

COUNTY OF KNOX, MAINE

*FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORTS*

*FOR THE FISCAL YEAR
ENDED DECEMBER 31, 2022*

**COUNTY OF KNOX
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
DECEMBER 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

County Commissioners
County of Knox
Rockland, ME 04841

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Knox, Maine (the County) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Knox, Maine as of December 31, 2022, and the respective changes in financial position 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 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 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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's ability to continue as a going concern for twelve months beyond the financial statements 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 generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement 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 control 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'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 substantial doubt about the County'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 and budgetary comparison information, pension, and other post-employment benefit disclosure schedules on pages 4-9, 45-46, and 47-54 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not 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 assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the 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 June 2, 2022, on our consideration of the County of Knox, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County of Knox, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Knox, Maine's internal control over financial reporting and compliance.

Respectfully Submitted,

James W. Wadman, CPA

James W. Wadman, CPA
August 31, 2023

County of Knox
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2022

Management of County of Knox provides this *Management's Discussion and Analysis* of the County's financial performance for readers of the County's financial statements. This narrative overview and analysis of the financial activities of the County is for the fiscal year ended December 31, 2022. We encourage readers to consider this information in conjunction with the financial statements and accompanying notes that follow.

The financial statements herein include all of the activities of County of Knox (the County) using the integrated approach as prescribed by Government Accounting Standards Board (GASB) Statement No. 34 and related subsequent statements.

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

Government-wide Highlights:

Net position – The assets of the County exceeded its liabilities at fiscal year ending December 31, 2022 by \$51,752,220 (presented as “net position”). Of this amount, \$4,533,317 was reported as “unrestricted net position”. Unrestricted net position represents the amount available to be used to meet the County's ongoing obligations to citizens and creditors.

Changes in Net position – The County's total net position increased by \$8,690,601 (a 20% increase) for the fiscal year ended December 31, 2022.

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the fiscal year ended December 31, 2022; the County's governmental funds reported a combined ending fund balance of \$12,108,018 with \$4,375,934 being general, corrections, airport, and communications unassigned fund balance. This unassigned fund balance represents approximately 31% of the total general, corrections, airport and communications funds expenditures for the year. \$1,776,068 general unassigned fund balance represents 28% of the total general fund expenditures for the year.

Long-term Debt:

The County's total long-term debt obligations decreased by \$337,579 (12%) during the current fiscal year. No new debt obligations were issued. Existing debt obligations were paid according to schedule. Additional information on the County's debt can be found in Note 3E of the notes to the financial statements on pages 32-33 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information (budgetary comparison) and other supplementary information. These components are described below:

Government-wide Financial Statements

The Government-wide financial statements present the financial picture of the County from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the County (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain elimination entries have occurred as prescribed by the statement in regards to inter-fund activity, payables and receivables.

The government-wide financial statements can be found on pages 10-11 of this report.

Fund Financial Statements

The fund financial statements include statements for each of the three categories of activities – governmental, business-type and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Fiduciary funds are used to account for resources held for the benefit of parties outside the County’s government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County’s own programs. Reconciliation of the fund financial statements to the Government-wide financial statements is provided to explain the differences created by the integrated approach.

The basic governmental fund financial statements can be found on pages 12-15 of this report.

The fiduciary fund financial statements can be found on pages 16-17 of this report.

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 the financial statements can be found on pages 18-49 of this report.

Required Supplementary Information

This section includes a budgetary comparison schedule, which includes a reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the general fund as presented in the governmental fund financial statements (if necessary), pension plan schedules, and other post-employment benefit schedules.

Required supplementary information can be found on pages 50-58 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

80% of the County's net position reflects its investment in capital assets such as land, buildings, and equipment less any related debt used to acquire those assets that are still outstanding. The County uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

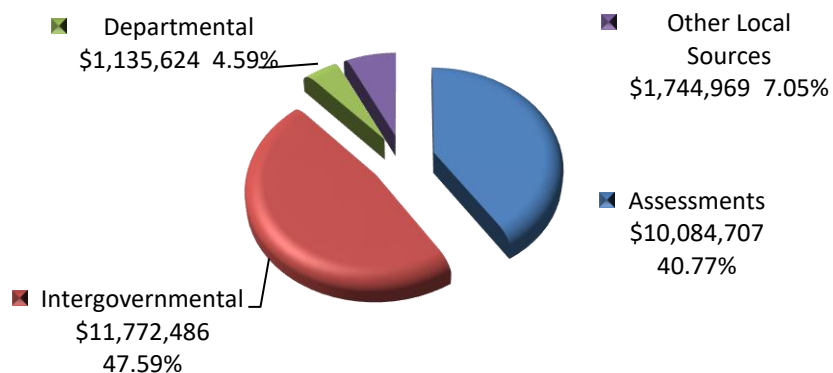
	Total 2022	Total 2021
Current Assets	12,862,717	9,455,282
Long-Term Assets	139,317	217,550
Capital Assets	43,580,349	38,259,306
Total Assets	56,582,383	47,932,138
 Total Deferred Outflows of Resources	 743,716	 791,542
 Total Assets and Deferred Outflows of Resources	 57,326,099	 48,723,680
 Other Liabilities	460,807	1,250,253
Long-Term Liabilities	4,456,748	3,277,292
Total Liabilities	4,917,555	4,527,545
 Total Deferred Inflows of Resources	 656,324	 1,134,516
 Net Position:		
Net Investment in Capital Assets	41,171,625	35,513,003
Restricted	6,027,278	3,434,335
Unrestricted	4,553,317	4,114,281
Total Net Position	51,752,220	43,061,619
 Total Liabilities , Deferred Inflows of Resources, and Net Position	 57,326,099	 48,723,680

Changes in Net position

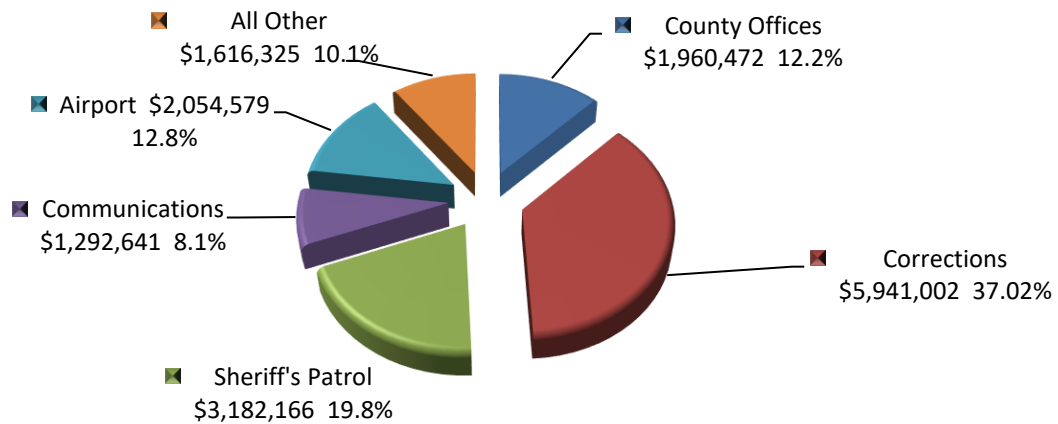
Approximately 41 percent of the County's total revenue came from assessments, approximately 48 percent came from State subsidies and grants, and approximately 11 percent came from services, investment earnings and other sources. Depreciation expense on the County's governmental assets represents \$1,556,565 of the total expenditures for the fiscal year.

	Total 2022	Total 2021
Revenues:		
District Assessments	10,084,707	9,895,629
Intergovernmental Revenues	11,772,486	11,191,710
Departmental Revenues	1,135,624	1,199,873
Other Local Sources	1,744,969	1,368,542
Gain on Sale of Assets	-	22,170
Total	24,737,786	23,677,924
Expenses:		
Emergency Management Agency	334,460	361,569
District Attorney	563,597	515,167
Administration & Information Technology	721,513	697,277
Finance	340,902	310,734
Building Maintenance - Courthouse	398,288	338,672
Building Maintenance - Public Safety Building	211,520	105,879
Debt Service	21,513	24,363
Corrections	5,941,002	4,990,913
Deeds	248,429	252,195
Probate	295,846	274,382
Sheriff's Patrol	3,182,166	2,525,438
Communications	1,292,641	1,254,825
Airport	2,054,579	2,215,561
Other Post-Employment Benefits	61,670	75,430
All Other	379,059	243,789
	16,047,185	14,186,194
Changes in Net Position	8,690,601	9,491,730

Revenues By Source - Governmental Activities



Expenditures By Source - Governmental Activities



FINANCIAL ANALYSIS OF THE COUNTY'S INDIVIDUAL FUNDS

Governmental Funds

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

At the end of the fiscal year, the County's governmental funds reported ending fund balances of \$12,108,018 an increase of \$3,218,948 in comparison with the prior year. 36% percent of this total amount constitutes unassigned fund balance.

GENERAL FUND BUDGETARY HIGHLIGHTS

Variances between actual General Fund revenues and expenditures and the final amended budget included the following:

- \$43,222 positive variance in finance revenue. The variance is due to higher interest rates and cash flow.
- \$49,463 positive variance in probate revenue. The variance is due to higher fees and passports.
- \$55,876 negative variance in sheriff patrol. There was an open Vinalhaven position for partial year and lower civil process.
- \$123,055 negative variance in building maintenance – public safety building. The variance is due to building repairs and maintenance.
- \$86,980 positive variance in sheriff's patrol personnel services. The variance is due to open positions and change in personnel.
- \$189,746 negative variance in sheriff's capital outlay. The variance is due to unbudgeted vehicle purchases approved by the commissioners.
- \$92,359 positive variance in corrections intergovernmental revenues. The variance is due to additional funding received from the State.
- \$167,081 positive variance in corrections personnel services. The variance is due to open positions and change in personnel.
- \$84,748 positive variance in corrections contractual services. The variance is due to change of medical services vendor and delay in invoicing.
- \$81,623 negative variance in corrections capital outlay. The variance is due to increased food costs and higher safety supplies and equipment.
- \$785,877 positive variance in airport intergovernmental revenues. The variance is due to CARES grant.

- \$139,278 positive variance in airport other local sources. The variance is due to higher revenue from vendors and tenants.
- \$91,252 negative variance in airport contractual services. The variance is due to increased electricity and gas expenses and higher legal expenses.
- \$602,027 negative variance in airport capital outlay. The variance is due to the purchase of property, which will be reimbursed fiscal year 2023.
- \$173,273 positive variance in communications personnel services. The variance is due to open positions.

CAPITAL ASSET ADMINISTRATION

Capital Assets

The County's investment in capital assets for its governmental activities amounts to \$61,509,857 net of accumulated depreciation of \$17,929,508 leaving a net book value of \$43,580,349.

Additional information on the County's capital assets can be found in Note 3D of the notes to the financial statements on page 28 of this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all citizens, taxpayers, investors and creditors. This financial report seeks to demonstrate the County's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: County of Knox, 62 Union St., Rockland, ME 04841.

COUNTY OF KNOX
STATEMENT OF NET POSITION
DECEMBER 31, 2022

Exhibit A

	Governmental Activities
<i>Assets and Deferred Outflow of Resources</i>	
<i>Current assets:</i>	
Cash and Equivalents	8,419,923
Investments	1,348,235
Accounts Receivable	531,315
Lease Receivable	298
Accrued Interest Receivable	534
Due from Other Governments	2,562,412
<i>Non-current assets:</i>	
Lease Receivable, non-current	107,248
Right to Use Leased Assets, Net of Amortization	32,069
Capital Assets:	
Land	2,930,344
Construction Work in Progress	4,595,107
Other Capital Assets, Net of Depreciation	36,054,898
Total Assets	56,582,383
<i>Deferred Outflows of Resources</i>	
Related to Pensions	553,172
Related to Post Employment Benefits Obligation	190,544
Total Deferred Outflows of Resources	743,716
Total Assets and Deferred Outflows of Resources	57,326,099
<i>Liabilities, Deferred Inflows of Resources, and Net Position</i>	
Liabilities	
Accounts Payable	113,616
Retainage Payable	196,732
Accrued Interest Payable	53
Accrued Salaries	150,406
Long-term Liabilities:	
Compensated Absences	688,722
Net Pension Liability	585,538
Net Post Employment Benefits Obligation	741,438
Lease Liability	
Due Within One Year	3,488
Due in More Than One Year	28,838
Bonds and Notes Payable	
Due Within One Year	343,679
Due in More Than One Year	2,065,045
Total Liabilities	4,917,555
<i>Deferred Inflows of Resources:</i>	
Leases	105,582
Related to Pensions	325,383
Related to Post Employment Benefits Obligation	225,359
Total Deferred Inflows of Resources	656,324
Net Position	
Net Investment in Capital Assets	41,171,625
Restricted Net Position	6,027,278
Unrestricted	4,553,317
Total Net Position	51,752,220
Total Liabilities, Deferred Inflows of Resources, and Net Position	57,326,099

The accompanying notes to the financial statements are an integral part of these statements.

COUNTY OF KNOX
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit B

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants</u>	<u>Revenue and Changes in Net Position</u>
<u>Primary Government</u>				<u>Total</u>
<u>Governmental Activities</u>				<u>Governmental Activities</u>
Emergency Management Agency	334,460	0	176,975	(157,485)
District Attorney	563,597	19,819	19,560	(524,218)
Administration and Information Technology	721,513	5,260		(716,253)
Finance	340,902	50,222		(290,680)
Building Maintenance - Courthouse	398,288	77,585		(320,703)
Building Maintenance - Public Safety Building	211,520			(211,520)
Debt Service	21,513			(21,513)
Corrections	5,941,002	419,128	929,229	(4,592,645)
Deeds	248,429			(248,429)
Probate	295,846	160,903		(134,943)
Sheriff Patrol	3,182,166	266,040	134,197	(2,781,929)
Communications	1,292,641			(1,292,641)
Annual Post Employment Benefit Costs	61,670			(61,670)
Airport	2,054,579	646,373	1,111,183	(297,023)
Amortization Expense	3,736			(3,736)
Miscellaneous	375,323			(375,323)
<u>Total Governmental Activities</u>	<u>16,047,185</u>	<u>1,645,330</u>	<u>2,371,144</u>	<u>(12,030,711)</u>
<u>Total Primary Government</u>	<u>16,047,185</u>	<u>1,645,330</u>	<u>2,371,144</u>	<u>(12,030,711)</u>
<u>General Revenues:</u>				
Assessments				10,084,707
Intergovernmental Funds				4,235,845
Registry of Deeds Fees				579,181
Airport Federal and State Grants for Capital Assets & Infrastructure				5,713,184
Other Local Sources				108,395
<u>Total Revenues, Special Items and Transfers</u>				<u>20,721,312</u>
<u>Changes in Net Position</u>				8,690,601
<u>Net Position - Beginning</u>				<u>43,061,619</u>
<u>Net Position - Ending</u>				<u>51,752,220</u>

The accompanying notes to the financial statements are an integral part of this statement.

