - ending	<u>\$ 7,704,203</u>	<u>\$ 7,294,287</u>	<u>\$ 6,356,622</u>	<u>\$ 3,857,958</u>	<u>\$ 3,919,631</u>
<u>Plan fiduciary net position</u>					
Contributions - employer	129,712	124,723	129,122	124,156	101,231
Contributions - member	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments, including refunds of member contributions	(129,712)	(124,723)	(129,122)	(124,156)	(101,231)
Administrative expense	-	-	-	-	-
Net change in fiduciary net position	<u>-</u>	<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>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 7,704,203</u>	<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%	0.0%
Covered payroll	\$ 5,805,061	\$ 4,836,510	\$ 4,836,510	\$ 4,269,281	\$ 4,269,281
Net OPEB liability as a percentage of covered payroll	132.7%	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 auditor's report and notes to financial statements.

COUNTY OF KENNEBEC, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB  
LAST 10 FISCAL YEARS\*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>MMEHT:</u>					
Employer contributions	\$ 129,712	\$ 124,723	\$ 129,122	\$ 124,156	\$ 110,231
Benefit payments	<u>(129,712)</u>	<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>	<u>\$ -</u>
Covered payroll	\$ 5,805,061	\$ 4,836,510	\$ 4,836,510	\$ 4,269,281	\$ 4,269,281
Contributions as a percentage of covered payroll	2.23%	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 auditor's report and notes to financial statements.

COUNTY OF KENNEBEC, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2022

**Changes of Assumptions**

MEPERS PLD Plan:

The discount rate was reduced from 6.75% to 6.50%.

The investment rate of return changed from 6.75% to 6.50%.

In addition, the salary increases for the plan, increased from 2.75% to 2.75% - 11.48% per year.

Maine Municipal Health Trust

The discount rate was updated to reflect the December 30, 2021 Bond Buyer 20-Bond GO Index. The ultimate trend assumption was reduced to reflect the reduction in the Bond Buyer 20-Bond GO Index.

The following demographic assumptions were updated based on the June 30, 2021 experience study:

Mortality, termination, retirement and salary rates.

The enrollment participation for plans with no employer subsidy was update for ages 65-70.

There was a change in the discount rate from 2.12% to 2.06% per GASB 75 discount rate selection. In addition, medical and prescription drug trend arrays were updated.

See accompanying independent auditor's 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, 2022

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 237,882	\$ -	\$ 237,882
Due from other funds	958,748	1,013,363	1,972,111
<b>TOTAL ASSETS</b>	<u>\$ 1,196,630</u>	<u>\$ 1,013,363</u>	<u>\$ 2,209,993</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 139,747	\$ -	\$ 139,747
Due to other funds	75,443	-	75,443
<b>TOTAL LIABILITIES</b>	<u>215,190</u>	<u>-</u>	<u>215,190</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	1,033,989	-	1,033,989
Committed	-	1,013,363	1,013,363
Assigned	15,261	-	15,261
Unassigned (deficit)	(67,810)	-	(67,810)
<b>TOTAL FUND BALANCES</b>	<u>981,440</u>	<u>1,013,363</u>	<u>1,994,803</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,196,630</u>	<u>\$ 1,013,363</u>	<u>\$ 2,209,993</u>

See accompanying independent auditor's 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, 2022

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Charges for services	\$ 319,223	\$ 155,386	\$ 474,609
Intergovernmental revenues	1,960,563	-	1,960,563
TOTAL REVENUES	<u>2,279,786</u>	<u>155,386</u>	<u>2,435,172</u>
EXPENDITURES			
Program expenses	2,389,502	-	2,389,502
Capital outlay	-	463,766	463,766
TOTAL EXPENDITURES	<u>2,389,502</u>	<u>463,766</u>	<u>2,853,268</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(109,716)</u>	<u>(308,380)</u>	<u>(418,096)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	480,000	90,000	570,000
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>480,000</u>	<u>90,000</u>	<u>570,000</u>
NET CHANGE IN FUND BALANCES	370,284	(218,380)	151,904
FUND BALANCES - JULY 1	<u>611,156</u>	<u>1,231,743</u>	<u>1,842,899</u>
FUND BALANCES - JUNE 30	<u>\$ 981,440</u>	<u>\$ 1,013,363</u>	<u>\$ 1,994,803</u>

See accompanying independent auditor's 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, 2022

