

## County of Lincoln, Maine



### **Annual Financial Statements** **For the Year Ended December 31, 2024**

Independently Audited By



*Proven Expertise & Integrity*

## County of Lincoln Maine

December 31, 2024

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## INDEPENDENT AUDITOR'S REPORT

County Commissioners  
County of Lincoln  
Wiscasset, Maine

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the County of Lincoln, Maine as of and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the County of Lincoln, Maine's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Lincoln, Maine as of December 31, 2024 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

### Responsibilities of Management for the Financial Statements

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

United States of America and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County of Lincoln, Maine's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the County of Lincoln, Maine's ability to continue as a going concern for a reasonable period of time.

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

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB information on pages 4 through 9 and 32 through 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2025, on our consideration of the County of Lincoln, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 Lincoln, 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 the County of Lincoln, Maine's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
June 16, 2025



## Management's Discussion and Analysis

Lincoln County (the County) provides this Management's Discussion and Analysis to present additional information to the readers of the County's basic financial statements. This narrative overview and analysis of the financial activities of the County is for the fiscal year ended December 31, 2024. Readers are encouraged to consider this information in conjunction with the additional information that is furnished in the County's basic financial statements and required supplementary information.

### Overview of the Financial Statements

The County's basic financial statements include the following components:

- 1) Government-wide Financial Statements,
- 2) Fund Financial Statements, and
- 3) Notes to the Basic Financial Statements.

This report also includes *required supplementary information* (RSI) in addition to the basic financial statements.

### Government-wide Financial Statements

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

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

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

The type of activity presented for the County of Lincoln is:

*Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All the County's basic services are reported in governmental activities, which include court services, emergency management, district attorney, administration, county buildings, prisoner support, communications, registry of deeds, registry of probate, sheriff's department, recycling, planning and unclassified.

## Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other local governments, uses fund accounting to ensure and demonstrate compliance with financial related legal requirements.

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

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

The general fund is the only fund for which the County legally adopts a budget. The Budgetary Comparison Schedule – General Fund - Budgetary Basis provides a comparison of the original and final budget and the actual expenditures for the current year.

## Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The Notes to the Basic Financial Statements can be found following the Statement of Revenues, Expenditures, and Change in Fund Balances – Reconciliation.

## Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – General Fund, a Schedule of County's Proportionate Share of the Net Pension Liability, a Schedule of County Contributions, Schedules of Net OPEB Liability and Contributions (GASB 75), and Notes to the Required Supplementary Information.

**Government-Wide Financial Analysis**

Our analysis below focuses on the net position, and changes in the net position of the County's governmental activities. The County's total net position increased by \$2,942,821 to \$7,655,103.

Net investments in capital assets – a large part of the County's net position reflects its investment in capital asset (e.g. land, buildings, machinery, and equipment). The County uses these assets to provide services to citizens, consequently these assets are not available for future spending. It should also be noted that no part of these capital assets are funded by debt.

Restricted net position – represents resources that are subject on how they may be expended.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints, enabling legislation, or other legal requirement – increased to a surplus balance of \$3,486,897 at the end of this year. The change in balance is primarily resulting from the County's unfunded net pension and net OPEB liabilities.

**Table 1**

Condensed Statements of Net Positions  
As of December 31, 2024 and 2023

	<b>2024</b>	<b>2023 (Restated)</b>	<b>\$ Difference</b>	<b>% Difference</b>
<b>Assets:</b>				
Current Assets	\$ 14,902,930	\$ 13,453,223	\$ 1,449,707	11%
Capital Assets	3,767,400	3,354,475	412,925	12%
Total Assets	<u>18,670,330</u>	<u>16,807,698</u>	<u>1,862,632</u>	11%
<b>Deferred Outflows of Resources:</b>				
Deferred Outflows Related to Pensions	960,176	694,821	265,355	38%
Deferred outflows related to other post-employment benefits	3,109,338	3,944,764	(835,426)	-21%
Total Deferred Outflows of Resources	<u>4,069,514</u>	<u>4,639,585</u>	<u>(570,071)</u>	-12%
<b>Liabilities:</b>				
Current Liabilities	411,642	567,563	(155,921)	-27%
Non-Current Liabilities	7,904,430	7,649,895	254,535	3%
Total Liabilities	<u>8,316,072</u>	<u>8,217,458</u>	<u>98,614</u>	1%
<b>Deferred Inflows of Resources:</b>				
Deferred Revenues	2,338,389	3,609,781	(1,271,392)	-35%
Deferred Inflows Related to Pensions	299,899	312,887	(12,988)	-4%
Deferred inflows related to other post-employment benefits	4,130,381	4,594,875	(464,494)	-10%
Total Deferred Inflows of Resources	<u>6,768,669</u>	<u>8,517,543</u>	<u>(1,748,874)</u>	-21%
<b>Net Position:</b>				
Net Investment in Capital Assets	3,767,400	3,354,475	412,925	12%
Restricted	400,806	209,464	191,342	91%
Unrestricted	3,486,897	1,148,343	2,338,554	204%
Total Net Position	<u>\$ 7,655,103</u>	<u>\$ 4,712,282</u>	<u>\$ 2,942,821</u>	62%



## Revenues and Expenses

Revenues for the County's governmental activities increased by 25%, while total expenses increased by 4%. The increase in County Revenue's was due to a rebounding recycling market, closure of the MPERS Trust and investment income generated from cash on hand. The County's expenses increased by 4%. This is due to the net change in Pension and OPEB Liabilities being minimal along with significant fixed asset investment.

