

Federal Compliance Audit

County of Kennebec, Maine

June 30, 2023



COUNTY OF KENNEBEC, MAINE
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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, 2023 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, 2023 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 October 1, 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
October 1, 2024

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

(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, 2023. 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 grant fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund and the jail fund are the only funds for which the County legally adopted a budget. The Budgetary Comparison Schedules - Budgetary Basis - Budget and Actual - General Fund and the Budgetary Comparison Schedules - Budgetary Basis - Budget and Actual – Jail Fund provides 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, 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 \$656,115 from a deficit balance of \$87,667 to a deficit of \$743,782.

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 - decreased to a deficit balance of \$8,198,478 at the end of this period.

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

	2023	2022 (Restated)
Assets:		
Current Assets	\$20,118,443	\$ 28,597,180
Noncurrent Assets - Capital Assets	6,100,183	5,570,270
Total Assets	26,218,626	34,167,450
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	1,708,493	1,799,980
Deferred Outflows Related to OPEB	956,384	1,111,862
Total Deferred Outflows of Resources	2,664,877	2,911,842
Liabilities:		
Current Liabilities	1,417,315	1,781,111
Noncurrent Liabilities	10,464,295	8,342,242
Total Liabilities	11,881,610	10,123,353
Deferred Inflows of Resources:		
Deferred Revenue	14,929,206	22,286,337
Deferred Inflows Related to Pensions	870,291	3,307,123
Deferred Inflows Related to OPEB	1,946,178	1,450,146
Total Deferred Inflows of Resources	17,745,675	27,043,606
Net Position:		
Net Investment in Capital Assets	6,100,183	5,570,270
Restricted	1,354,513	1,033,989
Unrestricted (Deficit)	(8,198,478)	(6,691,926)
Total Net Position (Deficit)	\$ (743,782)	\$ (87,667)

Revenues and Expenses

Revenues increased by 27.18% and expenses increased by 26.88% over the prior period. The largest increase in revenues was due to increases in all categories except miscellaneous revenues. The largest increase in expenses was in program expenses.

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

	<u>2023</u>	<u>2022</u>
Revenues		
<i>Program revenues:</i>		
Charges for services	\$ 5,506,029	\$ 5,928,396
Operating grants and contributions	10,853,632	5,205,839
<i>General revenues:</i>		
Taxes	13,604,538	12,511,511
Investment income-gain/(loss)	(9,176)	(181,921)
Miscellaneous revenues	718,096	653,746
Total Revenues	<u>30,673,119</u>	<u>24,117,571</u>
Expenses		
Superior court	-	535
County commissioners	403,009	303,586
County treasurer	23,017	10,659
Finance	214,721	153,830
County buildings	46,486	45,989
Registry of deeds	3,193,345	3,730,242
Registry of probate	431,121	413,135
Emergency management agency	167,579	160,619
Sheriff	2,639,883	3,017,661
Jail	10,309,412	9,724,398
District attorney	853,920	753,288
Program grants	102,160	11,800
Facilities management	413,788	321,240
Information technology	202,350	189,010
Employee benefits	2,242,489	1,467,917
Insurance	97,971	63,544
Capital outlay	440,582	270,582
Other	99,128	129,969
Program expenses	9,402,567	3,878,315
Unallocated depreciation (Note 5)	45,706	45,701
Total Expenses	<u>31,329,234</u>	<u>24,692,020</u>
Change in Net Position	(656,115)	(574,449)
Net Position - July 1, Restated	<u>(87,667)</u>	<u>486,782</u>
Net Position - June 30	<u>\$ (743,782)</u>	<u>\$ (87,667)</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,

	2023	2022 (Restated)	Increase/ (Decrease)
Major Funds:			
General Fund:			
Nonspendable	\$ 72,661	\$ 141,725	\$ (69,064)
Committed	61,072	96,788	(35,716)
Unassigned	1,295,278	1,420,752	(125,474)
Total General Fund	\$ 1,429,011	\$ 1,659,265	\$ (230,254)
Jail Fund:			
Committed	\$ 76,670	\$ 76,670	\$ -
Unassigned	168,443	529,345	(360,902)
Total Jail Fund	\$ 245,113	\$ 606,015	\$ (360,902)
Deeds-Registry of Deeds Fund:			
Committed	\$ 389,980	\$ 315,937	\$ 74,043
Total Deeds-Registry of Deeds Fund	\$ 389,980	\$ 315,937	\$ 74,043
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 1,354,513	\$ 1,033,989	\$ 320,524
Assigned	15,261	15,261	-
Unassigned (Deficit)	(278,858)	(67,810)	(211,048)
Capital Projects Funds:			
Committed	662,781	1,013,363	(350,582)
Total Nonmajor Funds	\$ 1,753,697	\$ 1,994,803	\$ (241,106)

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 difference between the original and final budget for the general fund was use of assigned fund balance.

The general fund actual revenues exceeded budgeted amounts by \$476,476. This was the result of all revenue categories being received over budgeted amounts with the exception of emergency management and investment income - gain (loss).

The general fund actual expenditures exceeded budgeted amounts by \$195,386. All expenditures categories were within or under budgeted amounts with the exception of County commissioners/executive, registry of probate, sheriff, district attorney, facilities management, employee benefits and insurance.

The difference between the original and final budget for the jail fund was the use of restricted fund balance.

The jail fund actual revenues exceeded budget by \$227,386. This was the result of most categories being received within or over budgeted amounts except intergovernmental.

The jail fund expenditures exceeded budget by \$339,064. This was the result of most categories being within or below budget with the exception of professional fees/services, operation county vehicles, utilities, fixed charges/insurance and supplies.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2023, the net book value of capital assets recorded by the County increased by \$529,913 from the prior year. This increase is the result of capital additions of \$1,213,297 less current year net disposals of \$84,160 and depreciation expense of \$599,224.