COUNTY OF KNOX
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2022

Exhibit C
Page 1 of 2

<i>Assets</i>	<i>General Fund</i>	<i>ARPA Grant</i>	<i>Airport Cares Act #62 Grant</i>	<i>Other Governmental Funds</i>	<i>Total</i>
Cash and Equivalents	8,383,771			36,152	8,419,923
Investments	589,125			759,110	1,348,235
Accounts Receivable	426,374			104,941	531,315
Lease Receivable	107,546				107,546
Due from Other Funds	531,597	5,912,289		50,655	6,494,541
Due from Other Governments			847,751	1,714,661	2,562,412
Total Assets	10,038,413	5,912,289	847,751	2,665,519	19,463,972
<i>Liabilities</i>					
Accounts Payable	113,136			480	113,616
Retainage Payable			171,112	25,620	196,732
Accrued Salaries	136,792	13,614			150,406
Due to Other Funds	3,984,558		676,639	1,833,344	6,494,541
Total Liabilities	4,234,486	13,614	847,751	1,859,444	6,955,295
<i>Deferred Inflows of Resources:</i>					
Leases	105,582				105,582
Unavailable Revenues	295,077				295,077
Total Deferred Inflows of Resources	400,659	-	-	-	400,659
<i>Fund Balances</i>					
Restricted		5,898,675		128,603	6,027,278
Committed	890,869			677,472	1,568,341
Assigned	136,465				136,465
Unassigned	4,375,934				4,375,934
Total Fund Balances	5,403,268	5,898,675		806,075	12,108,018
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	10,038,413	5,912,289		2,665,519	19,463,972

The accompanying notes to the financial statements are and integral part of these statements.

COUNTY OF KNOX
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2022

Exhibit C
Page 2 of 2

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total Fund Balance	12,108,018
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$17,929,508	43,580,349
Deferred outflows of resources related to pension plans	553,172
Deferred outflows of resources related to post employment benefits obligation	190,544
Deferred inflows of resources related to pension plans	(325,383)
Deferred inflows of resources related to post employment benefits obligation	(225,359)
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Unavailable Revenues - Jail	295,077
Right to Use Leased Assets, Net of Amortization	32,603
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Bonds Payable	(2,408,724)
Lease Liability	(32,379)
Net Pension Liability	(585,538)
Net Post Employment Benefit Obligation	(741,438)
Accrued Compensated Absences	(688,722)
Net Position of Governmental Activities	<u><u>51,752,220</u></u>

The accompanying notes to the financial statements are an integral part of these statements.

COUNTY OF KNOX
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit D
Page 1 of 2

	<i>General Fund</i>	<i>ARPA Grant</i>	<i>Airport Cares Act #62 Grant</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Revenues					
Assessments	10,084,707				10,084,707
Intergovernmental Revenues	1,951,847	3,862,623	3,963,072	1,994,944	11,772,486
Departmental Revenues	1,129,418				1,129,418
Other Local Sources	1,482,543			261,892	1,744,435
Total Revenues	14,648,515	3,862,623	3,963,072	2,256,836	24,731,046
Expenditures					
Emergency Management Agency	240,996	11,253		62,964	315,213
District Attorney	544,792	13,046			557,838
Administration and Information Technology	646,720	51,037		2,939	700,696
Finance	327,032	6,366			333,398
Building Maintenance - Courthouse	506,003	29,687		38,998	574,688
Building Maintenance - Public Safety Building	211,520				211,520
Debt Service	185,839				185,839
Corrections	5,017,891	760,986		100,184	5,879,061
Deeds	239,830	5,894			245,724
Probate	286,038	6,590			292,628
Sheriff's Patrol	2,877,121	245,885		146,216	3,269,222
Communications	1,131,561	93,191			1,224,752
Airport	1,589,119	172	3,963,072	1,829,638	7,382,001
All Other	258,077	117,246			375,323
Total Expenditures	14,062,539	1,341,353	3,963,072	2,180,939	21,547,903
Excesss of Revenues Over (Under) Expenditures	585,976	2,521,270	-	75,897	3,183,143
Other Financing Sources (Uses)					
Lease Liabilities Issued	35,805				35,805
Transfers from Other Funds	-			141,467	141,467
Transfers to Other Funds	(47,659)			(93,808)	(141,467)
Total Other Financing Sources (Uses)	(11,854)	-	-	47,659	35,805
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	574,122	2,521,270	-	123,556	3,218,948
Fund Balance - January 1	4,829,146	3,377,405		682,519	8,889,070
Fund Balance - December 31	5,403,268	5,898,675	-	806,075	12,108,018

(Continued)

The notes to financial statements are an integral part of this statement.

COUNTY OF KNOX
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit D
Page 2 of 2

Net change in fund balances - total governmental funds	3,218,948
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized	12,415,289
Capital assets disposed	(5,537,681)
Depreciation expense	(1,556,565)
Leases	(310)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Unavailable Revenues - Jail	6,206
Accrued Interest Receivable	534
Bond proceeds provided current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:	
Bond principal payments	337,579
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:	
Pension Plans (Deferred Outflows, Net Pension Liability, Deferred Inflows)	(78,305)
Annual Post Employment Benefit Cost (Deferred Outflows, Net OPEB Liability, Deferred Inflows)	(61,670)
Accrued compensated absences	(53,424)
Change in net position of governmental activities	<u><u>8,690,601</u></u>

The notes to financial statements are an integral part of this statement.

COUNTY OF KNOX
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2022

Exhibit E

	<i>Custodial Funds</i>		
	<i>Inmate Fund</i>	<i>DA Restitution</i>	<i>Totals</i>
Assets			
Cash and Equivalents	23,321	13,018	36,339
Total Assets	23,321	13,018	36,339
Liabilities and Net Position			
Liabilities			
Accounts Payable			-
Total Liabilities	-	-	-
Net Position			
Restricted For:			
Individuals	23,321	13,018	36,339
Total Net Position	23,321	13,018	36,339
Total Liabilities and Net Position	23,321	13,018	36,339

The notes to financial statements are an integral part of this statement.

COUNTY OF KNOX
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit F

	<i>Custodial Funds</i>		
	<i>Inmate Fund</i>	<i>DA Restitution</i>	<i>Totals</i>
Additions			
Miscellaneous	122,951	45,352	168,303
Total Additions	122,951	45,352	168,303
Deductions			
Benefit payments to individuals	115,617	50,357	165,974
Total Deductions	115,617	50,357	165,974
Net increase (decrease) in fiduciary net position	7,334	(5,005)	2,329
Net position - beginning	15,987	18,023	34,010
Net position - ending	23,321	13,018	36,339

COUNTY OF KNOX
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County of Knox have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity

The County of Knox operates under an elected Board of Commissioners form of government. The County's major operations include airport, jail, communications, and general administrative services.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the County. Fiduciary activities, whose resources are not available to finance the County's programs, are excluded from the government-wide statements. The material effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and various intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Functional expenses may also include an element of indirect cost, designed to recover administrative (overhead) costs. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the respective fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *total economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and trust fund financial statements. Revenues are recognized when transactions occur and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Agency funds, reporting only assets and liabilities, have no measurement focus but use the accrual basis of accounting.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including interest

COUNTY OF KNOX
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

on long-term debt, as well as expenditure related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, sales taxes, interdepartmental charges and intergovernmental revenues are considered susceptible to accrual. Special assessments are recorded as revenues in the year the assessment become current. Annual installments not yet due are reflected as special assessment receivables and deferred revenues. Other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

The General Fund is used to account for all or most of the County's general activities, including the collection and disbursement of earmarked monies (special revenue funds) and the servicing of general long-term debt (debt service fund). The General Fund is used to account for all activities of the general government not accounted in some other fund.

The Airport Cares #62 accounts for all expenditures relating to the Cares grant projects at the airport.

The ARPA grant accounts for all expenditures related to the American Recovery Plan Act grant.

Additionally, the County reports the following fund types:

Fiduciary funds are used to account for assets held in a trustee or agency capacity for others and therefore cannot be used to support the County's own programs.

The effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and charges between the business-type functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include 1) charges to customers or applicants for goods, services, fines and forfeitures, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service funds are charges to customers for goods and services. Operating expenses include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

COUNTY OF KNOX
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net position or Fund Equity

1. 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. These investments are not specifically identified with any one fund. Interest is allocated to the individual funds on the basis of average cash balances.

The County may invest in certificates of deposit, in time deposits, and in any securities in which the state investment officer is authorized to invest pursuant to the Maine Statute 5705 Title 30-A and as provided in the authorized investment guidelines of the Maine Statutes 5711 through 5719 in effect on the date the investment is made.

Investments in the Pension Trust Fund are carried at fair value. Investments in other funds are carried at fair value, except for short-term investments, which are reported at amortized cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value, based on relevant market information of similar financial instruments. Income from investments held by the individual funds is recorded in the respective funds as it is earned.

2. Receivables and Payables

Transactions between funds that result in outstanding balances are reported as due to/from other funds.

Revenues for the most part are recorded when received, except for the following items for which receivables have been recorded:

- a. Certain grants received from other governments require that eligible expenditures be made in order to earn the grant. Revenue for these grants is recorded for the period in which eligible expenditures are made.
- b. Various service charges are recorded as revenue for the period when service was provided. The receivables for such services are shown on the balance sheet.

3. Leases Receivable

The County, as a lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources should be measured as the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods.

COUNTY OF KNOX
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net position or Fund Equity

4. Capital Assets

Capital assets, which property, plant, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50-100
Infrastructure	30-50
Equipment	5-30

5. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position and the governmental fund balance sheet will report a separate section for deferred outflows of resources. The separate financial statements element, Deferred outflows of resources represents a consumption of net position that applies to a future period and therefore will not be recognized as an expense/expenditure until then. The County has two items that meet this criterion, pension deferrals and OPEB deferrals. In addition to liabilities, the statement of net position and the governmental fund balance sheet will sometimes 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 future period and so will not be recognized as revenue until then. The County has three item that qualifies as a deferred inflow of resources, pension deferrals, OPEB deferrals, and leases. These amounts are considered unavailable and will be recognized as an outflow of resources (expenditure) and an inflow of resources (revenue) in the period that the amounts become available.

6. 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 Maine Employees Retirement System (System) and additions to/deductions from the System’s fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable pursuant to formal commitments or statutory requirements. Investments are reported at fair value. Investment income is recognized when earned and investment expenses are recorded when incurred.

COUNTY OF KNOX
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net position or Fund Equity

7. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net positions of the Maine Municipal Employees Health Trust (MMEHT) and additions to / deductions from their 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 pursuant to formal commitments or statutory requirements. Investments are reported at fair value. Investment income is recognized when earned and investment expenses are recorded when incurred.

8. Compensated Absences

County employees generally earn vacation days at a variable rate based on years of service. In the event of termination, an employee is reimbursed for all accumulated vacation time upon complying with county policies.

Employees earn sick leave proportionate to regularly scheduled hours for a maximum of 8 hours, accumulative to a maximum of 120 working days. Upon retirement or resignation, an employee in good standing is entitled to payment for one-half of accrued sick leave of not more than 90 days accumulation.

In the fund financial statements, vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation leave in the government-wide financial statements is recorded as an expense and liability of the fund as the benefits accrue to employees. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulated right to receive sick pay benefits.

9. Right to Use Assets

The County has recorded right to use leased assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

9. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position.

10. Fund Balances/Net position

Fund Balances

In accordance with Government Accounting Standards Board 54, fund balance reporting and governmental fund type definitions, the County classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

COUNTY OF KNOX
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net position or Fund Equity

10. Fund Balances/Net position (continued)

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through County commissioner voting and does not lapse at year-end.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the County Treasurer.

Unassigned – includes positive fund balance within the general fund which has not been classified within the above-mentioned categories and negative fund balance in other governmental funds.

The County considers restricted, committed, assigned, and unassigned amounts to be spent in that order when expenditures for which any of those amounts are available. The County follows the fund balance policy pursuant to Maine Statute Title 30-A.

COUNTY OF KNOX
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net position or Fund Equity

10. Fund Balances/Net position (continued)

Fund Balances

The County has identified December 31, 2022 fund balances on the balance sheet as follows:

	General	ARPA	Other	
	Fund	Grant	Governmental	
			Funds	Total
<u>Restricted</u>				
Wellness Grant			175	175
Local Emergency Planning Committee			21,719	21,719
Local Assistance Fund			50,000	50,000
ARPA Grant		5,898,675		5,898,675
Airport Passenger Facility			56,709	56,709
<u>Committed</u>				
General Reserves	890,869			890,869
Capital Improvements			677,472	677,472
<u>Assigned</u>				
Inmate Fund	116,694			116,694
Jail Diversion Program	19,771			19,771
<u>Unassigned</u>				
General Fund	1,776,068			1,776,068
Corrections Fund	678,204			678,204
Airport Fund	1,415,283			1,415,283
Communications Fund	506,379			506,379
<u>Total Fund Balance</u>	<u>5,403,268</u>	<u>5,898,675</u>	<u>806,075</u>	<u>12,108,018</u>

Net position

Net position is required to be classified into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net Investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. If there are significant unspent related debt proceeds at year-end, the portions of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.

COUNTY OF KNOX
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net position or Fund Equity

10. Fund Balances/Net position (continued)

Restricted – This component of net position consists of restrictions placed on net position use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or law or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component consists of net position that do not meet the definition of “restricted” or “net investment in capital assets.”

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The County utilizes a formal budgetary accounting system to control revenues accounted for in the general fund. These budgets are established in accordance with the various laws which govern the County’s operations. The County Commissioners submit an itemized budget estimate to the budget committee no later than 60 days before the end of the County’s fiscal year. The budget committee (made up of elected officials from various Counties/cities) reviews the proposed itemized budget prepared by the County Commissioners, together with any supplementary material prepared by the head of each County department or provided by any independent board or institution or another governmental agency. The budget committee may increase, decrease, or alter the proposed budget. The budget committee then holds a public hearing in the County on the proposed budget before the end of the County’s fiscal year and before the final adoption of the budget.