**Table 2**

Condensed Statements of Activities  
For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>	<u>\$ Difference</u>	<u>% Difference</u>
<b>REVENUES</b>				
Program Revenues	\$ 5,465,227	\$ 2,439,320	\$ 3,025,907	124%
General Revenues	13,524,755	12,692,233	832,522	7%
Total Revenues	<u>18,989,982</u>	<u>15,131,553</u>	<u>3,858,429</u>	25%
<b>EXPENSES</b>				
Court Services	123,832	148,830	(24,998)	-17%
Emergency Management	289,743	335,088	(45,345)	-14%
District Attorney	426,106	419,602	6,504	2%
Commissioners	654,047	612,959	41,088	7%
County buildings	363,473	609,939	(246,466)	-40%
Prisoner Support	3,042,080	3,227,639	(185,559)	-6%
Communications	1,263,186	783,856	479,330	61%
Registry of Deeds	235,378	273,166	(37,788)	-14%
Registry of Probate	284,433	274,235	10,198	4%
Community Programs	104,037	99,020	5,017	5%
Sheriff's Department	4,332,481	3,934,759	397,722	10%
Employee Benefits	109,523	98,193	11,330	12%
Planning	327,243	319,879	7,364	2%
Recycling	585,735	604,006	(18,271)	-3%
Insurances	97,856	92,951	4,905	5%
Contingency	-	707	(707)	0%
Special Projects/Reserves	2,196,628	2,443,345	(246,717)	-10%
Capital Projects/Reserves	934,880	496,485	438,395	88%
TBRJ Debt Service	676,500	702,000	(25,500)	-4%
Total Expenses	<u>16,047,161</u>	<u>15,476,659</u>	<u>570,502</u>	4%
Change in Net Position	2,942,821	(345,106)	3,287,927	-953%
<b>Beginning Net Position, As Previously Reported</b>	8,322,063	8,667,167	(345,104)	
<b>Net Position Corrections</b>	(3,609,781)	-	(3,609,781)	
<b>Beginning Net Position, As Restated</b>	<u>4,712,282</u>	<u>8,667,169</u>	<u>(3,954,887)</u>	-46%
<b>Ending Net Position</b>	<u>\$ 7,655,103</u>	<u>\$ 8,322,063</u>	<u>\$ (666,960)</u>	-8%

### Financial Analysis of the County's Fund Statements

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

**Table 3**

#### Fund Balances - Governmental Funds

	<b>2024</b>	<b>2023 (Restated)</b>
General Fund:		
Nonspendable	\$ 3,161	\$ -
Assigned	265,000	265,000
Unassigned	4,226,309	3,797,825
Total General Fund	<u>\$ 4,494,470</u>	<u>\$ 4,062,825</u>
Nonmajor Funds:		
Nonspendable	\$ 2,292	\$ 2,292
Restricted	403,098	209,465
Committed	7,259,962	4,995,847
Assigned	15,484	28,086
Unassigned	(2,292)	-
	<u>\$ 7,678,544</u>	<u>\$ 5,235,690</u>

The general fund unassigned fund balance increased by \$431,645 from the prior fiscal year. This was mostly due to a significant increase in interest income.

#### Budgetary Highlights

The general fund's actual revenues were over budget by \$171,768 primarily due to the increase of the recycling market, negotiated CD rates and increase in contracted service work.

The general fund's actual expenses were under budget by \$524,877. This is due to a cycle of significant staff turnover and long-term vacancies.

#### Capital Assets

As of December 31, 2024, the net book value of capital assets recorded by the County increased by \$412,925 from the prior year. The increase was due to the current year depreciation expense of \$530,458 which was offset with capital additions of \$943,383 and net disposals of \$180,128.

Table 4

**Capital Assets (Net of Depreciation)**

	<b>2024</b>	<b>2023</b>	<b>\$ Difference</b>	<b>% Difference</b>
Land	\$ 132,300	\$ 132,300	\$ -	
Construction in progress	-	-	-	100.0%
Buildings and improvements	820,625	641,109	179,516	28.0%
Vehicles	531,154	499,507	31,647	6.3%
Machinery and equipment	2,110,194	1,945,886	164,308	8.4%
Infrastructure	173,127	135,673	37,454	27.6%
Total	<u>\$ 3,767,400</u>	<u>\$ 3,354,475</u>	<u>\$ 412,925</u>	12.3%

**Debt**

On December 31, 2024, the County had no bonds outstanding. Other long-term obligations include accrued compensated absences, other post-employment benefits and net pension liability. Refer to Note 5 of Notes to Financial Statements for more detailed information.

**Currently Known Facts, Decisions or Conditions**  
**Economic Factors and Next Year's Budget and Rates**

In prior years, the County's unassigned fund balance had fallen below a sufficient level to sustain government operations for a period of approximately two months. As of December 31, 2024 the County had established an unassigned fund balance that covers approximately three months, or 24% of the approved appropriations for the fiscal year 2025 budget. The County also continues to maintain significant reserves for future capital and program needs.

**Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional information, contact the County Finance Office at 32 High St. Wiscasset, Maine 04578.

**STATEMENT OF NET POSITION**

As of December 31, 2024

**STATEMENT A**Governmental  
Activities**Assets**

## Current assets:

Cash	\$ 14,468,975
Accounts receivable	430,794
Prepaid expenses	3,161
Total current assets	<u>14,902,930</u>

## Capital assets:

Land	132,300
Depreciable capital assets	10,225,593
Accumulated depreciation	(6,590,493)
Total capital assets	<u>3,767,400</u>

**Total Assets**18,670,330**Deferred Outflows of resources**

Deferred outflows related to pensions	960,176
Deferred outflows related to other post-employment benefits	3,109,338

**Total Deferred Outflows of Resources**4,069,514**Liabilities**

## Current liabilities:

Accounts payable	260,219
Accrued payroll	124,385
Other current liabilities	6,923
Accrued compensated absences	20,115
Total current liabilities	<u>411,642</u>

## Noncurrent liabilities:

Accrued compensated absences	382,197
Net OPEB liability	5,500,640
Net Pension liability	2,021,593
Total noncurrent liabilities	<u>7,904,430</u>

**Total Liabilities**8,316,072**Deferred Inflows of Resources**

Deferred revenue - ARPA	2,338,389
Deferred inflows related to pensions	299,899
Deferred inflows related to other post-employment benefits	4,130,381

**Total Deferred Inflows of Resources**6,768,669**Net Position**

Net investment in capital assets	3,767,400
Restricted	400,806
Unrestricted	3,486,897