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

	2023	2022 (Restated)
Land	\$ 370,350	\$ 370,350
Artwork and historical treasures	30,000	30,000
Construction in progress	13,106	-
Buildings and building improvements	4,206,913	3,888,370
Furniture and fixtures	14,927	-
Equipment	618,651	490,692
Vehicles	820,692	763,569
Infrastructure	25,544	27,289
Total	\$ 6,100,183	\$ 5,570,270

Long-Term Obligations

The County does not have any outstanding long-term debt as of June 30, 2023. 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 2023 - 2024 budget could be severely impacted by the reduction of funding from the State. There is no indication of reduced funding from the State for 2023 - 2024 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, 2023

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 13,088,791
Investments	6,422,879
Accounts receivable (net of allowance for uncollectibles):	
Other	534,112
Prepaid items	72,661
Total current assets	<u>20,118,443</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	413,456
Depreciable assets, net of accumulated depreciation	5,686,727
Total noncurrent assets	<u>6,100,183</u>
TOTAL ASSETS	<u>26,218,626</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,708,493
Deferred outflows related to OPEB	956,384
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,664,877</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 28,883,503</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 1,021,508
Accrued liabilities	125,660
Due to other governments	224,268
Current portion of long-term obligations	45,879
Total current liabilities	<u>1,417,315</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Accrued compensated absences	871,695
Net pension liability (asset)	2,073,574
Net OPEB liability	7,519,026
Total noncurrent liabilities	<u>10,464,295</u>
TOTAL LIABILITIES	<u>11,881,610</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred revenue	14,929,206
Deferred inflows related to pensions	870,291
Deferred inflows related to OPEB	1,946,178
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>17,745,675</u>
NET POSITION	
Net investment in capital assets	6,100,183
Restricted	1,354,513
Unrestricted (deficit)	(8,198,478)
TOTAL NET POSITION	<u>(743,782)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 28,883,503</u>

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

STATEMENT B

COUNTY OF KENNEBEC, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
County commissioners/executive	\$ 403,009	\$ -	\$ -	\$ -	\$ (403,009)
County treasurer	23,017	-	-	-	(23,017)
Finance	214,721	-	-	-	(214,721)
Property improvements	46,486	-	-	-	(46,486)
Registry of Deeds	3,193,345	4,122,317	-	-	928,972
Registry of Probate	431,121	279,602	-	-	(151,519)
Emergency management agency	167,579	53,229	-	-	(114,350)
Sheriff	2,639,883	-	-	-	(2,639,883)
Jail	10,309,412	-	1,929,137	-	(8,380,275)
District attorney	853,920	77,124	-	-	(776,796)
Program grants	102,160	-	-	-	(102,160)
Facilities management	413,788	-	-	-	(413,788)
Information technology	202,350	-	-	-	(202,350)
Employee benefits	2,242,489	-	-	-	(2,242,489)
Insurance	97,971	-	-	-	(97,971)
Other	99,128	148,434	-	-	49,306
Program expenses	9,402,567	825,323	8,924,495	-	347,251
Capital outlay	440,582	-	-	-	(440,582)
Unallocated depreciation (Note 5)*	45,706	-	-	-	(45,706)
Total government	<u>\$ 31,329,234</u>	<u>\$ 5,506,029</u>	<u>\$ 10,853,632</u>	<u>\$ -</u>	<u>(14,969,573)</u>

* 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, 2023

	Governmental Activities
Changes in net position:	
Net (expense) revenue	(14,969,573)
General revenues:	
Property taxes, levied for general purposes	13,604,538
Investment income-gain/(loss)	(9,176)
Other	718,096
Total general revenues	14,313,458
Change in net position	(656,115)
NET POSITION - JULY 1, RESTATED	(87,667)
NET POSITION - JUNE 30	\$ (743,782)

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

STATEMENT C

COUNTY OF KENNEBEC, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Jail Fund	Deeds - Registry of Deeds Fund	ARPA Grant Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 12,350,232	\$ -	\$ 498,014	\$ -	\$ 240,545	\$ 13,088,791
Investments	6,422,879	-	-	-	-	6,422,879
Accounts receivable (net of allowance for uncollectibles):						
Other	527,327	-	-	-	6,785	534,112
Prepaid items	72,661	-	-	-	-	72,661
Due from other funds	251,246	245,113	-	15,137,689	1,923,741	17,557,789
TOTAL ASSETS	\$ 19,624,345	\$ 245,113	\$ 498,014	\$ 15,137,689	\$ 2,171,071	\$ 37,676,232
LIABILITIES						
Accounts payable	\$ 538,863	\$ -	\$ 108,034	\$ 208,483	\$ 166,128	\$ 1,021,508
Accrued liabilities	125,660	-	-	-	-	125,660
Due to other governments	224,268	-	-	-	-	224,268
Due to other funds	17,306,543	-	-	-	251,246	17,557,789
TOTAL LIABILITIES	18,195,334	-	108,034	208,483	417,374	18,929,225
DEFERRED INFLOWS OF RESOURCES						
Deferred revenues	-	-	-	14,929,206	-	14,929,206
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	14,929,206	-	14,929,206
FUND BALANCES						
Nonspendable	72,661	-	-	-	-	72,661
Restricted	-	-	-	-	1,354,513	1,354,513
Committed	61,072	76,670	389,980	-	662,781	1,190,503
Assigned	-	-	-	-	15,261	15,261
Unassigned (deficit)	1,295,278	168,443	-	-	(278,858)	1,184,863
TOTAL FUND BALANCES	1,429,011	245,113	389,980	-	1,753,697	3,817,801
TOTAL LIABILITIES AND FUND BALANCES	\$ 19,624,345	\$ 245,113	\$ 498,014	\$ 15,137,689	\$ 2,171,071	\$ 37,676,232

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, 2023

	<u>Total Governmental Funds</u>
Total Fund Balances (Statement C)	\$ 3,817,801
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	6,100,183
Deferred outflows of resources related to pension are not financial resources and therefore are not reported in the funds	1,708,493
Deferred outflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	956,384
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	(917,574)
Net pension liability/(asset)	(2,073,574)
Net OPEB liability	(7,519,026)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(870,291)
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	<u>(1,946,178)</u>
Net position of governmental activities (Statement A)	<u>\$ (743,782)</u>