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

The budget as adopted and changed is the final authorization for the assessment of county taxes. The approved final budget is sent to the county commissioners and the county tax authorized is apportioned and collected.

All annual appropriations lapse at the year-end except for capital appropriations, which are encumbered if approved by the County Commissioners.

The Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual (Exhibit F) reconciles financial data on a budgetary basis for the government’s general fund to the data shown on the Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit D). The major difference is that encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP).

B. Reserved For Contingency - General Fund

Title 30-A, Section 922, Maine Revised Statutes Annotated of 1964 states that at the end of each fiscal year, there must be transferred from unencumbered county funds an amount sufficient to restore the established county contingent account. At December 31, the County’s contingency account remained at its established balance.

COUNTY OF KNOX
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The County's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State Statute 5706 require banks to give bond or to pledge government securities (types of which are specifically identified in the Statutes) to the County Treasurer in the amount of the County's deposits. The Statutes allow pledged securities to be reduced by the amount of Federal Deposit Insurance Company (FDIC).

One or more of the financial institutions holding the County's cash accounts are participating in the FDIC Transaction Account Guarantee Program. For all accounts, the County's cash deposits, including certificates of deposits, are insured up to \$250,000 by the FDIC. Any cash deposits or certificates of deposits in excess of the \$250,000 FDIC limits are covered by collateral held in a Federal Reserve pledge account or by an agent for the County and thus no custodial risk exist.

At year-end, the carrying value of the County's deposits was \$8,456,262 and the bank balance was \$10,227,507. Of the bank balance, \$250,000 was covered by federal depository insurance. The remaining \$9,977,507 was covered by the bank.

B. Investments

The County holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the County's mission, the county determines that the disclosures related to these investments only need to be disaggregated by major type. The County chooses a narrative format for the fair value disclosures.

The County categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 input is quoted in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The County has the following recurring fair value measurements as of December 31, 2022:

- U.S. Treasury securities and common stock of \$1,348,235 are valued using quoted market prices (Level 1 inputs)

Investment Policies

Generally, the County's investing activities are managed under the custody of the County Treasurer. Investing is performed in accordance with the investment policy adopted by the County Commissioners complying with state statutes. The County may invest in securities permitted under 30-A MRSA 5712, 5713, 5714, 5715, and 5716. Upon approval of the County Commissioners, the treasurer of the trustee(s) of a trust fund of the County, may enter into safekeeping and investment management agreements and/or investment advisory agreements in accordance with 30-A MRSA 5706(4) and the investment funds pursuant to any such agreements shall be governed by the rule prudence as set forth in 18-A MRSA 7-302.

COUNTY OF KNOX
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS

C. Assessments

The County's property tax assessment is levied and recognized annually on the assessment values for each municipality located in the county. Assessment values are established for each municipality by the state. For the year-ended December 31, 2022, the tax assessment was calculated as follows:

Assessed Valuation	
Real and personal estates	\$ 8,266,554,000
Unorganized territories	<u>22,000,000</u>
Total assessed valuation	8,288,554,000
Tax rate	<u>0.00106261</u>
Current tax commitment	<u><u>\$ 8,807,500</u></u>
Appropriations	13,231,350
Overlay	<u>130,160</u>
	13,361,510
Less:	
Estimated revenues	<u>(4,554,010)</u>
Current tax commitment	<u><u>\$ 8,807,500</u></u>

COUNTY OF KNOX
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<i>Governmental Activities;</i>				
<i>Capital assets not being depreciated</i>				
Land	2,780,344	150,000		2,930,344
Construction Work in Progress	5,233,295	4,899,493	(5,537,681)	4,595,107
<i>Capital assets being depreciated</i>				
Buildings	16,945,645	3,600,375		20,546,020
Equipment	6,907,382	1,842,085	(42,316)	8,707,151
Infrastructure	22,807,901	1,923,336		24,731,237
<i>Total capital assets being depreciated</i>	46,660,928	7,365,796	(42,316)	53,984,408
<i>Less accumulated depreciation for</i>				
Buildings	5,400,628	451,866		5,852,494
Equipment	4,542,311	536,614	(42,316)	5,036,609
Infrastructure	6,472,322	568,085		7,040,407
<i>Total accumulated depreciation</i>	16,415,261	1,556,565	(42,316)	17,929,510
<i>Net capital assets being depreciated</i>	30,245,667	5,809,231	-	36,054,898
<i>Governmental Activities</i>				
<i>Capital Assets, net</i>	38,259,306	10,858,724	(5,537,681)	43,580,349

Depreciation expense was charged to functions/programs of the primary government as follows;

Governmental Activities

Emergency Management	34,626
District Attorney	518
Administration and Information Technology	26,709
Finance	106
Building Maintenance - Courthouse	62,091
Corrections	178,193
Probate	767
Sheriff's Patrol	199,869
Communications	104,744
Airport	948,942
Total Depreciation Expense - Governmental Activities	1,556,565

COUNTY OF KNOX
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Leases

1) Lessor

The County has entered into various leases with the tenants for the use of property, space, and facilities at the County. Among these properties are airport concession, gift shop, rental car, as well as non-aviation related commercial rentals.

For the purpose of the GASB 87 implementation, the Lessor airport leases have been categorized as follows:

- GASB 87 Leases – Included
- GASB 87 Leases – Excluded – Regulated Leases
- GASB 87 Leases – Excluded – Short-Term Leases

GASB 87 Leases – Included

In accordance with GASB 87, the County recognized a lease receivable and a deferred inflow of resources for leases that the County categorizes as GASB 87 – Included leases. One lease is identified as GASB 87 – Included leases. It is for land rental for a tower. The incremental bonds borrowing rate is 1.99% based on the term of the leases are used to discount the expected lease receipts to present value. For these leases, the County recorded lessor leases receivable of \$108,289 at December 31, 2022. During the year 2022, the County reported lease receivable reduction of \$743 and interest income of \$1,607 related to the lease payments received. The GASB 87 – included leases receivable are presented in the following table:

	<i>Lease receivable 1/1/2022</i>	<i>Implied interest income</i>	<i>Receivable Reduction</i>	<i>Annual Lease Payments</i>	<i>Lease receivable 12/31/2022</i>	<i>Current Portion Lease Receivable</i>
Aeronautical Radio, Inc.	108,289	1,607	(743)	(2,350)	107,546	298

At December 31, 2022, lease receivable is \$298 and \$107,248 for current and non-current assets, respectively.

The County reported deferred inflows of \$108,289 as of January 1, 2022, and recognized lease revenues of \$2.707 as of December 31, 2022. These GASB 87- Included leases are summarized below:

	<i>Deferred Inflows 1/1/2022</i>	<i>Deferred Revenue Recognized</i>	<i>Deferred Inflows 12/31/2022</i>
Aeronautical Radio, Inc.	108,289	(2,707)	105,582

COUNTY OF KNOX
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Leases (continued)

GASB 87 Leases – Excluded – Regulated Leases and Short-Term Leases

In accordance with GASB 87, the County does not recognize a lease receivable and a deferred inflow of resources for regulated leases and short-term leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g., the U.S. Department of Transportation and the Federal Aviation Administration, regulated aviation leases between airports and air carriers and other aeronautical users. The County air carrier agreements, general aviation hangars, and fixed based contracts as regulated leases. Short-term leases are certain leases that at the commencement of the lease term, have a maximum possible term under the lease contract of 12 months or less, including any options to extend, regardless of their probability.

Future minimum leases payments for regulated leases and short-term leases are as follow:

<i>Year Ended December 31,</i>	
2023	67,777
2024	69,148
2025	70,558
2026	42,173
2027	42,818
2028-2032	103,826
2033-2037	50,333
2038-2042	31,448
Total	<u>478,081</u>

2) Lessee

Right to Use Leased Assets

The County has recorded one right to use leased asset. The asset is for antenna site lease. The related leases are discussed in the lease's subsection of the liabilities section of this note. The right to use lease assets are amortized on a straight-line basis over the terms of the related lease.

Right to use asset activity for the County for the year ended December 31, 2022 is as follows:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending Balance</i>
<i>Right to use assets:</i>				
Leased Antenna Site		35,805		35,805
<i>Total Right to use assets</i>	-	35,805	-	35,805
 <i>Less Accumulated Amortization for:</i>				
Leased Copiers		3,736		3,736
<i>Total accumulated amortization</i>	-	3,736	-	3,736
 <i>Right to use assets, net</i>	-	32,069	-	32,069

COUNTY OF KNOX
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Liabilities

Long-Term Liability Schedule

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending Balance</i>	<i>Due Within One Year</i>
<i>Governmental activities:</i>					
General Obligation Bonds	2,746,303		(337,579)	2,408,724	343,679
Compensated Absences	635,298	53,424		688,722	
Lease Liabilities Issued		35,805	(3,479)	32,326	3,488
Net Pension (Asset) Liability	(217,550)		803,088	585,538	
Net OPEB Liability	868,603		(127,165)	741,438	
<i>Governmental Activity Long-Term Liabilities</i>	<u>4,032,654</u>	<u>89,229</u>	<u>334,865</u>	<u>4,456,748</u>	<u>347,167</u>
Total Long-Term Liabilities	<u>4,032,654</u>	<u>89,229</u>	<u>334,865</u>	<u>4,456,748</u>	<u>347,167</u>

G. Leases

The County has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The first agreement was executed on 7/1/2021, to lease site location to be used for purpose of installing, removing, replacing, modifying, maintaining and operating, at its expense, two-way radio equipment including, antenna tower, base radio stations, cabling, or wires and accessories and requires annual payments of \$4,100 for the first 5 years, payable in monthly installments of \$341.67. On each subsequent anniversary date, the annual rental amount shall be adjusted upward by the change over the price year in the consumer price index for the remainder of 5 years. The lease liability is measured at a discount rate of 1.99%, such rate is not expressly stated in the lease agreement. As a result of the lease, the County has recorded a right to use asset with a net book value of \$32,069 at December 31, 2022. The right to use asset is discussed in more detail in section D of this note.

COUNTY OF KNOX
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Leases (continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2022, were as follows:

<i>Year Ended June 30,</i>	<i>Principal Payments</i>	<i>Interest Payments</i>	<i>Total</i>
2023	3,488	612	4,100
2024	3,559	541	4,100
2025	3,630	470	4,100
2026	3,703	397	4,100
2027	3,777	323	4,100
2028	3,853	247	4,100
2029	3,930	170	4,100
2030	4,009	91	4,100
2031	2,377	16	2,393
Total	32,326	2,867	35,193

H. Long-Term Debt

The following is a summary of long-term debt transactions of the County of Knox for the year ended December 31, 2022:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending Balance</i>	<i>Due Within One Year</i>
<i>Governmental activities:</i>					
<i>Bonds Payable</i>					
Public Safety Building	990,000		(165,000)	825,000	165,000
<i>Other Governmental long-term activities:</i>					
Courthouse Exterior Repairs & Window Lease	249,357		(59,546)	189,811	61,376
HVAC System	1,506,946		(113,033)	1,393,913	117,303
Governmental activities long-term obligations	2,746,303	-	(337,579)	2,408,724	343,679

The general fund liquidates the capital lease obligations.

COUNTY OF KNOX
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

H. Long-Term Debt (continued)

In 2012, the County issued a bond for the Public Safety Building with The Bank of New York Mellon Trust Company. The bond was issued for \$2,500,000, with annual principal payments of \$165,000. Interest is paid annually at a rate of 4.00 – 2.25%. The balance at December 31, 2022 was \$825,000.

In 2016, the County entered into a capital lease for the purchase of Courthouse Exterior Repairs and Window Replacement with Machias Savings Bank. The lease was issued for \$575,000 with annual principal and interest payments of \$67,088. Interest is paid annually at a rate of 2.970%. The balance at December 31, 2022 was \$189,811.

In 2018, the County entered into a capital lease for the purchase of HVAC system with Siemens Public, Inc. The lease was issued for \$1,940,000 with annual principal and interest payments of \$169,959. Interest is paid annually at a rate of 3.7776%. The balance at December 31, 2022 was \$1,393,913.

Debt service requirements (principal and interest) for all long-term obligations at December 31, 2022 are summarized in the table following:

<i>Year Ended</i>	<i>General Obligation Bond</i>		
<i>December 31,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2023	343,679	75,900	419,579
2024	349,947	66,331	416,278
2025	356,555	56,519	413,074
2026	296,105	46,279	342,384
2027	301,058	37,615	338,673
2028-2032	761,380	88,418	849,798
Total	2,408,724	371,062	2,779,786

COUNTY OF KNOX
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

I. Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at December 31, 2022, were as follows:

			<i>Interfund Receivable</i>		<i>Interfund Payable</i>	
General Fund			531,597		3,984,558	
Special Revenue Funds						
Wellness Grant			655			
Local Emergency Planning Committee					13,450	
Local Assistance Fund			50,000			
Operation Stonegarden					18,435	
ARPA Grant			5,912,289			
COPS Technology and Equip.					20,220	
JAG Grant					6,494	
Maine Workforce Development					4,035	
Capital Project Funds						
Airport RSA Improvement Project					6,772	
Airport Benner Lane					151,267	
Airport SRE Exp					590,334	
Airport Cares Act #57 Grant					18,519	
Airport Cares Act #60 Drainage					77,698	
Airport Cares Act #61 Grant					95,998	
Airport Cares Act #62 Grant					676,639	
Airport Cares Act #64 Grant					107,274	
Airport Cares Obstruction Removal					79,577	
Airport Cares Solar Grant					57,346	
Airport Taxiline 2 Project					300,085	
Airport Taxiway Project					204,171	
Airport Passenger Facility					31	
Capital Improvements					81,638	
Totals			<u>6,494,541</u>		<u>6,494,541</u>	

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. On the Governmental Fund financial statements, the payables are classified as Due to Other Funds with offsetting receivables on the Governmental Fund financial statements classified as Due from Other Funds. The amount due to the capital project funds represents airport projects appropriations and grant receivables and will be repaid upon receipts and use of the funds for these projects. The remainder of the above balances will be repaid during the next year.

COUNTY OF KNOX
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

I. Interfund Receivables and Payables

Transfers To/From Other Funds at December 31, 2022, were as follows:

	<i>Transfers From</i>	<i>Transfers To</i>
General Fund		47,659
Capital Projects		
Airport Benner Lane	7,961	
Airport Taxiline 2 Project	42,473	
Capital Improvements	91,033	93,808
Totals	<u>141,467</u>	<u>141,467</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) transfer funds to general fund to cover expenditures voted on per County Commissioners.