**Total Net Position**\$ 7,655,103

**STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2024

**STATEMENT B**

Functions / Programs	Expenses	Program Revenues		Net (Expenses)
		Charges for	Operating	Revenues and
		Services	Grants and	Changes in Net
			Contributions	Position
				Governmental
				Activities
<b>Governmental activities:</b>				
Court Services	\$ 123,832	\$ 32,370	\$ 113,895	\$ 22,433
Emergency Management	289,743	-	43,160	(246,583)
District Attorney	426,106	-	-	(426,106)
Administration	654,047	51,907	15,117	(587,023)
County buildings	363,473	-	-	(363,473)
Transportation	3,042,080	26,674	311,911	(2,703,495)
Communications	1,263,186	13,766	63,745	(1,185,675)
Registry of Deeds	235,378	402,723	-	167,345
Registry of Probate	284,433	182,211	-	(102,222)
Community Programs	104,037	-	-	(104,037)
Sheriff's Department	4,332,481	53,870	173,931	(4,104,680)
Employee Benefits	109,523	-	24,310	(85,213)
Planning	327,243	-	78,030	(249,213)
Recycling	585,735	82,828	213,916	(288,991)
Insurances	97,856	-	-	(97,856)
Special Projects / Reserves	2,196,628	-	3,534,906	1,338,278
Capital Projects / Reserves	934,880	-	45,957	(888,923)
TBRJ Debt Service	676,500	-	-	(676,500)
<b>Total</b>	<b>\$ 16,047,161</b>	<b>\$ 846,349</b>	<b>\$ 4,618,878</b>	<b>(10,581,934)</b>
<b>General Revenues:</b>				
Taxes from cities and towns				13,478,700
Interest revenues				46,055
Total general revenue				13,524,755
<b>Change in Net Position</b>				2,942,821
Beginning Net Position, As Previously Reported				8,322,063
Net Position Corrections				(3,609,781)
Beginning Net Position, As Restated				4,712,282
Ending Net Position				\$ 7,655,103

**BALANCE SHEET-GOVERNMENTAL FUNDS**

As of December 31, 2024

**STATEMENT C**

	General	ARPA Special Revenue	Other Governmental Funds	Total
<b>Assets</b>				
Cash	\$ 14,468,975	\$ -	\$ -	\$ 14,468,975
Accounts receivable	368,789	-	62,005	430,794
Prepaid expenses	3,161	-	-	3,161
Due from other funds	-	2,338,389	7,616,539	9,954,928
<b>Total Assets</b>	<b>\$ 14,840,925</b>	<b>\$ 2,338,389</b>	<b>\$ 7,678,544</b>	<b>\$ 24,857,858</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	260,219	-	-	260,219
Accrued payroll	124,385	-	-	124,385
Other current liabilities	6,923	-	-	6,923
Due to other funds	9,954,928	-	-	9,954,928
<b>Total liabilities</b>	<b>10,346,455</b>	<b>-</b>	<b>-</b>	<b>10,346,455</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Revenues	-	2,338,389	-	2,338,389
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>2,338,389</b>	<b>-</b>	<b>2,338,389</b>
<b>Fund balances</b>				
Nonspendable	3,161	-	2,292	5,453
Restricted	-	-	403,098	403,098
Committed	-	-	7,259,962	7,259,962
Assigned	265,000	-	15,484	280,484
Unassigned	4,226,309	-	(2,292)	4,224,017
<b>Total fund balances</b>	<b>4,494,470</b>	<b>-</b>	<b>7,678,544</b>	<b>12,173,014</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 14,840,925</b>	<b>\$ 2,338,389</b>	<b>\$ 7,678,544</b>	<b>\$ 24,857,858</b>

**RECONCILIATION OF THE BALANCE SHEET -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**  
As of December 31, 2024

**STATEMENT D**

<b>Total governmental funds balances, per Statement C</b>	\$ 12,173,014
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,767,400
Deferred Outflows and Inflows related to pensions	660,277
Deferred Outflows and Inflows related to OPEB	(1,021,043)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Accrued compensated absences	(402,312)
Net OPEB liability	(5,500,640)
Net Pension liability	<u>(2,021,593)</u>
<b>Net position of governmental activities, per Statement A</b>	<u><u>\$ 7,655,103</u></u>

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2024

**STATEMENT E**

	General	ARPA Special Revenue	Other Governmental Funds	Total
<b>Revenues</b>				
Taxes from cities and towns	\$ 13,478,700	\$ -	\$ -	\$ 13,478,700
Charges for services	870,659	-	148,984	1,019,643
Intergovernmental revenues	998,588	1,271,392	956,995	3,226,975
Interest	46,055	-	1,199,996	1,246,051
Other revenue	15,117	-	3,495	18,612
Total revenues	<u>15,409,119</u>	<u>1,271,392</u>	<u>2,309,470</u>	<u>18,989,981</u>
<b>Expenditures</b>				
Court Services	117,629	-	-	117,629
Emergency Management	266,944	-	-	266,944
District Attorney	410,720	-	-	410,720
Administration	632,852	-	-	632,852
County buildings	494,726	-	-	494,726
Prisoner Support	3,021,406	-	-	3,021,406
Communications	1,342,125	-	-	1,342,125
Registry of Deeds	247,401	-	-	247,401
Registry of Probate	265,383	-	-	265,383
Community Programs	104,037	-	-	104,037
Sheriff's Department	4,183,667	-	-	4,183,667
Employee Benefits	109,523	-	-	109,523
Planning	311,566	-	-	311,566
Recycling	701,639	-	-	701,639
Insurances	97,856	-	-	97,856
Contingency	-	-	-	-
TBRJ Debt Service	676,500	-	-	676,500
Capital expenditures	-	-	934,880	934,880
Other expenditures	-	1,271,392	925,236	2,196,628
Total expenditures	<u>12,983,974</u>	<u>1,271,392</u>	<u>1,860,116</u>	<u>16,115,482</u>
<b>Revenue Surplus (Deficit)</b>	2,425,145	-	449,354	2,874,499
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	1,993,500	1,993,500
Transfers out	(1,993,500)	-	-	(1,993,500)
Net other financing	<u>(1,993,500)</u>	<u>-</u>	<u>1,993,500</u>	<u>-</u>
<b>Change in Fund Balance</b>	431,645	-	2,442,854	2,874,499
<b>Beginning Fund Balance, As Previously Reported</b>	4,062,825	3,609,781	5,235,690	12,908,296
<b>Fund Balance Correction</b>	-	(3,609,781)	-	(3,609,781)
<b>Beginning Fund Balance, As Restated</b>	<u>4,062,825</u>	<u>-</u>	<u>5,235,690</u>	<u>9,298,515</u>
<b>Ending Fund Balance</b>	<u>\$ 4,494,470</u>	<u>\$ -</u>	<u>\$ 7,678,544</u>	<u>\$ 12,173,014</u>