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, 2023

	General Fund	Jail Fund	Deeds - Registry of Deeds Fund	ARPA Grant Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 6,117,035	\$ 7,487,503	\$ -	\$ -	\$ -	\$ 13,604,538
Charges for services	1,635,962	-	3,044,744	-	825,323	5,506,029
Intergovernmental revenues	-	1,929,137	-	7,357,131	1,567,364	10,853,632
Miscellaneous revenues	243,890	452,035	12,995	-	-	708,920
TOTAL REVENUES	7,996,887	9,868,675	3,057,739	7,357,131	2,392,687	30,673,119
EXPENDITURES						
Current:						
County Commissioners/executive	403,009	-	-	-	-	403,009
County treasurer	23,017	-	-	-	-	23,017
Finance	214,721	-	-	-	-	214,721
Property improvements	46,486	-	-	-	-	46,486
Registry of deeds	212,418	-	2,983,696	-	-	3,196,114
Registry of probate	430,264	-	-	-	-	430,264
Emergency management agency	167,579	-	-	-	-	167,579
Sheriff	3,179,422	-	-	-	-	3,179,422
Jail	-	10,179,577	-	-	-	10,179,577
District attorney	861,554	-	-	-	-	861,554
Program grants	18,000	-	-	-	-	18,000
Facilities management	413,788	-	-	-	-	413,788
Information technology	202,350	-	-	-	-	202,350
Employee benefits	1,817,434	-	-	-	-	1,817,434
Insurance	97,971	-	-	-	-	97,971
Other	99,128	-	-	-	-	99,128
Program expenses	-	-	-	7,357,131	2,283,211	9,640,342
Capital outlay	-	-	-	-	440,582	440,582
TOTAL EXPENDITURES	8,187,141	10,179,577	2,983,696	7,357,131	2,723,793	31,431,338
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(190,254)	(310,902)	74,043	-	(331,106)	(758,219)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	90,000	90,000
Transfers (out)	(40,000)	(50,000)	-	-	-	(90,000)
TOTAL OTHER FINANCING SOURCES (USES)	(40,000)	(50,000)	-	-	90,000	-
NET CHANGE IN FUND BALANCES	(230,254)	(360,902)	74,043	-	(241,106)	(758,219)
FUND BALANCES - JULY 1, RESTATED	1,659,265	606,015	315,937	-	1,994,803	4,576,020
FUND BALANCES - JUNE 30	\$ 1,429,011	\$ 245,113	\$ 389,980	\$ -	\$ 1,753,697	\$ 3,817,801

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, 2023

Net change in fund balances - total governmental funds (Statement E) \$ (758,219)

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	1,213,297
Capital asset disposals	(84,160)
Depreciation expense	<u>(599,224)</u>
	<u>529,913</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	(91,487)
OPEB	<u>(155,478)</u>
	<u>(246,965)</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	2,436,832
OPEB	<u>(496,032)</u>
	<u>1,940,800</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	8,178
Net pension liability	(2,314,999)
Net OPEB liability/(asset)	<u>185,177</u>
	<u>(2,121,644)</u>

Change in net position of governmental activities (Statement B) \$ (656,115)

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

COUNTY OF KENNEBEC, MAINE

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2023

	<u>Custodial Funds</u>		
	<u>Jail Inmate</u>	<u>Jail Telephone</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 732	\$ -	\$ 732
Due from other governments	178,086	46,182	224,268
TOTAL ASSETS	<u>\$ 178,818</u>	<u>\$ 46,182</u>	<u>\$ 225,000</u>
LIABILITIES			
Accounts payable	\$ 19,964	\$ -	\$ 19,964
TOTAL LIABILITIES	<u>19,964</u>	<u>-</u>	<u>19,964</u>
NET POSITION			
Deposits held for others	158,854	46,182	205,036
TOTAL NET POSITION	<u>158,854</u>	<u>46,182</u>	<u>205,036</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 178,818</u>	<u>\$ 46,182</u>	<u>\$ 225,000</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, 2023

	<u>Custodial Funds</u>		
	<u>Jail Inmate</u>	<u>Jail Telephone</u>	<u>Total</u>
ADDITIONS			
Other	<u>\$ 401,576</u>	<u>\$ -</u>	<u>\$ 401,576</u>
Total Additions	<u>401,576</u>	<u>-</u>	<u>401,576</u>
DEDUCTIONS			
Other	<u>415,505</u>	<u>673</u>	<u>416,178</u>
Total Deductions	<u>415,505</u>	<u>673</u>	<u>416,178</u>
CHANGE IN NET POSITION	(13,929)	(673)	(14,602)
NET POSITION - JULY 1	<u>172,783</u>	<u>46,855</u>	<u>219,638</u>
NET POSITION - JUNE 30	<u>\$ 158,854</u>	<u>\$ 46,182</u>	<u>\$ 205,036</u>

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

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 94 "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services and the prices or rates that can be charged for the services and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. Management has determined the impact of this Statement is not material to the financial statements.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 96 “Subscription-Based Information Technology Arrangements”. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 99 “Omnibus 2022”. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are to provide clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset and identification of lease incentives, clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset, clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA and recognition and measurement of a subscription liability, extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt, accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP), disclosures related to nonmonetary transactions, pledges of future revenues when resources are not received by the pledging government, clarification of provisions in Statement No. 34, Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments, as amended, related to the focus of the government-wide financial statements, terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position and terminology used in Statement 53 to refer to resource flows statements. Management has determined the impact of this Statement is not material to the financial statements.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

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

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All activities of the County are categorized as governmental.

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

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

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

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

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

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus - Basic Financial Statements and Fund Financial Statements

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

1. Governmental Funds:

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

Major Funds

- a. The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Jail Fund is another operating fund of the County that was established by state statutes to account for the operations of the Jail. Revenue sources are comprised primarily of taxes and charges for services.
- c. The Deeds-Registry of Deeds Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Primary revenue sources are charges for services.
- d. The ARPA Grant Fund is used to account for the proceeds of the ARPA financial assistance. The County will receive the financial assistance in two tranches (the first tranche was received in June 2021 and the second tranche 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, 2023

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, 2023

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, 2023

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, 2023. Accounts receivable netted with allowances for uncollectible accounts were \$534,112 for the year ended June 30, 2023.

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, 2023

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, 2023

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.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two types of this item, deferred outflows related to pensions and deferred outflows related to OPEB. These items are reported in the statement of net position.

In addition to liabilities, the statement of financial position and/or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of 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 April 20, 2022 on the assessed value listed as of April 1, 2022, for all real and personal property located in the County. Taxes were due in one installment on September 1, 2022. Interest on unpaid taxes commenced on October 30, 2022 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, 2023

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, 2023, the County's cash and cash equivalents balances amounting to \$13,089,523 were comprised of bank deposits of \$14,356,188. 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	\$ 106,419
Savings accounts	4,501
Sweep accounts	13,608,852
Cash and cash equivalents	636,416
	<u>\$ 14,356,188</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, 2023

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. Certificates of deposit held with local financial institutions for \$5,046,964 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

Of the County's investments of \$6,422,879, \$5,046,964 was covered by federal depository insurance and \$500,000 was covered by the Securities Investor Protection Corporation (SIPC). The remaining investments of \$875,915 were uncollateralized and uninsured.