NOTE 4 - OTHER INFORMATION

A. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the government expects such amount, if any to be immaterial.

There are various claims and suits pending against the County which arise in the normal course of the County's activities. In the opinion of management, the ultimate disposition of these various claims and suits will not have a material effect in the financial position of the County.

B. Pension Plans

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and a 401a qualified plan. The 457 plan and 401a qualified plan, available to full time county employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Loans are permitted through the plan.

The plan is administered by an independent company, and the County remits all compensation deferred to this administrator for investment as requested by the participant employees. All assets and income of the plan are held in trust for the exclusive benefit of participants and their beneficiaries.

The County has adopted a 401a Qualified Plan for which an independent company is the plan administrator.

The County contributes 7% of earnings on behalf of each participant for the plan year. Each participant is required to contribute 3% of earnings for the plan year as a condition of participation. All full-time, salaried management,

COUNTY OF KNOX
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 - OTHER INFORMATION (Continued)

B. Pension Plans (continued)

public safety, and elected officials, excluding commission, are eligible to participate. Normal retirement age shall be 55.

Participants vesting requirements are fulfilled at 5 years of service. The County has contributed \$220,843 and the participants have contributed \$94,647 for the year-ended December 31, 2022.

A participant may direct the investment without restriction among various options available under the trust. Loans are permitted through the plan.

Effective January 1, 2002, the County implemented a cafeteria benefit plan pursuant to section 125 of the IRS code. Under this plan, eligible employees may direct a contribution, made by the employees, into any combination of the following benefit categories:

1. Health Care Reimbursement Plan;
2. Dependent Care Assistance Account;

Eligible employees may elect to contribute pre-tax dollars to these categories. Under no circumstances may an employee direct more than \$5,000 annually into the Dependent Care Assistance Account and \$2,550 for health care.

All regular full-time employees who are eligible to join the County's major medical plan are eligible to participate in this plan. The plan year adopted by the County begins on January 1 and ends on December 31.

To obtain reimbursement of expenses incurred within a plan year within the spending accounts, employees must submit claims within 30 days of the end of the plan year or separation from the County, whichever comes first. Funds unclaimed after 30 days of the close of the plan year are then remitted to the County. There is a \$500 carryover maximum.

C. Defined Benefit Employee Pension Plan

Plan Description

Qualifying personnel of the County participate in the Maine Public Employees Retirement System (System) Participating Local District Consolidated (PLD) Plan. The plan is a multiple-employer, cost-sharing plan. Eligible employers (districts) are defined in Maine statute. At June 30, 2022 there were 311 employers in the plan. The Plan is administered by the Maine Public Employees Retirement System (the System).

Pension Benefits

Benefit terms are established in Maine statute, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Legislature to amend them. 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). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for employees is age 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal

COUNTY OF KNOX
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 - OTHER INFORMATION (Continued)

C. Defined Benefit Employee Pension Plan (continued)

retirement age at retirement. The System also provides disability and death benefits which are established by contract with other participating employers under applicable statutory provisions.

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%.

Member and Employer 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. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or System's Board of Trustees and depend on the terms of the Plan under which a member is covered. Employer contribution rates are determined through actuarial valuations. For the year ended December 31, 2022, the member contribution rate was 8.5% for special – 3N plan for first six months and 8.1% for remaining six months of applicable member compensation. The employer contribution rate was 9% for special – 3N plan for first six months and 9.5% for Special – 3N plan for remaining six months of applicable member compensation.

The required contributions paid into the System for the year ended December 31, 2022 and the previous two years are as follows:

			<i>Applicable</i>			
<i>For the year ended</i>	<i>Employee</i>	<i>Employer</i>	<i>Member</i>			
<i>December 31,</i>	<i>Contributions</i>	<i>Contributions</i>	<i>Compensation</i>			
2022	\$ 225,797	\$ 242,890	\$ 2,621,520			
2021	\$ 204,244	\$ 195,265	\$ 2,213,054			
2020	\$ 157,568	\$ 143,889	\$ 1,722,468			

Revenue Recognition

The Schedule of Employer Allocations for the PLD Consolidated Plan reflects current year employer contributions, adjusted to remove contributions related to employer specific liabilities to the Plan.

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:

Actuarial Cost Method

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

COUNTY OF KNOX
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 - OTHER INFORMATION (Continued)

C. Defined Benefit Employee Pension Plan (continued)

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

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

Inflation	2.75%
Annual Salary Increases,	
Including Inflation	2.75%-11.48%
Cost of Living Benefits Increases	1.91%
Investment Rate of Return	6.50%, per annum, compounded annually

Mortality Rates: Based on the 2010 Public General Benefits – Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2022 are summarized in the following table:

COUNTY OF KNOX
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 - OTHER INFORMATION (Continued)

C. Defined Benefit Employee Pension Plan (continued)

		<i>Long-Term</i>				
		<i>Expected Real</i>				
<i>Asset Class</i>		<i>Rate of Return</i>				
Public Equities		6.0%				
US Government		2.3%				
Private Equity		7.6%				
Real Assets:						
Real Estate		5.2%				
Infrastructure		5.3%				
Natural Resources		5.0%				
Traditional Credit		3.2%				
Alternative Credit		7.4%				
Diversifiers		5.9%				

Discount Rate

The discount rate used to measure the collective total pension liability was 6.5% for 2022. The projection of cash flows used to determine the discount rate assumed the plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 6.5% as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.5%) or 1 percentage point higher (7.5%) than the current rate:

	<i>1% Decrease</i>	<i>Current Discount</i>	<i>1% Increase</i>	
	<i>(5.5%)</i>	<i>Rate (6.5%)</i>	<i>(7.5%)</i>	
Proportionate Share of the Net Pension Liability	\$ 2,067,770	\$ 585,538	\$ (641,001)	

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

As of December 31, 2022, the County reported a net pension (asset)/liability of \$585,538. The net pension (asset)/liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At June 30, 2022, the County's proportion was .281996%, which was an increase of 0.049094% from its proportion measured at June 30, 2021.

COUNTY OF KNOX
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 - OTHER INFORMATION (Continued)

C. Defined Benefit Employee Pension Plan (continued)

For the fiscal year ended December 31, 2022, the County recognized pension expense of \$321,196. At December 31, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	139,317	
Changes of Assumptions	152,152	
Net Difference between expected and actual investment earnings		325,383
Changes in proportion	129,588	
Employer Contributions made subsequent to measurement date	132,115	
	<u>553,172</u>	<u>325,383</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<i>Year ended December 31,</i>					
2023	<u>299,754</u>				
2024	<u>(24,277)</u>				
2025	<u>(195,466)</u>				
2026	<u>147,778</u>				

Pension Plan Financial and Actuarial Information

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

D. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage and destruction of assets; errors and omissions; and natural disasters for which the County participated in public entity risk pools.

The County is also a member of the Maine County Commissioners Association Self-Funded Risk Management Pool (the "Risk Pool"). The Risk Pool was created in 1989 to ensure that its members would always be able to obtain liability and property coverage, to protect members from large premium increases often found in the commercial insurance marketplace, and to provide stable annual premiums to its members. The Risk Pool provides property coverage to the County, subject to \$1,000.00 per-occurrence deductible, for its schedule of property locations with a total combined value of \$21,552,435 in 2022. The Risk Pool provides liability coverage to the County in the amounts shown on 2021 Member Coverage Certificate issued to the County.

COUNTY OF KNOX
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 - OTHER INFORMATION (Continued)

E. Other Postemployment Benefits (OPEB)-MPERS Group Life Insurance

Plan Description

The Group Life Insurance Plan for Retired Participating Local District (PLD) Employees (the PLD Consolidated Plan) is a multiple-employer cost sharing plan. As of June 30, 2022, there were 139 employers participating in the plan.

The Plan is administered by the Maine Public Employees Retirement System (the System).

Other Post-Employment Benefits (OPEB)

The Group Life Insurance Plans (the Plans) provide basis group life insurance benefits, during retirement, to retirees who participated in the Plans prior to retirement for a minimum of 10 years (the 10-year participation requirement does not apply to recipients of disability retirement benefits).

The level of coverage in retirement is initially set to an amount equal to the retiree's average final compensation. The initial amount of basic life is then subsequently reduced at a rate of 15% per year to the greatest of 40% of the initial amount or \$2,500.

Funding Policy

Premium rates are those determined by the System's Board of Trustees to be actuarially sufficient to pay anticipated claims. PLD employers are required to remit a premium of \$0.48 per \$1,000 of coverage for covered active employees, a portion of which is to provide a level of coverage in retirement. PLD employers with retired PLD employees continue to remit a premium of \$0.48 per \$1,000 of coverage per month during the post-employment retired period.

Revenue Recognition

The Schedule of Employer Allocations for the PLD Consolidated Plan reflects current year employer premium contributions to the Plan.

Actuarial Methods and Assumptions

The collective total OPEB liability for the Plans 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:

Actuarial Cost Method

Projections of benefits for financial reporting purposes are based on the provisions of the Plans in effect at the time of each valuation and the historical pattern of sharing of premium costs between the employer and plan members. Actuarial methods and assumptions include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of the assets, consistent with the long-term perspective of the funding methodologies.

Costs are developed using the individual entry age normal cost method based on a level percentage of payroll.

COUNTY OF KNOX
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 - OTHER INFORMATION (Continued)

E. Other Postemployment Benefits (OPEB)-MPERS Group Life Insurance (continued)

Experience gains and losses, i.e., actual decreases or increases in the liabilities and/or in assets which differ from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

Investments are reported at fair value.

Amortization

The unfunded actuarial accrued liability is being amortized as a level percentage of payrolls over a 30-year period on a closed basis. As of June 30, 2022, there were 8 years remaining for the PLD Plan.

The actuarial assumptions used in the June 30, 2022 actuarial valuations were based on the results of an actuarial experience study conducted for the period of July 1, 2015 to June 30, 2020.

Significant Actuarial Assumptions

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

Inflation	2.75%
Annual Salary Increases, Including Inflation	2.75-11.48%
Investment Rate of Return	6.5%, per annum, compounded annually
Participation Rate for Future Retirees	100% of those currently enrolled
Form of Benefit Payment	Lump sum

Conversion Charges: Apply to the cost of active group life insurance, not retiree group life insurance

Mortality Rates: Based on the 2010 Public Plan General Benefits – Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

COUNTY OF KNOX
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 - OTHER INFORMATION (Continued)

E. Other Postemployment Benefits (OPEB)-MPERS Group Life Insurance (continued)

Assets of the Plans are pooled for investment purposes and are allocated to each Plan based on each Plan’s fiduciary net position. The long-term expected rate of return on the Plan’s investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	6.0%
Real Estate	5.2%
Traditional Credit	3.0%
US Government Securities	2.3%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.5% for 2022 for the Plans. The projection of cash flows used to determine the discount rate assumed the plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the County’s proportionate share of the net OPEB liability calculated using the discount rate of 6.5% for the PLD Plan as well as what the County’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.5%) or 1 percentage point higher (7.5%) than the current rate:

PLD Plan:

	<u>1% Decrease █ (5.5%)</u>	<u>Current Discount Rate (6.5%)</u>	<u>1% Increase █ (7.5%)</u>
Proportionate Share of the Net OPEB Liability	\$ 35,830	\$ 26,400	\$ 18,828

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

As of December 31, 2022, the County reported a net liability of \$26,400 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of

COUNTY OF KNOX
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 - OTHER INFORMATION (Continued)

E. Other Postemployment Benefits (OPEB)-MPERS Group Life Insurance (continued)

that date. The County's proportion of the collective net OPEB liability was based on a projection of the County's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating PLDs, actuarially determined. At June 30, 2022, the County's proportion was .18228% for the PLD Plan, which was an increase of .016282% from its proportion measured at June 30, 2021.

For the fiscal year ended December 31, 2022 of County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources were:

	<i>PLD Plan:</i>	
	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	1,284	233
Changes of Assumptions	2,195	8,244
Difference between projected and actual Investment		
Earnings on OPEB Plan Investments	2,283	
Changes in proportion	13,255	1,467
	<u>19,017</u>	<u>9,944</u>

Projected amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

<i>Year Ended June 30,</i>	<i>PLD Plan</i>
2023	1,829
2024	2,164
2025	1,380
2026	2,468
2027	859
Thereafter	373

Pension Plan Financial and Actuarial Information

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

COUNTY OF KNOX
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022
NOTE 4 - OTHER INFORMATION (Continued)

F. Other Postemployment Benefits (OPEB) - Maine Municipal Employees Health Trust postretirement benefit plan

Plan description

Qualifying personnel of the County can participate in the Maine Municipal Employees Health Trust postretirement benefit plan. The plan is a single employer OPEB plan.

Benefits provided

Medical/Prescription Drug: The non-Medicare retirees are offered the same plans that are available to the active employees, as described in the benefits summaries. Medicare retirees are assumed to be enrolled in Medicare Part A and Part B which are primary, and the Retiree Group Companion Plan which includes prescription drug coverage.

Medicare: Medicare benefits will be taken into account for any member or dependent while they are eligible to apply for Medicare. The Fund will determine a family member's benefit allowance, if any, based upon the applicable Medicare statutes and regulations. The Fund does not participate in the Medicare Retiree Drug Subsidy program.

Duration of Coverage: Medical benefits are provided for the life of the retiree and surviving spouses.

Life Insurance: The \$2,000 life insurance benefit is provided automatically to all retirees participating in the retiree medical plan. Spouses are not covered for life insurance, but surviving spouses covered by the retiree medical plan are covered for a \$2,000 life insurance benefit as well.

Employees covered by benefit terms:

Since this is a roll forward valuation year, the data provided below is the same as that provided as of January 1, 2020:

Actives	
Count	88
Average age	46.79
Average service	11.17
Retirees Under 65	
Count	1
Average Age	64.86
Spouses Under 65	
Count	1
Average Age	64.42

Net OPEB Liability

The County's net OPEB liability was measured as of January 1, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

COUNTY OF KNOX
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 - OTHER INFORMATION (Continued)

F. Other Postemployment Benefits (OPEB) - Maine Municipal Employees Health Trust postretirement benefit plan

Trend Assumptions: Medical trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007, and version 2022_f4 was used for this valuation. The following assumptions were input into this model:

Rate of Inflation	2.40%
Rate of Growth in Real Income/GDP per Capita 2031+	1.10%
Extra Trend due to Taste/Technology 2031+	1.00%
Expected Health Share of GDP 2031	19.00%
Health Share of GDP Resistance point	20.00%
Year of Limiting Cost Growth to GDP Growth	2042
Discount Rate	2.06% per annum.
Salary Increase Rate	2.75% per year
Administration and claims expense	3% per annum.