**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**STATEMENT F**

As of December 31, 2024

<b>Net change in total governmental funds balances, per Statement E</b>	<b>\$</b>	<b>2,874,499</b>
Capital assets acquired during the year are reported as expenditures in the governmental funds, but are not reported as expenses of governmental activities. Instead, they are reported as increases in capital assets in the Statement of Net Position.		
Capital asset acquisitions		943,383
Certain expenses and expense adjustments reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Depreciation expense		(530,458)
Change in accrued compensated absences		50,413
Change in net pension liability and related deferred outflows and inflows		(18,365)
Change in accrued post employment benefits and related deferred outflows and inflows		(376,651)
<b>Change in net position of governmental activities, per Statement B</b>	<b>\$</b>	<b><u>2,942,821</u></b>

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the County of Lincoln (the County), conform to accounting principles generally accepted in the United States of America. The following is a summary of such significant policies:

**Government-Wide Financial Statements**

The statement of net position and statement of activities focuses on the primary government of the County as a whole. All governmental funds are included but are presented using the accrual basis of accounting. Fiduciary funds are excluded from these government-wide financial statements.

Measurement Focus and Basis of Accounting

The statement of net position and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting.

Program revenues include charges to taxpayers who purchase, use, or directly benefit from goods, services, or privileges provided by a given program; and operating or capital grants and contributions that are restricted to meeting the operational or capital requirement of a particular program.

Internal Activity

Amounts reported in the governmental funds as “due to other funds” and “due from other funds” have been eliminated in the statement of net position, except amounts due between the governmental and business-type activities.

Capitalization of Assets

For government-wide financial statements, capital assets are valued at historical cost or estimated historical cost. Donated capital assets are valued at their estimated fair value on the date of donation. Assets over \$5,000 are capitalized.

Depreciation

For government-wide financial statements, capital assets are depreciated over the assets useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings: 20 – 50 years  
Infrastructure: 50 - 100 years  
Machinery & Equipment: 3 – 50 years  
Vehicles: 3 – 25 years

Property Taxes

Taxes from Cities and Counties are committed on or around March 1<sup>st</sup> of each year. Taxes are due on or near September 1<sup>st</sup>. If the taxes are not paid by a Town on or before the due date, the County may issue a warrant to the sheriff to levy by distress and sale of real and personal property of any inhabitants.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Fund Financial Statements**Principles Determining Scope of Reporting Entity

In evaluating how to define the reporting entity for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit was made based on criteria set forth in GAAP. The criteria used define the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of these criteria and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based upon the application of these criteria, it has been determined that the County has no component units.

Fund Accounting

The accounts of the County are organized based on funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and how spending activities are controlled. The various funds are grouped, in the financial statements in this report, into generic fund types and broad fund categories, as follows:

General Funds

General Fund - The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenues sources that are legally restricted to expenditures for a specific purpose.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets, generally within sixty days. Property taxes are recorded as revenue when levied even though a portion of the taxes may be collected in subsequent years. Miscellaneous revenues are recorded when received in cash because they are generally not measurable until received. Intergovernmental revenues and interest income are accrued when their receipt occurs soon enough after the end of the accounting period to be both measurable and available. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Exceptions to the general rule include principal and interest on general long-term debt, which is recognized when due. All trust and agency funds are accounted for using the accrual basis of accounting.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

During the year ended December 31, 2024, the following statement of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 100 “Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62”. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. Management has determined the impact of this Statement is material to the financial statements.

**Estimates**

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets, liabilities, the disclosure of contingent liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

**Budget**

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

The County Commissioners hold a public hearing in the County on the proposed budget no later than 90 days before the end of the County’s Fiscal year. At this meeting the budget advisory committee will receive the County Commissioners itemized final estimate in the form of a budget. The budget advisory committee will be presented the budget and any supplemental information prepared by the Elected Treasurer and makes any recommendation to the County Commissioners no later than 45 days before the end of the County’s fiscal year.

Upon completion of the public hearing and review of budget advisory committee recommendations the Commissioners may then approve the budget by 2/3 vote of its membership, in any event, no later than 15 days before the end of the County’s fiscal year.

**Excess Funds**

There is no documented policy on where to hold excess funds.

**Accounts Receivable**

Accounts receivable is stated at the amount management expects to collect from balances outstanding at year-end. Allowances for uncollectible accounts are based on management’s assessment of the periodic aging of accounts receivable.

**Investments**

It is the County’s policy to state investments at market value at the balance sheet date.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Interfund Receivables and Payables

Interfund activity is reported as either loans or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. All other interfund transactions are treated as transfers. Transfers between governmental funds are eliminated as part of the reconciliation to the government-wide financial statements.

Accrued Compensated Absences

Pursuant to the terms of the personnel policies, vacation time is granted in varying amounts according to the length of service. In the government-wide financial statements, liabilities that are attributable to services already rendered are accrued as employees earn the rights to the benefits and are recognized in the period incurred. In the governmental fund financial statements, compensated absences are recognized as related payments come due each period.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of net position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The governmental activities have deferred outflows and inflows that relate to the net pension and net OPEB liabilities, which include the County's contributions subsequent to the measurement date, which are recognized as a reduction of the related net liability in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between County contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on plan investments, which are deferred and amortized over a five-year period.

Net Position Components

Net position in the government-wide financial statements is required to be separated into the following three components:

*Net Investment in Capital Assets* - This component shows the portion of net position that is the most illiquid. It is tied up in capital assets, net of any depreciation or related debt.

Capital assets	\$ 10,357,893
Accumulated depreciation	<u>(6,590,493)</u>
Net investment in capital assets	<u>\$ 3,767,400</u>

*Restricted* - This component shows the portion of net assets that are restricted by external constraints (e.g., grant agreements, laws, regulations and other governments etc.) to be used only for specified purposes.