	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 Special Revenue	\$ -	\$ -	\$ -	\$ -	\$ 56,852	\$ -	\$ -	\$ (56,852)	\$ -
ME Drug Enforcement	-	-	-	-	-	-	-	-	-
Sheriff Grant	-	-	-	-	983	-	-	(983)	-
Re-Entry Grant	-	-	-	-	-	-	-	-	-
Byrne Grant	-	28,528	28,528	-	-	28,528	-	-	28,528
Alternative Sentencing Program	-	15,143	15,143	-	-	15,143	-	-	15,143
TRIAD	-	-	-	-	-	-	-	-	-
Home Release Program	-	15,261	15,261	-	-	-	15,261	-	15,261
Computer Crimes	-	-	-	-	-	-	-	-	-
DOJ Grant	-	-	-	-	-	-	-	-	-
Prescription Drug	-	-	-	-	-	-	-	-	-
Juvenile Diversion Thumbs Up	-	-	-	-	-	-	-	-	-
Cara fund	-	719,910	719,910	-	-	719,910	-	-	719,910
Drug Forfeiture	-	10,964	10,964	-	-	10,964	-	-	10,964
Diversion Grant	-	-	-	-	-	-	-	-	-
Federal Forfeitures	-	11,579	11,579	-	-	11,579	-	-	11,579
Probate Funds									
Probate Surcharge	8,182	-	8,182	-	10	8,172	-	-	8,182
Probate	19,247	-	19,247	18,444	-	803	-	-	19,247
Executive's Office Funds									
Wellness Program	-	-	-	-	-	-	-	-	-
Deeds									
Deeds Surcharge	63,939	6,072	70,011	-	-	70,011	-	-	70,011
Registry of Deeds	-	-	-	-	-	-	-	-	-

SCHEDULE C (CONTINUED)

COUNTY OF KENNEBEC, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2022

	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	-	2,544	<b>2,544</b>	-	-	2,544	-	-	<b>2,544</b>
Restitution	146,514	-	<b>146,514</b>	121,303	7,623	17,588	-	-	<b>146,514</b>
Stop Grant	-	-	-	-	-	-	-	-	-
DA Advocate	-	74	<b>74</b>	-	-	74	-	-	<b>74</b>
DA Prosecutor & Investigator	-	-	-	-	-	-	-	-	-
DA Eldercare Victim	-	2,619	<b>2,619</b>	-	-	2,619	-	-	<b>2,619</b>
DA Monitoring	-	15,739	<b>15,739</b>	-	-	15,739	-	-	<b>15,739</b>
Contingency Funds									
Contingency	-	100,000	<b>100,000</b>	-	-	100,000	-	-	<b>100,000</b>
EMA Funds									
Homeland Security Grant	-	22,612	<b>22,612</b>	-	-	22,612	-	-	<b>22,612</b>
EMA Exercise	-	2,207	<b>2,207</b>	-	-	2,207	-	-	<b>2,207</b>
LEPC Reserve	-	-	-	-	2,607	-	-	(2,607)	-
EMA IMAT	-	-	-	-	-	-	-	-	-
EMA Hazmat	-	5,496	<b>5,496</b>	-	-	5,496	-	-	<b>5,496</b>
EMA Cert	-	-	-	-	-	-	-	-	-
EMA School Planner	-	-	-	-	-	-	-	-	-
Decentralized Funds - District Attorney									
Discovery	-	-	-	-	-	-	-	-	-
Extradition	-	-	-	-	-	-	-	-	-
Total	<u>\$ 237,882</u>	<u>\$ 958,748</u>	<u><b>\$ 1,196,630</b></u>	<u>\$ 139,747</u>	<u>\$ 75,443</u>	<u>\$ 1,033,989</u>	<u>\$ 15,261</u>	<u>\$ (67,810)</u>	<u><b>\$ 1,196,630</b></u>

See accompanying independent auditor's 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, 2022

	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 Special Revenue	\$ 3,498	\$ -	\$ 1,079,685	\$ (1,140,035)	\$ (60,350)	\$ (56,852)
ME Drug Enforcement	-	-	-	-	-	-
Sheriff Grant	2,439	-	97,387	(100,809)	(3,422)	(983)
Re-Entry Grant	(20,114)	-	22,131	(2,017)	20,114	-
Byrne Grant	28,528	-	-	-	-	28,528
Alternative Sentencing Program	26,868	-	16,840	(28,565)	(11,725)	15,143
Home Release Program	15,261	-	-	-	-	15,261
Cara Fund	-	-	240,000	(90)	719,910	719,910
Drug Forfeiture	9,628	-	5,361	(4,025)	1,336	10,964
Diversion Grant	-	-	36,101	(36,101)	-	-
Federal Forfeitures	21,349	-	1,672	(11,442)	(9,770)	11,579
Probate Funds						
Probate Surcharge	2,158	8,703	-	(2,689)	6,014	8,172
Probate	2,089	7,465	-	(8,751)	(1,286)	803
Executive's Office Funds						
Wellness Program	-	-	-	-	-	-
Deeds						
Deeds Surcharge	342,899	87,281	-	(360,169)	(272,888)	70,011