At June 30, 2023, 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	\$ 580,062	\$ -	\$ 74,004	\$ 287,368	\$ 218,690
Corporate bonds	795,853	-	52,163	607,767	135,923
	<u>\$ 1,375,915</u>	<u>\$ -</u>	<u>\$ 126,167</u>	<u>\$ 895,135</u>	<u>\$ 354,613</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, 2023:

	June 30, 2023 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	\$ 580,062	\$ -	\$ 580,062	\$ -
Corporate bonds	795,853	-	795,853	-
Total debt securities	<u>1,375,915</u>	<u>-</u>	<u>1,375,915</u>	<u>-</u>
Total investments by fair value level	<u>1,375,915</u>	<u>\$ -</u>	<u>\$ 1,375,915</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	636,416			
Total cash equivalents measured at the NAV	<u>636,416</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 2,012,331</u>			

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Debt securities classified in Level II of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The County has no Level I or Level III investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2023 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 (\$155,891), A2 (\$299,101), A3 (\$100,883), Aa1 (\$38,529), Aa2 (\$49,113), Aa3 (\$39,302), Aaa (\$486,693), Baa1 (\$27,926), Baa2 (\$36,967) and N/A or unknown (\$141,510) by Moody's Investors Service.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2023 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 251,246	\$ 17,306,543
ARPA Grant Fund	15,137,689	-
Nonmajor Special Revenue Funds	1,250,997	251,246
Nonmajor Capital Projects Funds	672,744	-
	<u>\$ 17,557,789</u>	<u>\$ 17,557,789</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, 2023

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2023 consisted of the following:

	Transfers From	Transfers To
General Fund	\$ 40,000	\$ -
Jail Fund	50,000	-
Nonmajor Capital Projects Funds	-	90,000
	<u>\$ 90,000</u>	<u>\$ 90,000</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, 2023:

	Balance, 7/1/22 (Restated)	Additions	Disposals	Balance, 6/30/23
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 370,350	\$ -	\$ -	\$ 370,350
Art work and historical treasures	30,000	-	-	30,000
Construction in progress	-	13,106	-	13,106
Totals	<u>400,350</u>	<u>13,106</u>	<u>-</u>	<u>413,456</u>
Depreciated assets:				
Buildings	18,756,569	434,043	-	19,190,612
Building improvements	2,394,711	194,432	-	2,589,143
Furniture and fixtures	85,028	14,927	-	99,955
Machinery and equipment	2,214,488	275,673	(16,988)	2,473,173
Vehicles	1,260,565	281,116	(185,372)	1,356,309
Infrastructure	27,571	-	-	27,571
	<u>24,738,932</u>	<u>1,200,191</u>	<u>(202,360)</u>	<u>25,736,763</u>
Less accumulated depreciation	<u>(19,569,012)</u>	<u>(599,224)</u>	<u>118,200</u>	<u>(20,050,036)</u>
	<u>5,169,920</u>	<u>600,967</u>	<u>(84,160)</u>	<u>5,686,727</u>
Net capital assets	<u>\$ 5,570,270</u>	<u>\$ 614,073</u>	<u>\$ (84,160)</u>	<u>\$ 6,100,183</u>

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Current period depreciation:	
County-wide	\$ 45,706
District Attorney	6,476
Jail	314,411
Sheriff	226,412
Probate	857
Deeds	5,362
Total depreciation expense	<u>\$ 599,224</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, 2023:

	Balance, 7/1/21	Additions	Deletions	Balance, 6/30/22	Current Portion
Accrued compensated absences	\$ 925,752	\$ 11,911	\$ (20,089)	\$ 917,574	\$ 45,879
Net pension liability (asset)	(241,425)	3,156,618	(841,619)	2,073,574	-
Net OPEB liability	7,704,203	466,333	(651,510)	7,519,026	-
Total	<u>\$ 8,388,530</u>	<u>\$ 3,634,862</u>	<u>\$(1,513,218)</u>	<u>\$ 10,510,174</u>	<u>\$ 45,879</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, 2023, the County's liability for compensated absences is \$917,574.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023.

Invested in capital assets	\$26,150,219
Accumulated depreciation	<u>(20,050,036)</u>
	<u>\$ 6,100,183</u>

NOTE 9 - NONSPENDABLE FUND BALANCE

At June 30, 2023, the County has the following nonspendable fund balance:

General fund:	
Prepaid items	<u>\$ 72,661</u>

NOTE 10 - RESTRICTED NET POSITION AND FUND BALANCES

At June 30, 2023, the County had the following restricted net position and fund balances:

Nonmajor special revenue funds:	
Speed grant	\$ 7,392
Byrne grant	35,351
Alternative sentencing program	17,558
ME revenue services	57,868
Computer crimes	25,678
Distracted driver	647
CARA fund	917,149
Drug forfeiture	10,328
Federal forfeitures	25,432
Probate surcharge	4,501
Probate	2,918
Deeds surcharge	125,695
Computer	691
DA advocate	74
DA eldercare victim	2,619
DA monitoring	15,694
Contingency	100,000
EMA exercise	2,207
EMA hazmat	2,711
	<u>\$ 1,354,513</u>

COUNTY OF KENNEBEC, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 - COMMITTED FUND BALANCES

At June 30, 2023, the County has the following committed fund balances:

General fund:	
Unfunded payroll	\$ 44,918
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	389,980
Nonmajor capital projects funds (Schedule E)	662,781
	<u>\$ 1,190,503</u>

NOTE 12 - ASSIGNED FUND BALANCES

At June 30, 2023, 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, 2023, the County has the following overspent appropriations:

General fund:	
County Commissioners/Executive	\$ 63,122
Register of Probate	32,120
Sheriff	314,549
District attorney	30,209
Facilities management	60,857
Employee benefits	264,186
Insurance	365
Jail fund:	
Professional fees/services	493,317
Travel	3,785
Operation County vehicles	14,495
Utilities	66,779
Fixed charges/insurances	3,842
Supplies	13,462
	<u>\$ 1,361,088</u>

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 14 - DEFICIT FUND BALANCES

At June 30, 2023, the County has the following deficit fund balances:

Nonmajor special revenue funds:

Civil process servers	\$	59,268
ME drug enforcement		62,124
Sheriff's grant		983
Seatbelt grant		7,448
Stone garden		12,739
Impaired driver		196
Victim advocate		10,259
Restitution		31,359
Homeland security grant		57,533
LEPC reserve		9,808
EMA school planner		27,141
	\$	<u>278,858</u>

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.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - RISK MANAGEMENT (CONTINUED)

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, 2023. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 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 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

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2022, there were 311 employers in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 1.52%.

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The County's plan members are required to contribute 8.60% of their annual covered salary for the AC plan and 8.2% for the 2C plan and the County is required to contribute at an actuarially determined rate. The current rate is 10.20% of covered payroll for the AC plan and 11.40% 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, 2023 was \$750,132.