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 judgments 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 2022 to 2025 were based on plan design, population weighting, renewal projections and market analysis by the actuary. For years 2026-2030, these are interpolated from 2025-2031 (which is the product of 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 capita GDP growth.

Rates of Mortality:

Healthy Annuitant: Rates of mortality are 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 .05% at age 95, and further grading down to 0% at age 115, along with convergence to the ultimate rate 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 as of June 30, 2021.

Active Employees: Rates of mortality are based on 83.5% and 88.6% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree 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. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021.

Rationale for Demographic and Economic Assumptions: The actuarial assumptions are the assumptions that 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.

COUNTY OF KNOX
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 - OTHER INFORMATION (Continued)

F. Other Postemployment Benefits (OPEB) - Maine Municipal Employees Health Trust postretirement benefit plan

Methodology: The Entry Age Normal Actuarial Cost Method was used to value the Plan's actuarial liabilities and to set the normal cost. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for the Plan. 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 assembled and provided by Maine Municipal through June 30, 2021 were used by the actuary. Medical and prescription experience for Medicare eligible (ME) and non-Medicare eligible (NME) (actives and retired covered persons) were analyzed by the Actuary. The actuary assumed that the current enrollment distribution of Benefit Options will remain constant in the future for retirees. The actuary distributed the cost based on the current covered population and Cheiron's standard age curves which vary by age, gender, and Medicare status. Children costs are converted to a load on the non-Medicare (NME) retirees which implicitly assumes that future retirees will have the same child distributions as current retirees.

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

Discount Rate: Since the plan is pay as you go and is not funded, the discount rate will be based on a 20-year-tax-exempt general obligation municipal bond index. Using the Bond Buyer 20-Bond GO Index, the discount rate as of December 31, 2021 is based upon an earlier measurement date, as of December 31, 2020 and is 2.12% per annum. The discount rate as of December 31, 2022 is based upon an earlier measurement date, as of December 30, 2021 and is 2.06% per annum. The rate is assumed to be an index rate for 20-year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher, for pay as you go plans.

Changes in the discount rate affect the measurement of the Total OPEB Liability (NOL). Lower discount rates produce higher TOL and higher discount rates produce a lower TOL. The table below shows the sensitivity of the TOL to the discount rate.

	<i>1% Decrease</i>	<i>Current Discount</i>	<i>1% Increase</i>	
	<i>(1.06%)</i>	<i>Rate (2.06%)</i>	<i>(3.06%)</i>	
Net OPEB liability (asset)	\$ 853,113	\$ 715,038	\$ 603,570	

A one percent decrease in the discount rate increases the Net OPEB Liability (NOL) by approximately 19.3%. A one percent increase in the discount rate decreases the NOL by approximately 15.6%.

Changes in the healthcare trend rate affect the measurement of the TOL. Lower healthcare trend rates produce a lower TOL and higher healthcare trend rates produce a higher TOL. The table below shows the sensitivity of the TOL to the healthcare trend rate.

	<i>1% Decrease</i>	<i>Current Discount</i>	<i>1% Increase</i>	
Net OPEB liability (asset)	\$ 592,167	\$ 715,038	\$ 874,963	

A one percent decrease in the healthcare trend rate decreases the NOL by approximately 17.2%. A one percent increase in the healthcare trend rate increases the NOL by approximately 22.4%.

COUNTY OF KNOX
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 - OTHER INFORMATION (Continued)

F. Other Postemployment Benefits (OPEB) Maine Municipal Employees Health Trust postretirement benefit plan

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB	Plan	Net OPEB
	Liability	Fiduciary	Net OPEB
	Liability	Net Position	Liability
	(a)	(b)	(a)-(b)
Balances at 1/1/21	851,465	-	851,465
Changes for the year:			-
Service Cost	49,058		49,058
Interest	18,992		18,992
Changes of benefits			-
Differences between expected and actual experience	(177,352)		(177,352)
Changes of assumptions	(17,748)		(17,748)
Contributions - employer		9,377	(9,377)
Contributions - member			-
Net investment income			-
Benefit payments	(9,377)	(9,377)	-
Administrative expense			-
Net Change	(136,427)	-	(136,427)
Balances at 1/1/22	715,038	-	715,038

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The impact of experience gains or losses and assumption changes on the TOL are recognized in the OPEB expense over the average expected remaining services life of all active and inactive members of the Plan. As of the beginning of the measurement period, the average was 9 years.

The table below summarizes the current balances of deferred outflows and deferred inflows of resources along with the net recognition over the next five years, and thereafter.

COUNTY OF KNOX
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 - OTHER INFORMATION (Continued)

F. Other Postemployment Benefits (OPEB) Maine Municipal Employees Health Trust postretirement benefit plan

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	19,181	166,110
Changes in Assumption	152,346	49,305
Net Difference between projected between projected and actual earnings on pension plan investments		
	171,527	215,415
Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:		
2023	1,493	
2024	1,493	
2025	1,493	
2026	1,495	
2027	(2,058)	
Thereafter	(47,804)	

COUNTY OF KNOX
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET VS ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit G
Page 1 of 2

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
Revenues				
Assessments	4,769,956	4,769,956	4,769,955	(1)
Intergovernmental Revenues	176,118	176,118	170,564	(5,554)
Departmental Revenues	1,116,667	1,116,667	1,129,418	12,751
Other Local Sources	-	-	59	59
Total Revenues	6,062,741	6,062,741	6,069,996	7,255
Expenditures				
Emergency Management Agency	249,741	249,741	240,996	8,745
District Attorney	558,443	558,443	544,792	13,651
Adminstration and Information Technology	663,949	663,949	646,720	17,229
Finance	331,580	331,580	327,032	4,548
Building Maintenance - Courthouse	511,046	511,046	506,003	5,043
Building Maintenance - Public Safety Building	82,888	82,888	211,520	(128,632)
Debt Service	198,832	198,832	185,839	12,993
Deeds	241,209	241,209	239,449	1,760
Probate	293,953	293,953	286,038	7,915
Sheriff's Patrol	2,763,322	2,763,322	2,873,371	(110,049)
All Other	367,778	367,778	224,921	142,857
Total Expenditures	6,262,741	6,262,741	6,286,681	(23,940)
Excess Revenues Over Expenditures	(200,000)	(200,000)	(216,685)	(16,685)
Other Financing Sources (Uses)				
Transfers from Other Funds	-	-	-	-
Transfers to Other Funds	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures	(200,000)	(200,000)	(216,685)	(16,685)
Fund Balance - January 1			1,992,753	
General Reserves			890,869	
Corrections Fund			678,204	
Airport Fund			1,415,283	
Inmate Fund			116,694	
Corrections Diversion Program			19,771	
Communications Fund			506,379	
Fund Balance - December 31			5,403,268	

COUNTY OF KNOX
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET VS ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit G
Page 2 of 2

Reconciliation to Exhibit D:

Total Revenues per Exhibit F Page 1	6,069,996
General Reserves	416,983
Corrections Fund	5,086,569
Airport Fund	1,757,556
Inmate Fund	19,679
Corrections Diversion Program	20,525
Communications Fund	1,277,207
Total Revenues per Statement of Revenues, Expenditures and Fund Balances - Governmental Funds	<u><u>\$14,648,515</u></u>
 Total Expenditures per Exhibit F Page 1	 6,286,681
General Reserves	215,482
Corrections Fund	4,828,046
Airport Fund	1,589,119
Inmate Fund	7,448
Corrections Diversion Program	12,401
Communications Fund	1,123,362
Total Expenditures per Statement of Revenues, Expenditures and Fund Balances - Governmental Funds	<u><u>14,062,539</u></u>

COUNTY OF KNOX
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN SCHEDULES - LAST 10 FISCAL YEARS
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit H

Schedule 1 - Proportionate Share of the Net Pension Liability:

	<i>For the Fiscal Year Ended December 31, 2022</i>	<i>For the Fiscal Year Ended December 31, 2021</i>	<i>For the Fiscal Year Ended December 31, 2020</i>	<i>For the Fiscal Year Ended December 31, 2019</i>	<i>For the Fiscal Year Ended December 31, 2018</i>	<i>For the Fiscal Year Ended December 31, 2017</i>	<i>For the Fiscal Year Ended December 31, 2016</i>	<i>For the Fiscal Year Ended December 31, 2015</i>
Proportion of net pension (asset)/ liability	0.281996%	0.232902%	0.157083%	0.133421%	0.121532%	0.129123%	0.061339%	0.000000%
Proportionate share of net pension (asset)/ liability	\$585,538	(\$74,846)	\$738,078	\$338,420	\$332,608	\$477,907	\$325,913	\$0
Covered employee payroll	\$2,621,520	\$2,213,054	\$1,722,468	\$1,316,004	\$938,096	\$897,758	\$847,190	\$0
Proportionate share of the net pension (asset)/liability as a percentage of its covered employee payroll	0.00000011%	0.00000011%	0.00000009%	0.00000010%	0.00000013%	0.00000014%	0.00000007%	
Plan Total Pension Liability	\$3,943,572,890	\$3,719,016,414	\$3,409,741,367	\$3,258,819,605	\$3,089,857,220	\$3,016,660,721	\$2,889,740,634	\$2,720,936,009
Plan Fiduciary Net Position	\$3,677,737,551	\$3,751,152,623	\$3,012,428,367	\$2,953,156,096	\$2,816,179,855	\$2,607,223,644	\$2,358,409,925	\$2,401,889,308
Plan Net Pension (Asset)/ Liability	\$265,835,339	(\$32,136,209)	\$397,313,000	\$305,663,509	\$273,677,365	\$409,437,077	\$531,330,709	\$319,046,701
Plan Fiduciary Net Position as a % Of the Total Pension Liability	93.259%	100.864%	88.348%	90.620%	91.143%	86.427%	81.613%	88.274%
Plan Covered Employee Payroll	\$744,218,538	\$646,287,594	\$641,523,784	\$593,884,355	\$561,126,768	\$542,572,528	\$521,870,235	\$497,616,846
Plan Net Pension Liability as a % Of the Covered Employee Payroll	35.720%	-4.972%	61.933%	51.469%	48.773%	75.462%	101.813%	64.115%

* Amounts presented for each fiscal year were determined as of June 30 of the previous year. A full year schedule will be displayed as it becomes available.

Schedule 2 - Schedule of County Contributions:

	<i>For the Fiscal Year Ended December 31, 2022</i>	<i>For the Fiscal Year Ended December 31, 2021</i>	<i>For the Fiscal Year Ended December 31, 2020</i>	<i>For the Fiscal Year Ended December 31, 2019</i>	<i>For the Fiscal Year Ended December 31, 2018</i>	<i>For the Fiscal Year Ended December 31, 2017</i>	<i>For the Fiscal Year Ended December 31, 2016</i>	<i>For the Fiscal Year Ended December 31, 2015</i>
Contractually required contribution	\$242,890	\$195,265	\$143,889	\$105,867	\$71,801	\$66,877	\$61,047	\$15,385
Contribution in relation to the contractually required contribution	(\$242,890)	(\$195,265)	(\$143,889)	(\$105,867)	(\$71,801)	(\$66,877)	(\$61,047)	(\$15,385)
Contribution deficiency	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

* Amounts presented for each fiscal year were determined as of June 30 of the previous year. A full year schedule will be displayed as it becomes available.

COUNTY OF KNOX
REQUIRED SUPPLEMENTARY INFORMATION
OPEB SCHEDULES - LAST 10 FISCAL YEARS - MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit I

Schedule 1 - MPERS PLD Schedule of Changes in the County's Net OPEB Liability and Related Ratios

	<i>For the Fiscal Year Ended December 31, 2022</i>	<i>For the Fiscal Year Ended December 31, 2021</i>	<i>For the Fiscal Year Ended December 31, 2020</i>	<i>For the Fiscal Year Ended December 31, 2019</i>	<i>For the Fiscal Year Ended December 31, 2018</i>
<u>Total OPEB Liability</u>					
Service Cost	562	514	821	385	301
Interest	3,868	3,258	3,051	1,444	1,161
Changes of benefit terms			(1,000)	-	-
Difference between expected and actual experience	(273)		1,142	-	1,392
Changes of assumptions		1,481	(14,208)	704	1,058
Benefit payments	(1,802)	(2,032)	(2,497)	(1,246)	(1,041)
Net Change in total OPEB liability	2,356	3,222	(12,692)	1,287	2,871
Total OPEB liability - beginning	57,475	49,097	59,152	28,386	21,643
Total OPEB liability - ending	59,831	52,319	46,460	29,673	24,514
<u>Plan fiduciary net position</u>					
Contributions - member	-	-	-	-	-
Contributions - employer	2,329	1,970	1,770	867	728
Investment income	(5,526)	8,280	1,182	818	907
Benefits paid	(1,802)	(2,032)	(2,497)	(1,246)	(1,041)
Administrative expense	(227)	(212)	(258)	(94)	(91)
Net change in plan fiduciary net position	(5,225)	8,006	198	345	503
Plan fiduciary net position - beginning	38,657	27,198	25,540	12,468	10,264
Plan fiduciary net position - ending	33,431	35,204	25,738	12,812	10,767
Net OPEB liability - ending	26,400	17,115	20,722	16,861	13,747
Plan Fiduciary Net Position as a % Of the Total OPEB Liability	55.88%	67.29%	55.40%	43.18%	43.92%
Covered Employee Payroll	548,736	497,610	458,283	223,701	188,013
Net OPEB Liability as a % Of the Covered Employee Payroll	4.81%	3.44%	4.52%	7.54%	7.31%

* This information will be presented each year until 10 years of such information is available.

Schedule 2 - Schedule of Employer Contributions:

	<i>For the Fiscal Year Ended December 31, 2021</i>	<i>For the Fiscal Year Ended December 31, 2020</i>	<i>For the Fiscal Year Ended December 31, 2019</i>	<i>For the Fiscal Year Ended December 31, 2018</i>
Contractually required contribution	1,970	2,426	1,014	852
Contribution in relation to the contractually required contribution	(2,032)	(1,770)	(867)	(728)
Contribution deficiency	(62)	656	147	125
Covered employee payroll	497,610	458,283	223,701	188,013
Contributions as a percentage of covered employee payroll	0.41%	0.39%	0.39%	0.39%

* This information will be presented each year until 10 years of such information is available.