COUNTY OF KENNEBEC, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

FUND	REVENUES		EXPENDITURES	NET	FUND	
	BALANCES JULY 1	Charges for services	Intergovernmental revenues	Program expenses		CHANGE IN FUND BALANCES
District Attorney's Office Funds						
Victim Advocate	(7,368)	-	54,554	(54,554)	-	(7,368)
Computer	2,902	-	243,045	(243,403)	(358)	2,544
Restitution	34,879	215,774	-	(233,065)	(17,291)	17,588
Stop Grant	-	-	8,834	(8,834)	-	-
DA Advocate	74	-	-	-	-	74
DA Eldercare Victim	2,619	-	-	-	-	2,619
DA Monitoring	15,739	-	-	-	-	15,739
Contingency Funds						
Contingency	100,000	-	-	-	-	100,000
EMA's Funds						
Homeland Security Grant	22,612	-	96,686	(96,686)	-	22,612
EMA Exercise	2,207	-	-	-	-	2,207
LEPC Reserve	(2,607)	-	17,924	(17,924)	-	(2,607)
EMA Hazmat	5,496	-	17,775	(17,775)	-	5,496
EMA School Planner	-	-	22,568	(22,568)	-	-
Total	\$ 611,156	\$ 319,223	\$ 1,960,563	\$ (2,389,502)	\$ 370,284	\$ 981,440

See accompanying independent auditor's 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, 2022

	<u>General Fund</u>	<u>Jail</u>	<u>Total</u>
<b>ASSETS</b>			
Due from other funds	\$ 451,056	\$ 562,307	\$ 1,013,363
<b>TOTAL ASSETS</b>	<u>\$ 451,056</u>	<u>\$ 562,307</u>	<u>\$ 1,013,363</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	451,056	562,307	1,013,363
Assigned	-	-	-
Unassigned	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>451,056</u>	<u>562,307</u>	<u>1,013,363</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 451,056</u>	<u>\$ 562,307</u>	<u>\$ 1,013,363</u>

See accompanying independent auditor's 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, 2022

	<u>General Fund</u>	<u>Jail</u>	<u>Total</u>
REVENUES			
Intergovernmental revenues	\$ 7,938	\$ 147,448	\$ 155,386
TOTAL REVENUES	<u>7,938</u>	<u>147,448</u>	<u>155,386</u>
EXPENDITURES			
Capital outlay	164,790	298,976	463,766
TOTAL EXPENDITURES	<u>164,790</u>	<u>298,976</u>	<u>463,766</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(156,852)</u>	<u>(151,528)</u>	<u>(308,380)</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	(116,852)	(101,528)	(218,380)
FUND BALANCES, JULY 1	<u>567,908</u>	<u>663,835</u>	<u>1,231,743</u>
FUND BALANCES, JUNE 30	<u>\$ 451,056</u>	<u>\$ 562,307</u>	<u>\$ 1,013,363</u>

See accompanying independent auditor's 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, 2022

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
County-wide	\$ 101,750	\$ 3,648,691	\$ 157,594	\$ -	\$ 3,908,035
District Attorney	-	-	63,092	-	63,092
Commissioners	-	-	14,600	-	14,600
Register of Deeds	-	-	72,531	-	72,531
Register of Probate	-	-	66,338	-	66,338
Jail	298,600	17,477,073	1,323,124	2,017	19,100,814
Sheriff	-	-	1,837,612	25,554	1,863,166
Total General Capital	400,350	21,125,764	3,534,891	27,571	25,088,576
Less: Accumulated Depreciation	-	(17,237,394)	(2,305,820)	(282)	(19,543,496)
Net General Capital Assets	\$ 400,350	\$ 3,888,370	\$ 1,229,071	\$ 27,289	\$ 5,545,080

See accompanying independent auditor's 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, 2022

	General Capital Assets 7/1/21 (Restated)	Additions	Deletions	General Capital Assets 6/30/22
County-wide	\$ 3,882,854	\$ 35,181	\$ (10,000)	\$ 3,908,035
District Attorney	54,090	9,002	-	63,092
Commissioners	14,600	-	-	14,600
Register of Deeds	72,531	-	-	72,531
Register of Probate	66,338	-	-	66,338
Jail	18,929,963	226,421	(55,570)	19,100,814
Sheriff	1,627,679	286,690	(51,203)	1,863,166
Total General Capital	<u>24,648,055</u>	<u>557,294</u>	<u>(116,773)</u>	<u>25,088,576</u>
Less: Accumulated Depreciation	<u>(19,058,443)</u>	<u>(559,894)</u>	<u>74,841</u>	<u>(19,543,496)</u>
Net General Capital Assets	<u>\$ 5,589,612</u>	<u>\$ (2,600)</u>	<u>\$ (41,932)</u>	<u>\$ 5,545,080</u>

See accompanying independent auditor's report and notes to financial statements.