*Unrestricted* - This component shows the remainder of net position that is neither net investment in capital assets nor restricted. It is the portion that may be used for general governmental purposes.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Fund Balance Components

For governmental funds, the nonspendable fund balances represent amounts that will never convert to cash or will not convert to cash to affect the current period; the restricted fund balances represent the amounts that are restricted by external governments, contributors, or external laws; the committed fund balances represent self-imposed limitations by the County Commissioners that must be voted on to be established, modified, or rescinded; the assigned fund balances represent intended use of resources such as encumbrances by the Elected Treasurer that the Treasurer feels is necessary to operate the County; and the unassigned fund balances represent anything that does not fit into the above four classifications. The general fund is the only fund that can report a positive unassigned balance.

If expenditures can be applied to either restricted or unrestricted balances, the government's policy is to apply them to restricted balances. If expenditures can be applied to committed, assigned or unassigned, the government's policy is to apply them first to committed balances, then to assigned balances, and any remainder is to be applied to unassigned balances.

The County has not established a policy regarding a minimum fund balance.

Revenues

Tax revenue and other major county revenue sources are susceptible to accrual under the modified accrual basis of accounting. Property tax revenues are recognized in the year for which they are levied. Fees and charges are reported as program revenues for the function that generates them. Grant and contributions are reported as program revenues if their use is restricted to a particular function.

**NOTE 2 - CASH****Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the County will not be able to recover the value of its deposits or investments that are in the possession of an outside party.

The County currently does not have a policy covering custodial credit risk for deposits. However, the County maintains deposits in qualifying financial institutions that are a member of the FDIC, and the County has an additional municipal deposit collateralization agreement.

On December 31, 2024, the County had a bank balance of \$14,654,800. Of this cash balance, \$250,000 was insured by the federal depository insurance (FDIC), the remaining deposits of \$14,404,800 were insured by a municipal deposit collateralization agreement.

**NOTE 3 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2024, was as follows:

	Beginning Balance	Additons	Retirements	Ending Balance
<i>Non-depreciable assets</i>				
Land	\$ 132,300	\$ -	\$ -	\$ 132,300
Construction in progress	-	-	-	-
Total Non-Depreciable	132,300	-	-	132,300
<i>Depreciable assets</i>				
Buildings & Improvements	3,783,052	261,154	-	4,044,206
Vehicles	1,567,520	225,692	(160,128)	1,633,084
Machinery & Equipment	3,630,600	398,537	(20,000)	4,009,137
Infrastructure	481,166	58,000	-	539,166
	9,462,338	943,383	(180,128)	10,225,593
Total capital assets	9,594,638	943,383	(180,128)	10,357,893
<i>Accumulated Depreciation</i>				
Buildings & Improvements	(3,141,943)	(81,638)	-	(3,223,581)
Vehicles	(1,068,013)	(194,045)	160,128	(1,101,930)
Machinery & Equipment	(1,684,714)	(234,229)	20,000	(1,898,943)
Infrastructure	(345,493)	(20,546)	-	(366,039)
	(6,240,163)	(530,458)	180,128	(6,590,493)
Net capital assets	\$ 3,354,475	\$ 412,925	\$ -	\$ 3,767,400

Depreciation was charged to governmental functions as follows:

Emergency Management	\$ 14,384
County Buildings	100,451
Transportation	4,268
Communications	176,872
Deeds	432
Probate	9,549
Sheriff	178,700
Recycling	45,802
Total	<u>\$ 530,458</u>

**NOTE 4 – NON-CURRENT LIABILITIES**

Summarized below are the Non-Current Liabilities at December 31, 2024:

	Balance 1/1/2024	Additions	Deletions	Balance 12/31/2024	Current Portion
Accrued compensated absences	\$ 452,725	\$ -	\$ 50,413.00	\$ 402,312	\$ 20,115
Net OPEB Liability	5,494,922	5,718	-	5,500,640	-
Net pension Liability	(1,724,884)	(296,709)	-	(2,021,593)	-
Totals	<u>\$ 4,222,763</u>	<u>\$ (290,991)</u>	<u>\$ 50,413.00</u>	<u>\$ 3,881,359</u>	<u>\$ 20,115</u>

## NOTE 5 - COMPONENTS OF FUND BALANCE

At December 31, 2024, the components of fund balances consisted of the following:

	Nonspendable	Restricted	Committed	Assigned	Unassigned
<b>General Fund</b>					
Unassigned Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ 4,226,309
Prepaid items	3,161	-	-	-	-
Assigned for 2025 Expenditure	-	-	-	265,000	-
<b>Special Revenue Funds</b>					
Alternative Sentencing Program	-	54,313	-	-	-
Bi-Centennial Reserve	-	-	10,000	-	-
Broadband Grant	-	-	157,001	-	-
Civil Process	-	-	32,479	-	-
Court Appointed Reserve	-	-	20,000	-	-
CRPSG Grant	-	-	5,907	-	-
Dare	-	205	-	-	-
DA Witness Reserve	-	-	6,685	-	-
Deeds Preservation	-	-	231,985	-	-
Due to Victim	-	-	3,495	-	-
Education Instruction	-	-	7,556	-	-
EUDL Grant	-	-	734	-	-
EMA In-kind	-	-	-	605	-
Hazmat Team	-	2,769	-	-	-
Health and Safety Reserve	-	-	12,554	-	-
Home Release Reserve	-	-	44,300	-	-
Interest Income	-	-	1,635,120	-	-
IT Infrastructure	-	-	100,889	-	-
Legal Reserve	-	-	198,081	-	-
Lincoln County Triad	2,292	-	-	-	(2,292)
Local EMA Grant	-	1,699	-	-	-
Opioid Funding	-	341,727	-	-	-
Outside Services	-	-	450	-	-
Probate Preservation	-	-	19,680	-	-
Project Life Saver	-	93	-	-	-
Safety Reserve	-	-	15,644	-	-
Seized Property	-	-	329	-	-
StoneGarden	-	-	17,190	-	-
Strategic Planning Reserve	-	-	182,745	-	-
Termination Reserve	-	-	125,168	-	-
Training Reserve	-	-	100,863	-	-
Unemployment Reserve	-	-	50,000	-	-
Uninsured Loss Reserve	-	-	84,483	-	-
Wellness	-	-	94	-	-
<b>Capital Reserve Funds</b>					
Buildings & Grounds Reserve	-	-	489,075	-	-
CIP Reserve	-	-	2,088,832	-	-
Capital Equipment Reserve	-	-	242,055	-	-
Capital Improvement Reserve	-	-	298,353	-	-
Communications Reserve	-	-	249,886	-	-
County Map & Promo Reserve	-	-	3,226	-	-
Incentive Reserve	-	-	100,000	-	-
Repeater Reserve	-	-	50,000	-	-
Recycling Reserve	-	-	29,963	-	-
Sheriff IT Reserve	-	-	67,343	-	-
Sheriff Training Reserve	-	-	256,266	-	-
Sheriff Vehicle Reserve	-	-	71,531	-	-
Two Bridge Regional Jail - Repair Loan	-	-	250,000	-	-
Heidi K-9	-	-	-	14,879	-
<b>Total</b>	<b>\$ 5,453</b>	<b>\$ 400,806</b>	<b>\$ 7,259,962</b>	<b>\$ 280,484</b>	<b>\$ 4,224,017</b>