REQUIRED SUPPLEMENTARY INFORMATION

OPEB SCHEDULES - LAST 10 FISCAL YEARS - MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

FOR THE YEAR ENDED DECEMBER 31, 2022

Schedule 1 - MMEHT Schedule of Changes in Net OPEB Liability and Related Ratios

	For the Fiscal Year Ended December 31, 2022	For the Fiscal Year Ended December 31, 2021	For the Fiscal Year Ended December 31, 2020	For the Fiscal Year Ended December 31, 2019	For the Fiscal Year Ended December 31, 2018
Total OPEB Liability					
Service Cost (BOY)	49,058	42,057	31,980	35,961	30,891
Interest (includes interest on service cost)	18,992	21,361	23,521	20,138	18,973
Changes of benefit terms			(15,219)	-	-
Differences between expected and actual experience	(177,352)		28,772	-	(14,608)
Changes in assumptions	(17,748)	55,044	133,264	(59,996)	46,551
Benefit payments, including refunds of member contributions	(9,377)	(9,016)	(3,943)	(3,791)	(3,027)
Net Change in total OPEB liability	(136,427)	109,446	198,375	(7,688)	78,780
Total OPEB liability - beginning	851,465	742,019	543,644	551,332	472,552
Total OPEB liability - ending	715,038	851,465	742,019	543,644	551,332
Plan fiduciary net position					
Contributions - employer	9,377	9,016	3,943	3,791	3,027
Contributions - member					
Net investment income					
Benefit payments, including refunds of member contributions	(9,377)	(9,016)	(3,943)	(3,791)	(3,027)
Administrative expense					
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-
Plan fiduciary net position - ending	-	-	-	-	-
Net OPEB liability - ending	715,038	851,465	742,019	543,644	551,332
Plan Fiduciary Net Position as a % Of the Total OPEB Liability	0.0%	0.0%	0.0%	0.0%	0.0%
Covered Employee Payroll	4,436,074	4,247,091	4,247,091	4,084,678	4,084,678
Net OPEB Liability as a % Of the Covered Employee Payroll	16.1%	20.0%	17.5%	13.3%	13.5%

* Amounts presented for each fiscal year were determined as of January 1. A full year schedule will be displayed as it becomes available.

Schedule 2 - Schedule of Contributions:

	For the Fiscal Year Ended December 31, 2021	For the Fiscal Year Ended December 31, 2020	For the Fiscal Year Ended December 31, 2019	For the Fiscal Year Ended December 31, 2018
Contractually required contribution	9,016	3,943	3,791	3,027
Contribution in relation to the contractually required contribution	(9,016)	(3,943)	(3,791)	(3,027)
Contribution deficiency	-	-	-	-

* Amounts presented for each fiscal year were determined as of January 1. A full year schedule will be displayed as it becomes available.

COUNTY OF KNOX
NOTES TO HISTORICAL PENSION INFORMATION
MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 - Actuarial Methods and Assumptions

The information in the historical pension information was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation date June 30, 2022 is as follows:

A. Actuarial Cost Method

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

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member’s projected future benefits, and dividing it by the value, also as of the member’s entry age, of their expected future salary. The normal cost for each employee is the product of their pay and their 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 experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

B. Asset Valuation Method

The actuarial valuation employs a technique for determining the actuarial value of assets which reduces the impact of the 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.

C. Amortization

The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payrolls 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:

<i>PLD Plan</i>	
Investment Rate of Return:	6.50% per annum, compounded annually
Inflation Rate	2.75%
Annual Salary Increases, including inflation	2.75% -11.48%
Cost of Living Benefit Increases:	1.91%

Mortality Rates: Based on the 2010 Public General Benefits – Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

COUNTY OF KNOX
NOTES TO OPEB LIABILITY AND CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 1 – Actuarial Methods and Assumptions-Maine Public Employees Retirement System OPEB

Actuarial Methods and Assumptions

The information in the historical Group Life Insurance information was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation date, June 30, 2022, is as follows:

Actuarial Cost Method

Projections of benefits for financial reporting purposes are based on the provisions of the Plans in effect at the time of each valuation and the historical pattern of sharing of premium costs between the employer and plan members. Actuarial methods and assumptions include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of the assets, consistent with the long-term perspective of the funding methodologies.

Costs are developed using the individual entry age normal cost method based on a level percentage of payroll.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets which differ from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

Investments are reported at fair value.

Amortization

The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a 30-year period on a closed basis. As of June 30, 2022, there were 8 years remaining for the PLD Plan.

The actuarial assumptions used in the June 30, 2022 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2016 to June 30, 2020.

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

	<u>PLD Plan</u>
Inflation	2.75%
Annual Salary Increased, including inflation	2.75-11.48%
Investment Rate of Return	6.5%, per annum, compounded annually
Participation Rate of Future Retirees	100.00%
Form of Benefit Payment	Lump Sum

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic 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 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 KNOX
NOTES TO OPEB LIABILITY AND CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

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 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. 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. There were no differences between employer contributions and proportionate share of contributions as of June 30, 2022.

COUNTY OF KNOX
NOTES TO OTHER POST EMPLOYMENT BENEFIT
LIABILITY AND CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 – Actuarial Methods and Assumptions The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Changes in Economic Assumptions since last valuation The discount rate was updated to reflect the December 31, 2021 Bond Buyer 20-Bond GO Index. The ultimate trend assumption was reduced to reflect the reduction in the Bond Buyer 20-Bond GO Index.

Changes Since Last Valuation Claim curves and assumptions were updated since the last valuation. There was a change in the discount rate from 2.12% to 2.06% per GASB 75 discount rate selection. In addition, medical and prescription drug trend arrays were updated.

Net OPEB Liability the County’s net OPEB liability was measured as of January 1, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Trend Assumptions: Medical trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007, and version 2022_f4 was used for this valuation. The following assumptions were input into this model:

Rate of Inflation	2.40%
Rate of Growth in Real Income/GDP per Capita 2031+	1.10%
Extra Trend due to Taste/Technology 2031+	1.00%
Expected Health Share of GDP 2031	19.00%
Health Share of GDP Resistance point	20.00%
Year of Limiting Cost Growth to GDP Growth	2042
Discount Rate	2.06% per annum.
Salary Increase Rate	2.75% per year
Administration and claims expense	3% per annum.

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 judgments 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 2022-2025 were based on plan design, population weighting, renewal projections and market analysis by the actuary. For years 2026-2030, these are interpolated from 2025-2031 (which is the product of inflation, GDP, and extra trend rate assumptions).

Healthy Annuitant: Rates of mortality are 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 .05% at age 95, and further grading down to 0% at age 115, along with convergence to the ultimate rate 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 as of June 30, 2021.

COUNTY OF KNOX
GENERAL FUND
STATEMENT OF BUDGETED AND ACTUAL REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit A-1

	<i>Budget</i>	<i>Actual</i>	<i>Over (Under) Budget</i>
Assessments	4,769,956	4,769,955	(1)
Intergovernmental Revenues			
Federal			
Emergency Management Agency	123,252	109,876	(13,376)
CARES Grant	34,533	38,358	3,825
DA Victim Witness Grant	18,333	19,560	1,227
Wildlife Refuge Fees		2,770	2,770
	176,118	170,564	(5,554)
Departmental Revenue			
EMA Programs Revenue			-
District Attorney	25,400	19,819	(5,581)
Administration and IT	5,413	5,260	(153)
Finance	7,000	50,222	43,222
Building Maintenance	76,838	77,585	747
Deeds	571,600	552,529	(19,071)
Probate	108,500	157,963	49,463
Sheriff Patrol	321,916	266,040	(55,876)
	1,116,667	1,129,418	12,751
Other Local Sources			
Miscellaneous		59	59
		59	59
Operating Transfers In			
Transfers from Grants			-
Transfers from Reserves			-
	-	-	-
Total Revenues and Transfers	6,062,741	6,069,996	7,255
Fund Balance Used to Calculate Assessments	200,000		
Total	6,262,741		

COUNTY OF KNOX
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit A-2
Page 1 of 2

	<i>Budget</i>	<i>Actual</i>	<i>(Over) Under Budget</i>
Emergency Management Agency			
Personnel Services	228,184	231,237	(3,053)
Contractual Services	9,839	8,086	1,753
Commodities	1,718	1,673	45
Capital Outlay	10,000		10,000
	249,741	240,996	8,745
District Attorney			
Personnel Services	511,173	504,777	6,396
Contractual Services	32,525	25,532	6,993
Commodities	14,745	14,483	262
Capital Outlay			-
	558,443	544,792	13,651
Administration and IT			
Personnel Services	430,937	424,323	6,614
Contractual Services	224,432	213,783	10,649
Commodities	8,580	8,614	(34)
Capital Outlay			-
	663,949	646,720	17,229
Finance			
Personnel Services	282,439	279,723	2,716
Contractual Services	47,290	42,122	5,168
Commodities	1,851	5,187	(3,336)
	331,580	327,032	4,548
Building Maintenance - Courthouse			
Contractual Services	218,656	211,326	7,330
Commodities	30,685	30,715	(30)
Capital Outlay	261,705	263,962	(2,257)
	511,046	506,003	5,043
Building Maintenance - Public Safety Building			
Contractual Services	73,916	196,971	(123,055)
Commodities	8,972	14,549	(5,577)
Capital Outlay			-
	82,888	211,520	(128,632)
Debt Service			
Jail Bond Principal	165,000	165,000	-
Jail Bond Interest	20,832	20,831	1
Interest - Tax Anticipation Note	13,000	8	12,992
	198,832	185,839	12,993

COUNTY OF KNOX
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit A-2
Page 2 of 2

	<i>Budget</i>	<i>Actual</i>	<i>(Over) Under Budget</i>
Deeds			
Personnel Services	175,472	182,652	(7,180)
Contractual Services	59,807	50,459	9,348
Commodities	5,930	6,338	(408)
	241,209	239,449	1,760
Probate			
Personnel Services	263,762	255,852	7,910
Contractual Services	23,291	24,714	(1,423)
Commodities	6,900	5,472	1,428
	293,953	286,038	7,915
Sheriff's Patrol			
Personnel Services	2,373,160	2,286,180	86,980
Contractual Services	164,212	179,138	(14,926)
Commodities	40,950	33,307	7,643
Capital Outlay	185,000	374,746	(189,746)
	2,763,322	2,873,371	(110,049)
Miscellaneous			
Knox-Lincoln Extension Service	57,042	57,042	-
Knox-Lincoln Soil & Water	30,288	30,288	-
Mid Coast Regional Planning	48,468	48,468	-
Restorative Justice	25,000	25,000	-
Insurance	76,820	64,123	12,697
Overlay	130,160		130,160
	367,778	224,921	142,857
Transfers Out			
Reserves			-
	-	-	-
Total Appropriations	6,262,741	6,286,681	(23,940)

COUNTY OF KNOX
GENERAL FUND
STATEMENT OF CHANGES IN UNASSIGNED FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit A-3

Unassigned Fund Balance January 1	1,992,753	
Unassigned Fund Balance December 31	<u>1,776,068</u>	
Increase (Decrease)		<u><u>(216,685)</u></u>

Analysis of Change

Budget Surplus (Deficit) Revenue Deficit (Exhibit A-1)	7,255	
Unexpended (Overdraft) Balance of Appropriations (Exhibit A-2)	<u>(23,940)</u>	
Budget Surplus (Deficit)		<u>(16,685)</u>
Deductions Fund Balance Used to Calculate Assessments		<u>(200,000)</u>
Increase (Decrease)		<u><u>(216,685)</u></u>

***Reconciliation Between General Unassigned Fund Balance
and Exhibit C Unassigned Fund Balance:**

General Fund Unassigned Fund Balance - Exhibit A-3	1,776,068
Jail Fund	678,204
Airport Fund	1,415,283
Dispatch Fund	<u>506,379</u>
Total Unassigned Fund Balance Exhibit C	<u><u>4,375,934</u></u>

COUNTY OF KNOX
ALL GENERAL RESERVES
BALANCE SHEET
DECEMBER 31, 2022

Exhibit A-4

<i>Assets</i>	<i>General Reserves</i>	<i>Corrections Fund</i>	<i>Airport Fund</i>	<i>Inmate Fund</i>	<i>Corrections Diversion Program</i>	<i>Communications Fund</i>	<i>Totals</i>
Cash and Equivalents	284,826			116,694	19,771		421,291
Investments	589,125						589,125
Accounts Receivable	3,222	9,082	202,427				214,731
Lease Receivable			107,546				107,546
Prepaid Expenditures							-
Due from Other Funds	13,696	1,852,349	1,217,449			523,941	3,607,435
Total Assets	890,869	1,861,431	1,527,422	116,694	19,771	523,941	4,940,128
<i>Liabilities and Fund Balances</i>							
Liabilities							
Accrued Salaries		52,867	6,557			17,562	76,986
Accounts Payable		40,838					40,838
Due to Other Funds		794,445					794,445
Deferred Revenues		295,077					295,077
Total Liabilities	-	1,183,227	6,557	-	-	17,562	1,207,346
<i>Deferred Inflows of Resources:</i>							
Leases			105,582				105,582
Total Deferred Inflows of Resources	-	-	105,582	-	-	-	105,582
Fund Balances							
Committed	890,869						890,869
Assigned				116,694	19,771		136,465
Unassigned		678,204	1,415,283			506,379	2,599,866
Total Fund Balances	890,869	678,204	1,415,283	116,694	19,771	506,379	3,627,200
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	890,869	1,861,431	1,527,422	116,694	19,771	523,941	4,940,128

COUNTY OF KNOX
ALL GENERAL RESERVES
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit A-5