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

At June 30, 2023, the County reported a liability of \$2,073,574 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2022 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The County's proportion of the net pension liabilities were based on a projection of the County's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2022, the County's proportion was 0.78002% which was an increase of 0.02876% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the County recognized total pension revenue of \$30,346. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 385,360	\$ -
Changes of assumptions	420,864	-
Net difference between projected and actual earnings on pension plan investments	-	870,291
Changes in proportion and differences between contributions and proportionate share of contributions	152,137	-
Contributions subsequent to the measurement date	750,132	-
Total	\$ 1,708,493	\$ 870,291

\$750,132 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. 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:	
2023	\$ 386,803
2024	(166,824)
2025	(540,673)
2026	408,765
2027	-
Thereafter	-

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2022, using the following methods and assumptions applied to all periods included in the measurement:

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Cost Method

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

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits and dividing it by the value, also as of the member's entry age 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.

Asset Valuation Method

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

Amortization

The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2022 are as follows:

Investment Rate of Return - 6.50% per annum for the year ended June 30, 2022 and 2021; compounded annually.

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

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2022 are summarized in the following table.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.00%	6.00%
US Government	7.50%	2.30%
Private equity	15.00%	7.60%
Real assets:		
Real estate	10.00%	5.20%
Infrastructure	10.00%	5.30%
Natural resources	5.00%	5.00%
Traditional credit	7.50%	3.20%
Alternative credit	5.00%	7.40%
Diversifiers	10.00%	5.90%

Discount Rate

The discount rate used to measure the collective total pension liability/(assets) was 6.50% for 2022 for the Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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)	\$ 6,125,928	\$ 2,073,574	\$ (1,275,841)

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2022 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2022 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 2022 through 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.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2022 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 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.

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' 2022 Annual Comprehensive Financial Report available online at 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

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - DEFERRED COMPENSATION PLANS (CONTINUED)

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 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, 2023, 2022 and 2021 were \$255,347, \$208,265 and \$199,413, 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.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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.

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.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

Benefits Provided

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

Employees Covered by Benefit Terms

At January 1, 2023, 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, 2023

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, 2023, the County reported a liability of \$7,519,026 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2023 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, 2023, the County recognized OPEB expense of \$466,333. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>MMEHT</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,067,137
Changes of assumptions	849,521	879,041
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	<u>106,863</u>	<u>-</u>
Total	<u>\$ 956,384</u>	<u>\$ 1,946,178</u>

\$106,683 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, 2024. 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, 2023

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

	<u>MMEHT</u>
Plan year ended December 31:	
2024	\$ (160,287)
2025	(160,287)
2026	(160,291)
2027	(144,658)
2028	(109,936)
Thereafter	(361,198)

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, 2023. 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 3.72% per annum for June 30, 2023 was based upon a measurement date of December 29, 2022. 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>
	2.72%	3.72%	4.72%
Total OPEB liability	\$ 9,187,926	\$ 7,519,026	\$ 6,217,289
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 9,187,926</u>	<u>\$ 7,519,026</u>	<u>\$ 6,217,289</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

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

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 5,937,695	\$ 7,519,026	\$ 9,697,502
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 5,937,695</u>	<u>\$ 7,519,026</u>	<u>\$ 9,697,502</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, 2023, 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, 2023 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2022 and based on the experience study covering the period from June 30, 2016 through June 30, 2010. As of January 1, 2023, they are as follows:

Discount Rate - 3.72% per annum for year end 2023 reporting. 2.06% per annum for year end 2022 reporting.

COUNTY OF KENNEBEC, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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 2023_fl was used for this valuation. The following assumptions were input into this model:

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	3.00%
Rate of Growth in Real Income/GDP per capital 2032+	1.50%
Extra Trend due to Taste/Technology 2032+	0.80%
Expected Health Share of GDP 2032	19.80%
Health Share of GDP Resistance Point	19.00%
Year for Limiting Cost Growth to GDP Growth	2043

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 2023 to 2026 were based on plan design, population weighting, renewal projections and market analysis. For years 2027 to 2031, these are interpolated from 2026 to 2032 (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, 2023

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 112.1% 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, 2023

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, 2023 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, 2023 was (\$1,067,137).

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, 2023 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, 2023

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 2023, 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 \$25,190 to include capital assets that were not recorded in 2022. The net restatement to the governmental activities beginning net position was an increase of \$25,190 from a deficit balance of \$112,857 to a deficit balance of \$87,667.

NOTE 22 - SUBSEQUENT EVENT

On July 17, 2024, the County discovered that a check was forged in the amount of \$14,139. An investigation is being conducted, however, at this time the recovery of the funds is not certain.

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, 2023

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,659,265	\$ 1,659,265	\$ 1,659,265	\$ -
Resources (Inflows):				
Taxes - municipalities	6,117,035	6,117,035	6,117,035	-
Charges for services:				
Emergency management	83,000	83,000	53,229	(29,771)
Register of Deeds	1,000,000	1,000,000	1,077,573	77,573
Register of Probate	180,000	180,000	279,602	99,602
Sheriff:				
Special detail revenue	33,314	33,314	81,814	48,500
Miscellaneous	5,000	5,000	11,401	6,401
District attorney	-	-	12,985	12,985
DA supervisory	29,880	29,880	64,139	34,259
School resource officer	45,510	45,510	55,219	9,709
	<u>1,376,704</u>	<u>1,376,704</u>	<u>1,635,962</u>	<u>259,258</u>
Miscellaneous:				
Interest income	21,329	21,329	184,013	162,684
Investment income-gain(loss)	-	-	(9,176)	(9,176)
Other revenues	5,343	5,343	69,053	63,710
	<u>26,672</u>	<u>26,672</u>	<u>243,890</u>	<u>217,218</u>
Amounts Available for Appropriation	<u>9,179,676</u>	<u>9,179,676</u>	<u>9,656,152</u>	<u>476,476</u>
Charges to Appropriations (Outflows):				
Superior court	1,000	1,000	-	1,000
County Commissioners/Executive	339,887	339,887	403,009	(63,122)
County treasurer	24,304	24,304	23,017	1,287
Finance	238,582	238,582	214,721	23,861
Property improvements	60,000	60,000	46,486	13,514
Registry of Deeds	237,187	237,187	212,418	24,769
Registry of Probate	398,144	398,144	430,264	(32,120)
Emergency management	173,497	173,497	167,579	5,918
Sheriff	2,860,373	2,864,873	3,179,422	(314,549)
District attorney	831,345	831,345	861,554	(30,209)
Program grants	18,000	18,000	18,000	-
Facilities management	352,931	352,931	413,788	(60,857)
Information technology	203,949	203,949	202,350	1,599
Employee benefits	1,553,248	1,553,248	1,817,434	(264,186)
Insurance	97,606	97,606	97,971	(365)
Other	120,726	120,726	99,128	21,598
Transfers to other funds	40,000	40,000	40,000	-
Total Charges to Appropriations	<u>7,550,779</u>	<u>7,555,279</u>	<u>8,227,141</u>	<u>(671,862)</u>
Budgetary Fund Balance, June 30	<u>\$ 1,628,897</u>	<u>\$ 1,624,397</u>	<u>\$ 1,429,011</u>	<u>\$ (195,386)</u>
Utilization of Assigned Fund Balance	<u>\$ 31,216</u>	<u>\$ 35,716</u>	<u>\$ -</u>	<u>\$ (35,716)</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, 2023