**NOTE 6 – EMPLOYEE BENEFIT PLANS**Plan Description

The County is a participant of the Maine Public Employees State Retirement System's (MainePERS or the System) multiple employer cost sharing consolidated retirement plan. Accordingly, due to the consolidation, details of the pension obligation pertaining to the County can no longer be presented. Additional information may be obtained from the MainePERS, 46 State House Station; Augusta, Maine 04333-0046.

As of June 30, 2024, there were 336 employers participating in the plan.

Benefit terms are established in Maine statute; in the case of the PLD Consolidated Plan, 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 program provides defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for State employees and teachers; separate legislation enacted the same reduced requirement for judges, legislators, and employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. For PLD members, the normal retirement age is 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 retirement age at retirement. The System also provides disability and death benefits which are established by statute for State employee and teacher members and 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 3.88%.

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

As of December 31, 2024 the County reported a liability of \$2,021,593 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an 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 local municipalities, actuarially determined. As of December 31, 2024 the County's proportion was 0.51%.

For the year ended December 31, 2024, the County recognized pension expense of \$643,989.

**NOTE 6 - EMPLOYEE BENEFIT PLANS (Continued)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

As of December 31, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 599,999	\$ -
Change of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	210,193
Changes in proportion and differences between employer contributions and proportionate share of contributions	76,057	89,706
District contributions subsequent to the measurement date	284,120	-
Total	<u>\$ 960,176</u>	<u>\$ 299,899</u>

Deferred outflows relating to pensions resulting from County contributions subsequent to the measurement date in the amount of \$284,120, as of December 31, 2024, will be recognized as a reduction of the net pension liability in 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of December 31, 2024, will be recognized in pension expense as follows:

Year	PLD Plan
2025	(8,223)
2026	453,127
2027	(28,016)
2028	(40,731)
Total	<u>\$ 376,157</u>

**NOTE 6 - EMPLOYEE BENEFIT PLANS (Continued)****Actuarial Methods and Assumptions**

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2024, using the following methods and assumptions, applied to all periods included in the measurement.

*Actuarial Cost Method*

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

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

*Asset Valuation Method*

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

*Amortization*

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

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2024 are as follows:

- *Investment Rate of Return* – 6.50% per annum for the year ended June 30, 2024 and for the year ended June 30, 2023, compounded annually.
- *Inflation Rate* – 2.75% per annum for the year ended June 30, 2024.
- *Annual Salary Increases, Merit, and Inflation*– members of the PLD Consolidated Plan, 2.75% - 11.48% for the year ended June 30, 2023.
- *Cost of Living Benefit Increases* – 1.91% per annum for the year ended June 30, 2024 participating local districts.
- *Mortality Rates* – For the year ended June 30, 2024, for active members and non-disabled retirees of the participating local districts, the RPEC\_2020 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used.

**NOTE 6 – EMPLOYEE BENEFIT PLANS (Continued)**

The long-term expected rate of return on pension plan investment 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 weighing 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 Plan's target asset allocation as of June 30, 2024, are summarized in the following table. Assets of the Plan are commingled for investment purposes.

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equities	5.6%
US Government	2.2%
Private equity	7.2%
Real assets:	
Real estate	5.8%
Infrastructure	5.3%
Natural Resources	5.1%
Traditional Credit	2.7%
Alternative Credit	6.4%
Diversifiers	4.8%

*Discount Rate*

The discount rate used to measure the collective total pension liability was 6.5% for 2023. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability as of June 30, 2023 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate.

County's proportionate share of the net pension liability	1% Decrease <u>(5.5%)</u>	Current Discount Rate <u>(6.5%)</u>	1% Increase <u>(7.5%)</u>
	\$ 5,051,237	\$ 2,021,593	\$ (474,485)

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued MainePERS financial report.

The Plan issues stand-alone financial reports which can be found online at:

[https://www.mainebers.org/wp-content/uploads/pdfs/GASB-68-reports/2024/FY24-GASB-68-Report\\_Final\\_rev.pdf](https://www.mainebers.org/wp-content/uploads/pdfs/GASB-68-reports/2024/FY24-GASB-68-Report_Final_rev.pdf)

**NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS – OPEB (GASB 75)**

GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The statement established standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expenses. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to period of employee service. Note disclosure and required supplementary information requirements about OPEB are also addressed.

**General Information about the OPEB Plan**

*Plan Description:* The County, in accordance with its current health insurance company agreement, provides optional health and other benefits for eligible retirees. Benefit provisions for contractual employees are established and amended through negotiations between the County Commissioners and the respective unions. For all other employees, benefit provisions have been established and amended by the County Commissioners.

At December 31, 2024, the following employees were covered by the benefit terms:

Active Employees	72
Inactive Employees Entitled to But Not Yet Receiving Benefits	-
Inactive Employees Currently Receiving Benefits	<u>13</u>
Total	85

**Total OPEB Liability**

The County's total OPEB liability of \$5,494,922 was measured as of December 31, 2024, and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs:* The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, and other inputs, applied to all periods included in the measurement, unless otherwise specified:

*Actuarial assumptions and other inputs*

Measurement Date	December 31, 2023
Actuarial Cost Method	Entry Age Normal
Discount Rate	4.00%
Inflation Rate	3.00%
Salary Rate Increase	4.00%
Health Care Trend Rates	
Initial Health Care Cost Trend Rate	7.00%
Ultimate Health Care Cost Trend Rate	4.50%
Fiscal Year the Ultimate Rate is Reached	Fiscal Year 2038

A rate of 4.00% is used, which is the S&P Municipal Bond 20 Year High-Grade Rate Index as of December 31, 2024.