	<i>General Reserves Exhibit A-6</i>	<i>Corrections Fund Exhibit A-7</i>	<i>Airport Fund Exhibit A-8</i>	<i>Inmate Fund</i>	<i>Corrections Diversion Program</i>	<i>Communications Fund Exhibit A-9</i>	<i>Totals Totals</i>
Revenues							
Assessments		4,037,545	-			1,277,207	5,314,752
Intergovernmental Revenues							
Federal		7,000	1,111,183				1,118,183
State		663,100					663,100
Interest	6,947						6,947
Fair Value Increase (Decrease)	(46,447)						(46,447)
Other Local Sources	456,483	378,924	646,373	19,679	20,525	-	1,521,984
Total Revenues	416,983	5,086,569	1,757,556	19,679	20,525	1,277,207	8,578,519
Expenditures							
Personnel Services		3,079,908	588,136			952,277	4,620,321
Contract Services		1,498,632	327,584			126,203	1,952,419
Commodities		240,415	71,372			4,977	316,764
Capital Outlay		9,091	602,027			35,805	646,923
Debt Service						4,100	4,100
Maintenance and Supplies				7,448	12,401		19,849
Reserve Funds	215,482						215,482
Total Expenditures	215,482	4,828,046	1,589,119	7,448	12,401	1,123,362	7,775,858
Excess of Revenues Over (Under) Expenditures	201,501	258,523	168,437	12,231	8,124	153,845	802,661
Other Financing Sources (Uses)							
Lease Liabilities Issued						35,805	35,805
Transfers from Other Funds	13,188	-					13,188
Transfers to Other Funds	(47,659)	(3,739)	(4,657)			(4,792)	(60,847)
Total Other Financing Sources (Uses)	(34,471)	(3,739)	(4,657)	-	-	31,013	(11,854)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	167,030	254,784	163,780	12,231	8,124	184,858	790,807
Fund Balance - January 1	723,839	423,420	1,251,503	104,463	11,647	321,521	2,836,393
Fund Balance - December 31	890,869	678,204	1,415,283	116,694	19,771	506,379	3,627,200

COUNTY OF KNOX
GENERAL RESERVES
STATEMENT OF ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit A-6

<i>Reserve Fund</i>	<i>Fund Balance January 1</i>	<i>New Funds</i>	<i>Transfers From Other Funds</i>	<i>Interest</i>	<i>Increase (Decrease) in Fair Value</i>	<i>Transfers To Other Funds</i>	<i>Expenditures</i>	<i>Fund Balance December 31</i>
Airport Computer	2,426			26	(219)			2,233
Airport Retirement			4,657					4,657
Communications Computer	10,814			51	(583)		(8,199)	2,083
Communications Miscellaneous	884			(58)	(516)			310
Communications Retirement	7,605		4,792	83	(686)			11,794
Contingency	108,644			1,190	(9,805)			100,029
Corrections Community Based	188,070	252,923		1,355			(157,522)	284,826
Corrections Computer	7,952			52	(533)		(4,128)	3,343
Corrections Retirement	139		3,739	2	(13)			3,867
Corrections Training	8,818			41	(513)		(8,346)	-
Courthouse Computer	6,889			61	(539)		(4,051)	2,360
DA Programs	15,511			170	(1,400)			14,281
DARE Program	588	575		11	(75)			1,099
Deeds Surcharge	111,442	26,652		1,366	(10,738)		(381)	128,341
EMA Disaster Fund	21,829			239	(1,970)			20,098
Forfeiture Money - State	8,218	4,695		81	(712)		(3,750)	8,532
Generator Reserve	54,422			376	(3,409)	(47,659)		3,730
Health Insurance	16,325			178	(1,473)			15,030
Legal	22,593			247	(2,039)			20,801
Matching Grant Funds	22,564			247	(2,036)			20,775
Orthoimagery	84			1	(8)			77
Prevention and Health		168,698		100	(35)			168,763
Probate Surcharge	48,685	2,940		548	(4,460)			47,713
Resignation Benefits	122			1	(11)			112
Retirement	32,431			285	(2,256)		(29,105)	1,355
Security Deposit	915			10	(83)			842
Sheriff's Computer	866			9	(78)			797
Unemployment	25,003			275	(2,257)			23,021
Total	723,839	456,483	13,188	6,947	(46,447)	(47,659)	(215,482)	890,869

**COUNTY OF KNOX
CORRECTIONS FUND**

Exhibit A-7

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
Revenues				
Assessments	4,037,545	4,037,545	4,037,545	-
Intergovernmental Revenues	577,741	577,741	670,100	92,359
Other Local Sources	373,875	373,875	378,924	5,049
Total Revenues	4,989,161	4,989,161	5,086,569	97,408
Expenditures				
Personnel Services	3,246,989	3,246,989	3,079,908	167,081
Contractual Services	1,583,380	1,583,380	1,498,632	84,748
Commodities	158,792	158,792	240,415	(81,623)
Capital Outlay			9,091	(9,091)
Total Expenditures	4,989,161	4,989,161	4,828,046	161,115
Excess Revenues Over Expenditures	-	-	258,523	258,523
Other Financing Sources (Uses)				
Transfers from Other Funds				-
Transfers to Other Funds			(3,739)	(3,739)
Total Other Financing Sources (Uses)	-	-	(3,739)	(3,739)
Excess of Revenues and Other Sources Over (Under) Expenditures	-	-	254,784	254,784
Unassigned Fund Balance - January 1			423,420	
Unassigned Fund Balance - December 31			678,204	

COUNTY OF KNOX

Exhibit A-8

AIRPORT FUND

STATEMENT OF REVENUES, EXPENDITURES

**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
Revenues				
Assessments				-
Intergovernmental Revenues	325,306	325,306	1,111,183	785,877
Other Local Sources	507,095	507,095	646,373	139,278
Total Revenues	832,401	832,401	1,757,556	925,155
Expenditures				
Personnel Services	552,527	552,527	588,136	(35,609)
Contractual Services	236,332	236,332	327,584	(91,252)
Commodities	43,542	43,542	71,372	(27,830)
Capital Outlay			602,027	(602,027)
Total Expenditures	832,401	832,401	1,589,119	(756,718)
Excess Revenues Over Expenditures	-	-	168,437	168,437
Other Financing Sources (Uses)				
Transfers from Other Funds				-
Transfers to Other Funds			(4,657)	(4,657)
Total Other Financing Sources (Uses)	-	-	(4,657)	(4,657)
Excess of Revenues and Other Sources Over (Under) Expenditures	-	-	163,780	163,780
Unassigned Fund Balance - January 1			1,251,503	
Unassigned Fund Balance - December 31			1,415,283	

COUNTY OF KNOX
COMMUNICATIONS FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit A-9

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
Revenues				
Assessments	1,277,209	1,277,209	1,277,207	(2)
Other Local Sources				-
Total Revenues	1,277,209	1,277,209	1,277,207	(2)
Expenditures				
Personnel Services	1,125,550	1,125,550	952,277	173,273
Contractual Services	144,744	144,744	126,203	18,541
Commodities	6,915	6,915	4,977	1,938
Capital Outlay			35,805	(35,805)
Debt Service			4,100	(4,100)
Total Expenditures	1,277,209	1,277,209	1,123,362	153,847
Excess Revenues Over Expenditures	-	-	153,845	153,845
Other Financing Sources (Uses)				
Lease Liabilities Issued			35,805	35,805
Transfers from Other Funds				-
Transfers to Other Funds			(4,792)	(4,792)
Total Other Financing Sources (Uses)	-	-	31,013	31,013
Excess of Revenues and Other Sources Over (Under) Expenditures	-	-	184,858	184,858
Unassigned Fund Balance - January 1			321,521	
Unassigned Fund Balance - December 31			506,379	

**COUNTY OF KNOX
GRANT FUNDS
BALANCE SHEET
DECEMBER 31, 2022**

**Exhibit B-1
Page 1 of 2**

<i>Assets</i>	<i>Wellness Grant</i>	<i>Local Emergency Planning Committee</i>	<i>Local Assistance Fund</i>	<i>Operation Stonegarden</i>	<i>ARPA Grant</i>
Cash and Equivalents		(20,588)			
Accounts Receivable		55,757		18,435	
Due from Other Funds	655		50,000		5,912,289
Total Assets	655	35,169	50,000	18,435	5,912,289
<i>Liabilities and Fund Balances</i>					
Liabilities					
Accounts Payable	480				
Accrued Salaries					13,614
Due to Other Funds		13,450		18,435	
Total Liabilities	480	13,450	-	18,435	13,614
Fund Balances					
Restricted	175	21,719	50,000		5,898,675
Unassigned					
Total Fund Balances	175	21,719	50,000	-	5,898,675
Total Liabilities and Fund Balances	655	35,169	50,000	18,435	5,912,289

**COUNTY OF KNOX
GRANT FUNDS
BALANCE SHEET
DECEMBER 31, 2022**

**Exhibit B-1
Page 2 of 2**

<i>Assets</i>	<i>COPS Technology and Equip.</i>	<i>JAG Grant</i>	<i>Maine Workforce Development</i>	<i>Totals</i>
Cash and Equivalents				(20,588)
Accounts Receivable	20,220	6,494	4,035	104,941
Due from Other Funds				5,962,944
Total Assets	20,220	6,494	4,035	6,047,297
 <i>Liabilities and Fund Balances</i>				
Liabilities				
Accounts Payable				480
Accrued Salaries				13,614
Due to Other Funds	20,220	6,494	4,035	62,634
Total Liabilities	20,220	6,494	4,035	76,728
Fund Balances				
Restricted				5,970,569
Unassigned				-
Total Fund Balances	-	-	-	5,970,569
Total Liabilities and Fund Balances	20,220	6,494	4,035	6,047,297

COUNTY OF KNOX
ALL SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit B-2
Page 1 of 2

	<i>Wellness Grant</i>	<i>ATV Enforcement</i>	<i>Local Emergency Planning Committee</i>	<i>Bullet Proof Vest Grant</i>	<i>Local Assistance Fund</i>	<i>MMA Safety Grant</i>	<i>Misc . Grants</i>
Revenues							
Intergovernmental Revenues							
Federal			67,099	813	50,000		6,006
State							
Local Sources	3,640	1,693				2,000	
Interest			28				
Total Revenues	3,640	1,693	67,127	813	50,000	2,000	6,006
Expenditures							
Personnel Services		1,693	6,175				800
Contract Services			1,060				5,206
Commodities						2,000	
Capital Outlay							
Other	2,939		55,729	813			
Total Expenditures	2,939	1,693	62,964	813	-	2,000	6,006
Excess of Revenues Over (Under) Expenditures	701	-	4,163	-	50,000	-	-
Other Financing Sources (Uses)							
Transfers from Other Funds							
Transfers to Other Funds							
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	701	-	4,163	-	50,000	-	-
Fund Balance - January 1	(526)		17,556				
Fund Balance - December 31	175	-	21,719	-	50,000	-	-

COUNTY OF KNOX
ALL SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit B-2
Page 2 of 2

	<i>Operation Stonegarden</i>	<i>ARPA Grant</i>	<i>Foresnic Plebotomy Training</i>	<i>COPS Technology and Equip.</i>	<i>JAG Grant</i>	<i>Maine Workforce Development</i>	<i>Totals</i>
Revenues							
Intergovernmental Revenues							
Federal	72,598	3,862,623	1,345	35,581	11,390		4,107,455
State							-
Local Sources						10,777	18,110
Interest							28
Total Revenues	72,598	3,862,623	1,345	35,581	11,390	10,777	4,125,593
Expenditures							
Personnel Services	38,126	802,276	382				849,452
Contract Services	81	21,131	963			10,777	39,218
Commodities	38,404				11,390		51,794
Capital Outlay		400,700		35,581			436,281
Other		117,246					176,727
Total Expenditures	76,611	1,341,353	1,345	35,581	11,390	10,777	1,553,472
Excess of Revenues Over (Under) Expenditures	(4,013)	2,521,270	-	-	-	-	2,572,121
Other Financing Sources (Uses)							
Transfers from Other Funds							-
Transfers to Other Funds							-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(4,013)	2,521,270	-	-	-	-	2,572,121
Fund Balance - January 1	4,013	3,377,405					3,398,448
Fund Balance - December 31	-	5,898,675	-	-	-	-	5,970,569

COUNTY OF KNOX
ALL CAPITAL PROJECT FUNDS
BALANCE SHEET
DECEMBER 31, 2022

Exhibit C-1
Page 1 of 2

<i>Assets</i>	<i>Airport - RSA Improvement Projects</i>	<i>Benner Lane</i>	<i>Airport SRE Exp</i>	<i>Airport Cares Act #57 Grant</i>	<i>Airport Cares Act #60 Drainage</i>	<i>Airport Cares Act #61 Grant</i>	<i>Airport Cares Act #62 Grant</i>	<i>Airport Cares Act #64 Grant</i>
Cash								
Investments								
Accounts Receivable								
Due from Other Funds								
Due from Other Governments	6,772	151,267	590,334	18,519	77,698	95,998	847,751	117,684
Total Assets	6,772	151,267	590,334	18,519	77,698	95,998	847,751	117,684
<i>Liabilities and Fund Balances</i>								
Liabilities								
Retainage Payable							171,112	10,410
Due to Other Funds	6,772	151,267	590,334	18,519	77,698	95,998	676,639	107,274
Total Liabilities	6,772	151,267	590,334	18,519	77,698	95,998	847,751	117,684
Fund Balances								
Restricted								
Committed								
Total Fund Balances	-	-	-	-	-	-	-	-
Total Liabilities and Fund Balances	6,772	151,267	590,334	18,519	77,698	95,998	847,751	117,684

COUNTY OF KNOX
ALL CAPITAL PROJECT FUNDS
BALANCE SHEET
DECEMBER 31, 2022

Exhibit C-1
Page 2 of 2

<i>Assets</i>	<i>Airport Cares Obstruction Removal</i>	<i>Airport Cares Solar Grant</i>	<i>Airport Taxiline 2 Project</i>	<i>Airport Taxiway Project</i>	<i>Airport Passenger Facility</i>	<i>Capital Improvements</i>	<i>Totals</i>
Cash					56,740		56,740
Investments						759,110	759,110
Accounts Receivable							-
Due from Other Funds							-
Due from Other Governments	79,577	57,346	315,295	204,171			2,562,412
Total Assets	79,577	57,346	315,295	204,171	56,740	759,110	3,378,262
<i>Liabilities and Fund Balances</i>							
Liabilities							
Retainage Payable			15,210				196,732
Due to Other Funds	79,577	57,346	300,085	204,171	31	81,638	2,447,349
Total Liabilities	79,577	57,346	315,295	204,171	31	81,638	2,644,081
Fund Balances							
Restricted					56,709		56,709
Committed						677,472	677,472
Total Fund Balances	-	-	-	-	56,709	677,472	734,181
Total Liabilities and Fund Balances	79,577	57,346	315,295	204,171	56,740	759,110	3,378,262

COUNTY OF KNOX
ALL CAPITAL PROJECT FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit C-2
Page 1 of 2