## Federal Compliance Description

Federal compliance includes financial information and reports that are required in accordance with *Government Auditing Standards* and/or the Uniform Guidance in accordance with 2 CFR § 515. Such financial information and reports include:

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Independent Auditor's 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*
- Independent Auditor's Report on Compliance or Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs

COUNTY OF KENNEBEC, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor Cluster <i>Pass-through Agency</i> Program Title	Assistance Listing Number	Pass Through Identifying Number	Federal Expenditures	Passed Through to Subrecipient
U.S. Department of Justice				
<i>Passed through Maine Department of Health and Human Services</i>				
Crime Victim Assistance	16.575	OVP-22-2303	\$ 54,991	\$ -
<i>Passed Through State of Maine Public Safety</i>				
STOP (Services, Training, Officers, and Prosecutors Violence Against Women	16.588	2018-WF-AX-0008	9,332	-
Residential Substance Abuse Treatment (RSAT) for State Prisoners Program	16.593	RS-02-19	2,017	2,017
<i>Direct Funding</i>				
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	N/A	14,804	-
Total U.S. Department of Justice			<u>81,144</u>	<u>2,017</u>
U.S. Department of Transportation				
Highway Safety Cluster				
<i>Passed through Maine Bureau of Highway Safety</i>				
2022 High Visibility Distracted Driving Enforcement	20.616	DD22-037	5,895	-
Total Highway Safety Cluster			<u>5,895</u>	<u>-</u>
Total U.S. Department of Transportation			<u>5,895</u>	<u>-</u>
U.S. Department of Treasury				
<i>Direct Federal Program</i>				
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	1,488,813	-
Total U.S. Department of Treasury			<u>1,488,813</u>	<u>-</u>
U.S. Department of Homeland Security				
<i>Passed through Maine Emergency Management Association</i>				
Homeland Security Grant Program - HSGP - 2022	97.067	EMW-2021-SS-00065	100,677	-
Homeland Security Grant Program - HSGP - 2021 OPSG	97.067	EMW-2021-SS-00065-S01	62,307	-
Total U.S. Department of Homeland Security			<u>162,984</u>	<u>-</u>
TOTAL DISBURSEMENTS OF FEDERAL AWARDS			<u>\$ 1,738,835</u>	<u>\$ 2,017</u>

The accompanying notes are an integral part of this schedule.

COUNTY OF KENNEBEC, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Kennebec, Maine under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Kennebec, Maine, it is not intended to and does not present the financial position, changes in net position or cash flows of the County of Kennebec, Maine

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The County of Kennebec, Maine, has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

3. Expenditures to Subrecipients

AL Number	16.593	Crisis and Counseling Center	Amount \$2,017
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INDEPENDENT AUDITOR'S 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, 2022 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 January 26, 2024.

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 January 26, 2024.

### 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  
January 26, 2024



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

County Commissioners  
County of Kennebec  
Augusta, Maine

Report on Compliance for Each Major Federal Program

***Opinion on Each Major Federal Program***

We have audited the County of Kennebec, Maine's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Kennebec, Maine's major federal programs for the year ended June 30, 2022. The County of Kennebec, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County of Kennebec, Maine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibility section of our report.

We are required to be independent of County of Kennebec, Maine's and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of County of Kennebec, Maine's compliance with the compliance requirements referred to above.

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## Management's Responsibility

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to County of Kennebec, Maine's federal programs.

## Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error and express an opinion on County of Kennebec, Maine's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about County of Kennebec, Maine's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding County of Kennebec, Maine's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of County of Kennebec, Maine's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of County of Kennebec, Maine's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibility section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*RHR Smith & Company*

Buxton, Maine  
January 26, 2024

COUNTY OF KENNEBEC, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

*Federal Awards*

Internal control over major programs:

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

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

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

Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	State and Local Fiscal Recovery Funds

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

Auditee qualified as low-risk auditee? yes no

**Section II – Financial Statement Findings**

None

**Section III – Federal Awards Findings and Questioned Costs**

None