Mortality rates were based on the PubG.H-2010 General Mortality with Mortality Improvement using Scale MP-2020.

**NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS – OPEB (GASB 75) (CONTINUED)****Actuarial Assumptions**

The actuarial assumptions used in the December 31, 2024 valuation were based on the results of the most recent actuarial experience study.

**Changes in the Total OPEB Liability**

	<u>Total OPEB Liability</u>
Balance at December 31, 2023	\$ 5,494,921
Changes for the year:	
Service Cost	168,024
Interest	217,270
Changes of benefit terms	-
Differences between expected and actual experience	(253,236)
Changes in assumptions of other inputs	-
Benefit Payments	(126,339)
Other Changes	-
Net Changes	<u>5,719</u>
Balance at December 31, 2024	<u>\$ 5,500,640</u>

The Discount Rate and Actuarial Cost Method were changed based on GASB 75 rules. Retiree Contributions were changed due to the revised County policy. Starting per capita costs were updated using most recent premiums. The health care trend rates were reset based on recent experiences. Decrements were changed per AMM allowances. The election at retirement assumptions was changed.

**Sensitivity Information**

*Sensitivity of the total OPEB liability to changes in the discount rate:* The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (18.90%) or 1-percentage-point higher (15.05%) than the current discount rate:

	<u>1% Increase</u>	<u>Valuation Rate</u>	<u>1% Decrease</u>
Total OPEB Liability	\$ 4,695,531	\$ 5,500,640	\$ 6,507,930

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates:* The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using health-care cost trend rates that 1-percentage-point lower (17.13%) or 1-percentage-point higher (22.35%) than the current healthcare cost trend rates:

	<u>1% Increase</u>	<u>Valuation Rate</u>	<u>1% Decrease</u>
Total OPEB Liability	\$ 6,684,273	\$ 5,500,640	\$ 4,586,914

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

For the year ended December 31, 2024, the County recognized an OPEB expense of \$502,990. At December 31, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS – OPEB (GASB 75) (CONTINUED)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected & Actual Experience	\$ 851,220	\$ 1,532,358
Changes of Assumptions	2,258,118	2,598,023
Total	<u>\$ 3,109,338</u>	<u>\$ 4,130,381</u>

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

Fiscal Year Ending:	Outflows	Inflows
December 31, 2025	835,426	717,730
December 31, 2026	666,845	666,054
December 31, 2027	633,052	634,813
December 31, 2028	474,605	591,937
December 31, 2029	344,416	589,624
December 31, 2030	89,185	489,083
December 31, 2031	33,879	217,617
December 31, 2032	31,930	206,606
December 31, 2033	-	16,917
Total	<u>\$ 3,109,338</u>	<u>\$ 4,130,381</u>

**NOTE 8 - DEFERRED COMPENSATION PLAN**

There is a deferred compensation 457(b) plan sponsored by the County, but as it is administered by nongovernmental third parties and the plan administrators invest plan assets at the direction of the plan's participants, the plan is not reported in the financial statements of the County.

Employees are not required to contribute to the plan, but if the employee chooses to contribute and are not enrolled in the Maine Public Employees Retirement System, the County will match up to the MPERS plan rate that would apply to the position if enrolled. During the year ended December 31, 2024, the County contributed \$70,163.51.

**NOTE 9 - RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The County, along with numerous other municipalities in the State, is a member of three public entity risk pools in the State currently operating as a common risk management and insurance program for which all political subdivisions in the State of Maine are eligible to participate. The pools provide coverage for worker's compensation, unemployment and property liability insurance. As a member of the pools, the County shares in contributing to the cost of and receiving benefits from a self-insured pooled risk management program. There were no unpaid contributions at year-end. There were no deductible claims for the fiscal year.

The pool agreement permits the pool to make additional assessments to members should there be deficiency in pool assets to meet its liabilities. At this time, the pool foresees no likelihood of an additional assessment for past years.

**NOTE 10 - COMMITMENTS AND CONTINGENCIES**State and Federal Grants

The County participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at December 31, 2024 may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective agents; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

Litigation

The County is subject to certain legal proceedings and claims which arise in the ordinary course of conducting its activities. In the opinion of management, the County has defensible positions, and any ultimate liabilities are covered by insurance or will not materially affect the financial position of the County.

**NOTE 11 - OVERLAPPING DEBT**

The County is contingently responsible for the following debt as of December 31, 2024 (also see Joint Venture note below):

<u>Governmental Unit</u>	<u>Outstanding Debt</u>	<u>County's Percentage</u>	<u>County's share of debt</u>
Lincoln and Sagadahoc Multi-County Jail Authority	\$ 1,291,500	50%	\$ 645,750

The debt of Lincoln and Sagadahoc Multi-County Jail Authority is paid through annual assessments to the County. The debt will be fully paid in 2025.

**NOTE 12 - JOINT VENTURE**

On March 6, 2003 the Maine legislature passed LD 1199, an act to establish the Lincoln and Sagadahoc Multi-County Jail Authority (Jail Authority). The bill authorized the County of Lincoln, Maine and County of Sagadahoc, Maine to form a multi-county jail authority and to issue debt and collect assessments to operate the jail. The jail became the responsibility of the Board of Directors upon completion. The Board of Directors consists of six public members, one from each of the Commissioners Districts; four County Commissioners, two from each County; and two Sheriffs, one from each County. The Board of Directors conducts all of the affairs of the Jail Authority. Upon dissolution of the Jail Authority, by a 2/3 vote of the Board of Directors, the Jail Authority will liquidate assets and liabilities of the Jail Authority. All expenses will be paid and any residual funds will be distributed evenly by the Counties. The Jail Authority is a separate reporting entity and has not been included within the financial statements of the County.