	<i>Benner Lane</i>	<i>Airport SRE Exp</i>	<i>Airport Cares Act #57 Grant</i>	<i>Airport Cares Act #60 Drainage</i>	<i>Airport Cares Act #61 Grant</i>	<i>Airport Cares Act #62 Grant</i>	<i>Airport Cares Act #64 Grant</i>
Revenues							
Intergovernmental Revenues							
Federal	143,305	571,926	202,742	2,782	277,679	3,963,072	156,672
State	7,962						
Local Sources							
Total Revenues	151,267	571,926	202,742	2,782	277,679	3,963,072	156,672
Expenditures							
Engineering Services	3,325	2,846		2,782	22,921	411,590	62,982
Construction			94,855		254,758	3,551,482	93,690
Professional Services	5,396	261					
Equipment		568,819	107,887				
All Other	150,507						
Total Expenditures	159,228	571,926	202,742	2,782	277,679	3,963,072	156,672
Excess of Revenues Over (Under)							
Expenditures	(7,961)	-	-	-	-	-	-
Other Financing Sources (Uses)							
Transfers from Other Funds	7,961						
Transfers to Other Funds							
Total Other Financing Sources (Uses)	7,961	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under)							
Expenditures and Other Uses	-	-	-	-	-	-	-
Fund Balance - January 1		-	-	-	-	-	-
Fund Balance - December 31	-	-	-	-	-	-	-

COUNTY OF KNOX
ALL CAPITAL PROJECT FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit C-2
Page 2 of 2

	<i>Airport Cares Obstruction Removal</i>	<i>Airport Cares Solar Grant</i>	<i>Airport Taxiline 2 Project</i>	<i>Airport Taxiway Project</i>	<i>Airport Passenger Facility</i>	<i>Capital Improvements</i>	<i>Totals</i>
Revenues							
Intergovernmental Revenues							
Federal	79,577	57,346	220,267	943	21,031		5,697,342
State			7,880				15,842
Local Sources					317	243,437	243,754
Total Revenues	79,577	57,346	228,147	943	21,348	243,437	5,956,938
Expenditures							
Engineering Services	79,577	57,346	89,815				733,184
Construction			152,102				4,146,887
Professional Services			26,862	943			33,462
Equipment							676,706
All Other			1,841			189,305	341,653
Total Expenditures	79,577	57,346	270,620	943	-	189,305	5,931,892
Excess of Revenues Over (Under)							
Expenditures	-	-	(42,473)	-	21,348	54,132	25,046
Other Financing Sources (Uses)							
Transfers from Other Funds			42,473			91,033	141,467
Transfers to Other Funds						(93,808)	(93,808)
Total Other Financing Sources (Uses)	-	-	42,473	-	-	(2,775)	47,659
Excess of Revenues and Other Sources Over (Under)							
Expenditures and Other Uses	-	-	-	-	21,348	51,357	72,705
Fund Balance - January 1	-	-	-	-	35,361	626,115	661,476
Fund Balance - December 31	-	-	-	-	56,709	677,472	734,181

COUNTY OF KNOX
CAPITAL IMPROVEMENTS
STATEMENT OF ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit C-3

	<i>Fund Balance January 1</i>	<i>New Funds</i>	<i>Transfers From Other Funds</i>	<i>Interest</i>	<i>Increase (Decrease) in Fair Value</i>	<i>Transfers To Other Funds</i>	<i>Expenditures</i>	<i>Fund Balance December 31</i>
<i>Reserve Fund</i>								
Corrections Capital	291,358	278,858		4,042	(30,897)		(100,184)	443,177
Corrections Vehicle	635			6	(57)			584
Courthouse Maintenance	40,691		43,374	247	(2,667)		(38,998)	42,647
EMA Vehicle	20,939		47,659	399	(2,858)			66,139
Sheriff's Vehicle	16,609			182	(1,499)			15,292
Airport	16,495			293	(2,475)	(14,313)		-
Airport Equipment	93,340	15,708		656	(4,658)		(50,123)	54,923
Airport Projects	146,048			1,639	(13,482)	(79,495)		54,710
Total	626,115	294,566	91,033	7,464	(58,593)	(93,808)	(189,305)	677,472

CERTIFIED PUBLIC ACCOUNTANT

James W. Wadman, C.P.A.
Ronald C. Bean, C.P.A.
Kellie M. Bowden, C.P.A.
Wanese L. Lynch, C.P.A.

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 Knox
Rockland, ME 04841

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 Knox, Maine as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County of Knox, Maine's basic financial statements and have issued our report thereon dated August 31, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Knox, Maine's internal control over financial reporting (internal control) as a basis for designing 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 Knox, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Knox, 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these 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 Knox, 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 financial statements. 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*.

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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

James W. Wadman, CPA

James W. Wadman, CPA

August 31, 2023

***INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM,
REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON SCHEDULE OF FEDERAL
AWARDS REQUIRED BY THE UNIFORM GUIDANCE***

County Commissioners
County of Knox
Rockland, ME 04463

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Knox, Maine's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Knox, Maine's major federal programs for the year ended December 31, 2022. The County of Knox, Maine's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, County of Knox, Maine complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the County of Knox, Maine 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 the County of Knox, Maine's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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 and grant agreements applicable to the County of Knox, Maine's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on County of Knox, compliance based on our audit. Reasonable assurance is a high-level assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Audits 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 for 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 the County of Knox, 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 the County of Knox, 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 Knox, 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 opinion on the effectiveness of County of Knox, 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 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 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 the internal control over compliance was for limited purpose described in the Auditor's Responsibilities for the Audit of Compliance 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the County of Knox, Maine as of and for the year ended December 31, 2022, and have issued our report thereon dated August 31, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully Submitted,

James W. Wadman, CPA

James W. Wadman, CPA
August 31, 2023

SCHEDULE I
COUNTY OF KNOX
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2022

No Prior Audit Findings

SCHEDULE II
COUNTY OF KNOX
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the County of Knox, Maine.
2. No reportable conditions relating to the audit of the financial statements are reported in the *Report on Compliance and on Internal Control over Financial Reporting and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the County of Knox, Maine were disclosed during the audit.
4. No conditions relating to the audit of the major federal award programs are reported in the *Report on Compliance for Each Major Program and Internal Control over Compliance Required by the Uniform Guidance*.
5. The auditor's report on compliance for the major federal award program for the County of Knox, Maine expresses an unmodified opinion.
6. Audit findings relative to the major federal award program for the County of Knox, Maine are reported in Part C of this schedule.
7. The programs tested as major programs are :

 FAA – Airport Improvements ALN # 20.106.
 Dept. of Treasury – COVID-19 Coronavirus State and Local Fiscal Recovery Funds ALN #21.027
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The County of Knox, Maine was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

NONE

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

COUNTY OF KNOX
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE III
Page 1 of 2

<i>Federal Grantor/Pass-Through Grantor/Program Title</i>	<i>Federal Assistance Listing Number</i>	<i>Agency or Pass-through Number</i>	<i>Expenditures</i>
U.S. Department of Transportation			
Federal Aviation Administration			
COVID - 19 Airport Improvements - CARES Act	* 20.106	3-23-0042-57-2020	1,211,097
Airport Improvements - Airport Taxiway	* 20.106	3-23-0042-58-2020	943
COVID-19 - Airport Improvements - Drainage CARES Act	* 20.106	3-23-0042-060-2021	2,782
COVID-19 -Airport Improvements - Runway and Security - CARES ACT	* 20.106	3-23-0042-061-2021	277,679
COVID-19 -Airport Improvements - Op Facility and Term Hangar - CARES ACT	* 20.106	3-23-0042-062-2021	3,963,072
COVID - 19 Airport Improvements - Elec Ser Dev	* 20.106	3-23-0042-064-2022	156,672
Airport Improvements - Taxiline 2 Exp 65	* 20.106	3-23-0042-065-2022	220,267
Airport Improvements - SRE Exp 63	* 20.106	3-23-0042-XX-2022	571,926
COVID - 19 Airport Improvements - Solar, Ob Removal	* 20.106	3-23-0042-067-2023	136,923
Airport Improvements - Benner Land	* 20.106		143,305
Airport Improvements - Passenger Facility Fees	* 20.106		
Total Federal Aviation Administration			<u>6,684,666</u>
Highway Safety Cluster			
Passed Through Maine Bureau of Highway Safety			
National Priority Safety Programs	20.616	ID22-118	<u>1,345</u>
Total Highway Safety Cluster			<u>1,345</u>
Total U.S. Department of Transportation			<u>6,686,011</u>
U.S. Department of Homeland Security			
Passed Through Maine Dept. of Defense, Veterans, and Emergency Management			
2019 Homeland Security	97.067	EMW-2019-SS-00015	18,951
2020 Homeland Security	97.067	EMW-2020-SS-00046	25,425
2021 Homeland Security	97.067	EMW-2021-SS-00065	2,936
2022 Homeland Security	97.067	EMW-2022-SS-00032	6,427
Operation Stonegarden	97.067	EMW-2020-SS-00046-S01	<u>76,610</u>
Total Homeland Security Grant			<u>130,349</u>
Emergency Management Performance Grants	97.042	EMB-2020-EP-00007	<u>7,235</u>
Total Passed Through Maine Dept. of Defense Veterans, and Emergency Management			<u>137,584</u>
Rail and Transit Security Grant Program	97.075		<u>49,770</u>
Total U.S. Department of Homeland Security			<u>187,354</u>
U.S. Department of Health and Human Services			
Passed Through Pen Bay Medical Center			
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Imp.	93.912		<u>800</u>
Total U.S. Department of Health and Human Services			<u>800</u>
U.S. Department of Treasury			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	* 21.027		<u>1,341,353</u>
Total U.S. Department of Treasury			<u>1,341,353</u>
U.S. Department of Justice			
Passed Through Maine Department of Human Services			
Crime Victims Assistance	16.575	OVP-22-2304	<u>56,227</u>
Total Passed Through Maine Department of Human Services			<u>56,227</u>

COUNTY OF KNOX
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE III
Page 2 of 2

<i>Federal Grantor/Pass-Through Grantor/Program Title</i>	<i>Federal Assistance Listing Number</i>	<i>Agency or Pass-through Number</i>	<i>Expenditures</i>
Passed Through Midcoast Council of Gov't Public Safety Partnership and Community Policing Grants	16.710		<u>35,581</u>
Total Passed Through Midcoast Council of Gov't			<u>35,581</u>
Passed Through Maine Department of Public Safety			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Knox-20	6,494
Edward Byrne Memorial Justice Assistance Grant Program	16.738	KNX-03-19	<u>4,896</u>
Total Edward Byrne Memorial Justice Assistance Grant Program			<u>11,390</u>
Bullet Proof Vest Grant	16.607		813
Drug Court Discretionary Grant Program	16.585	GAX 40A TR	<u>5,206</u>
Total Passed Through Maine Department of Public Safety			<u>6,019</u>
Total U.S. Department of Justice			<u>109,217</u>
Total			<u>8,324,735</u>

COUNTY OF KNOX
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of County of Knox, Maine under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of County of Knox, Maine, it is not intended to and does not present the financial position or changes in net position of County of Knox, Maine.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE C – INDIRECT COST RATE

County of Knox, Maine has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – PASS-THROUGH AWARDS

The County of Knox, Maine receives certain federal awards in the form of pass-through awards from the State of Maine. Such amounts received as pass-through awards are specifically identified on the Schedule.

NOTE E – MAJOR PROGRAMS

In accordance with the Uniform Guidance, major programs are determined using a risk-based approach. Programs in the accompanying Schedule denoted with an asterisk (*) are determined by the independent auditor to be major programs.

James W. Wadman

CERTIFIED PUBLIC ACCOUNTANT

James W. Wadman, C.P.A.
Ronald C. Bean, C.P.A.
Kellie M. Bowden, C.P.A.
Wanese L. Lynch, C.P.A.

INDEPENDENT AUDITOR'S REPORT

County Commissioners
County of Knox
Rockland, ME 04841

Report on the Financial Statements

We have audited the PFC quarterly reports of the County of Knox, Maine (the County) as of and for the year ended December 31, 2022.

Other Reporting Required by Federal Aviation Administration

The accompanying schedule of expenditures of passenger facility charges is presented for purposes of additional analysis as specified in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Respectfully Submitted,

James W. Wadman, CPA

James W. Wadman, CPA
August 31, 2023

***INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC
AGENCIES, ISSUED BY THE FEDERAL AVIATION ADMINISTRATION***

County Commissioners
County of Knox
Rockland, ME 04463

Report on Compliance

We have audited County of Knox, Maine's compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide) for its passenger facility charge program for the year ended December 31, 2022.

Management's Responsibility

Management is responsible for compliance with requirements of laws, regulations, and contracts applicable to the passenger facility charge program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the County of Knox, Maine's passenger facility charge program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Audits Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred.

An audit includes examining, on a test basis, evidence about the County of Knox, Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the passenger facility charge program. However, our audit does not provide a legal determination of the County of Knox, Maine's compliance.

Opinion on the Passenger Facility Charge Program

In our opinion, County of Knox, Maine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program for the year ended December 31, 2022.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the passenger facility charge program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the passenger facility charge 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of the passenger facility charge 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 the internal control over compliance was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Guide. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

James W. Wadman, CPA

James W. Wadman, CPA
August 31, 2023

COUNTY OF KNOX
SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<i>Quarter Ended March 31, 2022</i>	<i>Quarter Ended June 30 2022</i>	<i>Quarter Ended September 30 2022</i>	<i>Quarter Ended December 31 2022</i>	<i>Cumulative Total December 31, 2022</i>
Passenger facility charge revenue and interest	6,232	7,039	7,716	44	21,031
Expenditures:					
None					-

COUNTY OF KNOX
NOTES TO THE SCHEDULE OF PASSENGER FACILITY CHARGES
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of passenger facility charges includes activity of County of Knox under programs of the federal government for the year ended December 31, 2022. The information in this schedule is presented in accordance with the requirements of Passenger Facility Charge Audit Guide for Public Agencies.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule includes all passenger facility charge programs of County of Knox, Maine for the year ended December 31, 2022. The information in the accompanying schedule of expenditures of passenger facility charges is presented in accordance with the Audit Guide for Public Agencies. The passenger facility charge programs are defined by the Federal Aviation Administration's Record of Decision for each program. The schedule of expenditures of passenger facility charges is presented on the cash basis of accounting.

COUNTY OF KNOX
Summary Schedule of Prior Audit Findings
Passenger Facility Charge Program
For the Year Ended December 31, 2022

Status of Prior Year Findings and Questioned Costs for Expenditures of the *Passenger Facility Charge Program*

None

COUNTY OF KNOX
Schedule of Findings and Questioned Costs
Passenger Facility Charge Program
For the Year Ended December 31, 2022

Findings and Questioned Costs for Expenditures of the *Passenger Facility Charge Program*

NONE