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 606,015	\$ 606,015	\$ 606,015	\$ -
Resources (Inflows):				
Taxes	7,487,503	7,487,503	7,487,503	-
Intergovernmental	1,996,463	1,996,463	1,929,137	(67,326)
Miscellaneous revenues	397,323	157,323	452,035	294,712
Amounts Available for Appropriation	10,487,304	10,247,304	10,474,690	227,386
Charges to Appropriations (Outflows):				
Salary and wages	4,214,500	4,214,500	4,154,956	59,544
Fringe benefits	1,814,248	1,814,248	1,652,044	162,204
Professional fees/services	2,982,909	2,982,909	3,476,226	(493,317)
Travel	15,000	15,000	18,785	(3,785)
Operation County vehicles	31,500	31,500	45,995	(14,495)
Utilities	247,500	247,500	314,279	(66,779)
Rentals	112,740	112,740	109,169	3,571
Repairs/maintenance	93,000	93,000	70,049	22,951
Fixed charges/insurances	143,766	143,766	147,608	(3,842)
General operations	3,200	3,200	865	2,335
Other	41,650	41,650	37,184	4,466
Supplies	91,500	91,500	104,962	(13,462)
Clothing and materials	44,000	44,000	43,912	88
Capital outlay	5,000	5,000	3,543	1,457
Transfers to other funds	50,000	50,000	50,000	-
Total Charges to Appropriations	9,890,513	9,890,513	10,229,577	(339,064)
Budgetary Fund Balance, June 30	\$ 596,791	\$ 356,791	\$ 245,113	\$ (111,678)
Utilization of Restricted Fund Balance	\$ -	\$ 249,224	\$ -	\$ (249,224)

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

COUNTY OF KENNEBEC, MAINE

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>									
Proportion of the net pension liability (asset)	0.78%	0.75%	0.67%	0.65%	0.64%	0.56%	0.54%	0.48%	0.40%
Proportionate share of the net pension liability (asset)	\$ 2,073,574	\$ (241,425)	\$ 2,651,083	\$ 1,977,221	\$ 1,757,687	\$ 2,281,187	\$ 2,858,150	\$ 1,538,466	\$ 621,634
Covered payroll	\$ 5,941,572	\$ 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	34.90%	-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	93.26%	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*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>									
Contractually required contribution	\$ 750,132	\$ 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>(750,132)</u>	<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>	<u>\$ -</u>
Covered payroll	\$ 7,354,235	\$ 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	10.20%	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, 2023

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/22 (Reporting December 31, 2022)	\$7,704,203	\$ -	\$7,704,203
Changes for the year:			
Service cost	564,224	-	564,224
Interest	169,259	-	169,259
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(814,193)	-	(814,193)
Contributions - employer	-	104,467	(104,467)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(104,467)	(104,467)	-
Administrative expense	-	-	-
Net changes	<u>(185,177)</u>	<u>-</u>	<u>(185,177)</u>
Balances at 1/1/23 (Reporting December 31, 2023)	<u>\$7,519,026</u>	<u>\$ -</u>	<u>\$7,519,026</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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Total OPEB liability</u>						
Service cost (BOY)	\$ 564,224	\$ 491,020	\$ 421,768	\$ 211,533	\$ 234,156	\$ 245,380
Interest (includes interest on service cost)	169,259	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	(814,193)	73,039	456,589	827,397	(312,446)	77,118
Benefit payments, including refunds of member contributions	(104,467)	(129,712)	(124,723)	(129,122)	(124,156)	(101,231)
Net change in total OPEB liability	<u>\$ (185,177)</u>	<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	\$ 7,704,203	\$ 7,294,287	\$ 6,356,622	\$ 3,857,958	\$ 3,919,631	\$ 3,766,415
Total OPEB liability - ending	<u>\$ 7,519,026</u>	<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	104,467	129,712	124,723	129,122	124,156	101,231
Contributions - member	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(104,467)	(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>	<u>-</u>
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 7,519,026</u>	<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%	0.0%
Covered payroll	\$ 5,805,061	\$ 5,805,061	\$ 4,836,510	\$ 4,836,510	\$ 4,269,281	\$ 4,269,281
Net OPEB liability as a percentage of covered payroll	129.5%	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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>MMEHT:</u>						
Employer contributions	\$ 104,467	\$ 129,712	\$ 124,723	\$ 129,122	\$ 124,156	\$ 110,231
Benefit payments	<u>(104,467)</u>	<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>	<u>\$ -</u>
Covered payroll	\$ 5,805,061	\$ 5,805,061	\$ 4,836,510	\$ 4,836,510	\$ 4,269,281	\$ 4,269,281
Contributions as a percentage of covered payroll	1.80%	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, 2023

Changes of Assumptions

MEPERS PLD Plan:

There were no changes of assumptions since the last actuarial valuation.

Maine Municipal Health Trust

There was a change in the discount rate from 2.06% to 3.72% per GASB 75 discount rate selection. Ultimate medical trends were aligned to the higher inflation environment for the roll forward as of this measurement date.

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, 2023

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 240,545	\$ -	\$ 240,545
Accounts receivable (net of uncollectibles)	6,785	-	6,785
Due from other funds	1,250,997	672,744	1,923,741
TOTAL ASSETS	<u>\$ 1,498,327</u>	<u>\$ 672,744</u>	<u>\$ 2,171,071</u>
LIABILITIES			
Accounts payable	\$ 156,165	\$ 9,963	\$ 166,128
Due to other funds	251,246	-	251,246
TOTAL LIABILITIES	<u>407,411</u>	<u>9,963</u>	<u>417,374</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	1,354,513	-	1,354,513
Committed	-	662,781	662,781
Assigned	15,261	-	15,261
Unassigned (deficit)	(278,858)	-	(278,858)
TOTAL FUND BALANCES	<u>1,090,916</u>	<u>662,781</u>	<u>1,753,697</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,498,327</u>	<u>\$ 672,744</u>	<u>\$ 2,171,071</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, 2023

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Charges for services	\$ 825,323	\$ -	\$ 825,323
Intergovernmental revenues	1,567,364	-	1,567,364
TOTAL REVENUES	<u>2,392,687</u>	<u>-</u>	<u>2,392,687</u>
EXPENDITURES			
Program expenses	2,283,211	-	2,283,211
Capital outlay	-	440,582	440,582
TOTAL EXPENDITURES	<u>2,283,211</u>	<u>440,582</u>	<u>2,723,793</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>109,476</u>	<u>(440,582)</u>	<u>(331,106)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	90,000	90,000
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>90,000</u>	<u>90,000</u>
NET CHANGE IN FUND BALANCES	109,476	(350,582)	(241,106)
FUND BALANCES - JULY 1	<u>981,440</u>	<u>1,013,363</u>	<u>1,994,803</u>
FUND BALANCES - JUNE 30	<u>\$ 1,090,916</u>	<u>\$ 662,781</u>	<u>\$ 1,753,697</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.

SCHEDULE C

COUNTY OF KENNEBEC, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023

	ASSETS			LIABILITIES		FUND BALANCES			TOTAL LIABILITIES AND FUND BALANCES
	Cash and cash equivalents	Due from other funds	TOTAL ASSETS	Accounts payable	Due to other funds	Restricted	Assigned	Unassigned	
Sheriff's Office Funds									
Civil Process Servers	\$ -	\$ -	\$ -	\$ -	\$ 59,268	\$ -	\$ -	\$ (59,268)	\$ -
ME Drug Enforcement	-	-	-	-	62,124	-	-	(62,124)	-
Sheriff Grant	-	-	-	-	983	-	-	(983)	-
Speed Grant	-	7,392	7,392	-	-	7,392	-	-	7,392
Byrne Grant	-	35,351	35,351	-	-	35,351	-	-	35,351
Alternative Sentencing Program	-	17,558	17,558	-	-	17,558	-	-	17,558
ME Revenue Services	-	57,868	57,868	-	-	57,868	-	-	57,868
Home Release Program	-	15,261	15,261	-	-	-	15,261	-	15,261
Computer Crimes	-	25,678	25,678	-	-	25,678	-	-	25,678
Seatbelt Grant	-	-	-	-	7,448	-	-	(7,448)	-
Distracted Driver	-	647	647	-	-	647	-	-	647
Stone Garden	-	-	-	-	12,739	-	-	(12,739)	-
Drug Forfeiture	-	10,328	10,328	-	-	10,328	-	-	10,328
Impaired Driver	-	-	-	-	196	-	-	(196)	-
Federal Forfeitures	-	25,432	25,432	-	-	25,432	-	-	25,432
Jail Funds									
Cara fund	-	917,826	917,826	677	-	917,149	-	-	917,826
Probate Funds									
Probate Surcharge	4,501	-	4,501	-	-	4,501	-	-	4,501
Probate	34,065	-	34,065	31,147	-	2,918	-	-	34,065
Deeds									
Deeds Surcharge	112,819	12,876	125,695	-	-	125,695	-	-	125,695

COUNTY OF KENNEBEC, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2023

	ASSETS		LIABILITIES		FUND BALANCES			TOTAL LIABILITIES AND FUND BALANCES	
	Cash and cash equivalents	Due from other funds	TOTAL ASSETS	Accounts payable	Due to other funds	Restricted	Assigned		Unassigned
District Attorneys Office Funds									
Victim Advocate	-	-	-	-	10,259	-	-	(10,259)	-
Computer	-	691	691	-	-	691	-	-	691
Restitution	89,160	784	89,944	121,303	-	-	-	(31,359)	89,944
DA Advocate	-	74	74	-	-	74	-	-	74
DA Eldercare Victim	-	2,619	2,619	-	-	2,619	-	-	2,619
DA Monitoring	-	15,694	15,694	-	-	15,694	-	-	15,694
Contingency Funds									
Contingency	-	100,000	100,000	-	-	100,000	-	-	100,000
EMA Funds									
Homeland Security Grant	-	-	-	3,038	54,495	-	-	(57,533)	-
EMA Exercise	-	2,207	2,207	-	-	2,207	-	-	2,207
LEPC Reserve	-	-	-	-	9,808	-	-	(9,808)	-
EMA Hazmat	-	2,711	2,711	-	-	2,711	-	-	2,711
EMA School Planner	-	-	6,785	-	33,926	-	-	(27,141)	6,785
Total	\$ 240,545	\$1,250,997	\$ 1,498,327	\$ 156,165	\$ 251,246	\$ 1,354,513	\$ 15,261	\$ (278,858)	\$ 1,498,327

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, 2023

FUND	REVENUES		EXPENDITURES	NET	FUND	
	BALANCES JULY 1	Charges for services	Intergovernmental revenues	Program expenses	CHANGE IN FUND BALANCES	BALANCES JUNE 30
Sheriff's Office Funds						
Civil Process Servers	\$ (103,440)	\$ 440,300	\$ -	\$ (396,128)	\$ 44,172	\$ (59,268)
ME Drug Enforcement	(48,648)	-	115,224	(128,700)	(13,476)	(62,124)
Sheriff Grant	(983)	-	-	-	-	(983)
Speed Grant	-	-	7,786	(394)	7,392	7,392
Byrne Grant	28,528	-	23,891	(17,068)	6,823	35,351
Alternative Sentencing Program	15,143	-	25,280	(22,865)	2,415	17,558
ME Revenue Services	72,959	-	539,696	(554,787)	(15,091)	57,868
Home Release Program	15,261	-	-	-	-	15,261
Computer Crimes	22,277	-	257,298	(253,897)	3,401	25,678
Seatbelt Grant	-	-	-	(7,448)	(7,448)	(7,448)
Distracted Driver	-	-	7,575	(6,928)	647	647
Stone Garden	-	-	27,729	(40,468)	(12,739)	(12,739)
Drug Forfeiture	10,964	-	883	(1,519)	(636)	10,328
Impaired Driver	-	-	1,884	(2,080)	(196)	(196)
Federal Forfeitures	11,579	-	24,109	(10,256)	13,853	25,432
Jail Funds						
Cara Fund	719,910	-	240,000	(42,761)	197,239	917,149
Probate Funds						
Probate Surcharge	8,172	7,895	-	(11,566)	(3,671)	4,501
Probate	803	11,838	-	(9,723)	2,115	2,918
Deeds						
Deeds Surcharge	70,011	55,684	-	-	55,684	125,695

COUNTY OF KENNEBEC, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

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)	-	51,882	(54,773)	(2,891)	(10,259)
Computer	2,544	-	163,686	(165,539)	(1,853)	691
Restitution	17,588	309,606	-	(358,553)	(48,947)	(31,359)
DA Advocate	74	-	-	-	-	74
DA Eldercare Victim	2,619	-	-	-	-	2,619
DA Monitoring	15,739	-	648	(693)	(45)	15,694
Contingency Funds						
Contingency	100,000	-	-	-	-	100,000
EMA's Funds						
Homeland Security Grant	22,612	-	68,368	(148,513)	(80,145)	(57,533)
EMA Exercise	2,207	-	-	-	-	2,207
LEPC Reserve	(2,607)	-	5,050	(12,251)	(7,201)	(9,808)
EMA Hazmat	5,496	-	6,375	(9,160)	(2,785)	2,711
EMA School Planner	-	-	-	(27,141)	(27,141)	(27,141)
Total	<u>\$ 981,440</u>	<u>\$ 825,323</u>	<u>\$ 1,567,364</u>	<u>\$ (2,283,211)</u>	<u>\$ 109,476</u>	<u>\$ 1,090,916</u>

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, 2023

	<u>General Fund</u>	<u>Jail</u>	<u>Total</u>
ASSETS			
Due from other funds	\$ 320,436	\$ 352,308	\$ 672,744
TOTAL ASSETS	<u>\$ 320,436</u>	<u>\$ 352,308</u>	<u>\$ 672,744</u>
LIABILITIES			
Accounts payable	\$ 9,963	\$ -	\$ 9,963
TOTAL LIABILITIES	<u>9,963</u>	<u>-</u>	<u>9,963</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	310,473	352,308	662,781
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>310,473</u>	<u>352,308</u>	<u>662,781</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 320,436</u>	<u>\$ 352,308</u>	<u>\$ 672,744</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, 2023

	<u>General Fund</u>	<u>Jail</u>	<u>Total</u>
REVENUES			
Intergovernmental revenues	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Capital outlay	180,583	259,999	440,582
TOTAL EXPENDITURES	<u>180,583</u>	<u>259,999</u>	<u>440,582</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(180,583)</u>	<u>(259,999)</u>	<u>(440,582)</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	(140,583)	(209,999)	(350,582)
FUND BALANCES, JULY 1	<u>451,056</u>	<u>562,307</u>	<u>1,013,363</u>
FUND BALANCES, JUNE 30	<u>\$ 310,473</u>	<u>\$ 352,308</u>	<u>\$ 662,781</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, 2023

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
County-wide	\$ 111,355	\$ 3,648,691	\$ 394,292	\$ -	\$ 4,154,338
District Attorney	-	-	77,202	-	77,202
Commissioners	-	-	14,600	-	14,600
Register of Deeds	-	-	80,662	-	80,662
Register of Probate	-	-	66,338	-	66,338
Jail	302,101	17,653,604	1,330,422	2,017	19,288,144
Sheriff	-	477,460	1,965,921	25,554	2,468,935
Total General Capital	413,456	21,779,755	3,929,437	27,571	26,150,219
Less: Accumulated Depreciation	-	(17,572,842)	(2,475,167)	(2,027)	(20,050,036)
Net General Capital Assets	<u>\$ 413,456</u>	<u>\$ 4,206,913</u>	<u>\$ 1,454,270</u>	<u>\$ 25,544</u>	<u>\$ 6,100,183</u>

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, 2023

	General Capital Assets 7/1/22 (Restated)	Additions	Deletions	General Capital Assets 6/30/23
County-wide	\$ 3,933,551	\$ 237,775	\$ (16,988)	\$ 4,154,338
District Attorney	63,092	14,110	-	77,202
Commissioners	14,600	-	-	14,600
Register of Deeds	72,531	8,131	-	80,662
Register of Probate	66,338	-	-	66,338
Jail	19,100,814	187,330	-	19,288,144
Sheriff	1,888,356	765,951	(185,372)	2,468,935
Total General Capital	<u>25,139,282</u>	<u>1,213,297</u>	<u>(202,360)</u>	<u>26,150,219</u>
Less: Accumulated Depreciation	<u>(19,569,012)</u>	<u>(599,224)</u>	<u>118,200</u>	<u>(20,050,036)</u>
Net General Capital Assets	<u>\$ 5,570,270</u>	<u>\$ 614,073</u>	<u>\$ (84,160)</u>	<u>\$ 6,100,183</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, 2023

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-23-2303	\$ 54,774	\$ -
<i>Direct Funding</i>				
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	N/A	<u>17,067</u>	<u>-</u>
Total U.S. Department of Justice			<u>71,841</u>	<u>-</u>
U.S. Department of Transportation				
Highway Safety Cluster				
<i>Passed through Maine Bureau of Highway Safety</i>				
State and Community Highway Safety	20.600	PT21-012	6,758	-
State and Community Highway Safety	20.600	PT21-018	394	-
State and Community Highway Safety	20.600	ID23-042	2,080	-
State and Community Highway Safety	20.600	ID23-037	<u>6,928</u>	<u>-</u>
Total Highway Safety Cluster			<u>16,160</u>	<u>-</u>
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		<u>9,160</u>	<u>-</u>
Total U.S. Department of Transportation			<u>25,320</u>	<u>-</u>
U.S. Department of Treasury				
<i>Direct Federal Program</i>				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>7,362,638</u>	<u>1,051,711</u>
Total U.S. Department of Treasury			<u>7,362,638</u>	<u>1,051,711</u>
U.S. Department of Homeland Security				
<i>Passed through Maine Emergency Management Association</i>				
Homeland Security Grant Program	97.067	32	<u>188,981</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>188,981</u>	<u>-</u>
TOTAL DISBURSEMENTS OF FEDERAL AWARDS			<u>\$7,648,780</u>	<u>\$1,051,711</u>

COUNTY OF KENNEBEC, MAINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

1. 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, 2023. 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

<u>Applicant</u>	<u>ALN</u>	<u>Amount</u>
Boys and Girls Clubs of Kennebec Valley	21.027	\$ 27,402
Children's Center	21.027	278,546
Greater Augusta Utility District	21.027	261,840
Maine Children's Home for Little Wanderers	21.027	8,253
Maine General Medical Center	21.027	33,384
Mid-Maine Homeless Shelter	21.027	200,000
The Voices Project	21.027	47,959
YMCA	21.027	1,100
Kennebec County - EMA MD-3 Project	21.027	43,046
Kennebec County - ARPA Consultants	21.027	50,181
Kennebec County - Hill House	21.027	100,000
		<u>\$ 1,051,711</u>



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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, 2023 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 October 1, 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 August 19, 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
October 1, 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, 2023. 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, 2023.

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
October 1, 2024

COUNTY OF KENNEBEC, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

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