The Jail Authority issued revenue bonds in the amount of \$14,920,000 in 2014. Although the bonds are in the name of the Jail Authority, the Lincoln County Commissioners have passed a resolution authorizing the guarantee of half of the debt service, or \$7,460,000. Lincoln County's share of principal and interest for the fiscal year ended December 31, 2024 was \$615,000, and \$61,500, respectively. Lincoln and Sagadahoc Counties operate under a cost sharing agreement entered by the commissioners on November 5, 2002, which obligates Lincoln County to share in the operating and capital costs of the jail. The share of operating costs is split 50/50 between the two counties. For the fiscal year ended December 31, 2024, Lincoln County's share was \$645,750. In addition to contributions from the two counties, the Jail Authority receives revenues from the boarding of prisoners from outside the two supporting jurisdictions, from various grants and other miscellaneous revenue.



**NOTE 12 - JOINT VENTURE (CONTINUED)**

The Jail Authority issues its own financial statements and copies can be obtained from the Jail Authority at 522 Bath Road Wiscasset, Maine 04578.

**NOTE 13 - JAIL OPERATIONS**

During its 2007 Fiscal Year, the State of Maine enacted legislation known as LD 2080 "An Act to Better Coordinate and Reduce the Cost of the delivery of State and County Correctional Services", located in Public Laws 2007, Chapter 653. This Act has in essence capped what counties can assess their municipalities for taxes to fund their corrections budgets and will also establish the annual growth limitations for future corrections expenditures. A Board of Overseers at the State of Maine has been appointed to supervise county correction operations. At the present time issues such as the funding of accrued benefits; ownership and maintenance of correction assets; external funding of certain corrections operations; corrections capital/reserve funding and ownership; and the treatment of net position (deficit) have not been specifically addressed in this Act. Any financial and/or other impact on the County cannot be determined at the time of the issuance of this report.

**NOTE 14 - RESTATEMENT**

In fiscal year 2024, the County determined that corrections were required to record the ARPA fund balance as deferred revenue. The corrections are reflected in the table below:

	12/31/23 As Previously Reported	Net Position/ Fund Balance Correction	12/31/23 As Restated
Governmental Activities	\$ 8,322,063	\$ (3,609,781)	\$ 4,712,282
Governmental Funds			
Major Funds:			
General Fund	\$ 4,062,825	\$ -	\$ 4,062,825
ARPA Special Revenue	3,609,781	(3,609,781)	-
Other Governmental Funds	5,235,690	-	5,235,690
	<u>\$ 12,908,296</u>	<u>\$ (3,609,781)</u>	<u>\$ 9,298,515</u>

**NOTE 15 - SUBSEQUENT EVENTS**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were available to be issued, which was the same as the report date.

**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND - BUDGETARY BASIS**  
For the Year Ended December 31, 2024

**SCHEDULE A**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Taxes from cities and towns	\$ 13,743,701	\$ 13,478,701	\$ 13,478,700	\$ (1)
Use of Surplus		\$ 265,000	\$ 265,000	-
Charges for services	874,183	874,183	846,349	(27,834)
Intergovernmental revenues	859,467	859,467	1,038,015	178,548
Interest	25,000	25,000	46,055	21,055
Total revenues	15,502,351	15,502,351	15,674,119	171,768
<b>Expenditures</b>				
Court Services	189,327	189,327	117,629	71,698
Emergency Management	316,768	316,768	266,944	49,824
District Attorney	440,599	440,599	410,720	29,879
Administration	748,201	748,201	632,852	115,349
County buildings	529,383	529,383	494,726	34,657
Prisoner Support	3,300,532	3,300,532	3,021,406	279,126
Communications	1,779,289	1,779,289	1,342,125	437,164
Registry of Deeds	255,878	255,878	247,401	8,477
Registry of Probate	288,640	288,640	265,383	23,257
Community Programs	109,037	109,037	104,037	5,000
Sheriff's Department	4,394,312	4,394,312	4,183,667	210,645
Employee Benefits	115,253	115,253	109,523	5,730
Planning	350,679	350,679	311,566	39,113
Recycling	710,892	710,892	701,639	9,253
Insurances	108,561	108,561	97,856	10,705
Contingency	95,000	95,000	-	95,000
TBRJ Debt Service	676,500	676,500	676,500	-
Total expenditures	14,408,851	14,408,851	12,983,974	1,424,877
<b>Revenue Surplus (Deficit)</b>	1,093,500	1,093,500	2,690,145	(1,596,645)
<b>Other Financing Sources (Uses)</b>				
Transfers out	(1,093,500)	(1,993,500)	(1,993,500)	-
Net other financing	(1,093,500)	(1,993,500)	(1,993,500)	-
<b>Change in Fund Balance</b>	\$ -	\$ (900,000)	\$ 696,645	\$ (1,596,645)
<b>Addition to (Use of) Fund Balance</b>				
Assigned	\$ -	\$ (265,000)	\$ -	
Unassigned	-	-	696,645	
	\$ -	\$ (265,000)	\$ 696,645	

**SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM CONSOLIDATED PLAN**

**SCHEDULE B**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Proportion of the net pension liability	50.00%	0.54%	0.47%	0.48%	0.47%
Proportionate share of net pension liability	\$ 2,021,593	\$ 1,724,884	\$ 1,416,284	\$ (155,679)	\$ 1,854,876
Covered-employee payroll	\$ 4,666,091	\$ 3,995,973	\$ 3,726,745	\$ 3,349,107	\$ 2,974,921
Proportionate share of the net pension liability as a percentage of covered-employee payroll	43.3%	43.2%	38.0%	-4.6%	62.4%
Plan fiduciary net position as a percentage of the total pension liability	91.06%	92.30%	93.25%	100.80%	90.60%
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Proportion of the net pension liability	0.44%	0.46%	0.46%	0.46%	0.48%
Proportionate share of net pension liability	\$ 1,338,140	\$ 1,279,174	\$ 1,880,548	\$ 2,449,960	\$ 1,518,429
Covered-employee payroll	\$ 2,692,443	\$ 2,482,837	\$ 2,593,004	\$ 2,441,522	\$ 2,279,942
Proportionate share of the net pension liability as a percentage of covered-employee payroll	49.7%	51.5%	72.5%	100.3%	66.6%
Plan fiduciary net position as a percentage of the total pension liability	90.60%	78.32%	86.42%	81.61%	88.30%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

**SCHEDULE OF COUNTY CONTRIBUTIONS****SCHEDULE C**

## MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM CONSOLIDATED PLAN

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Actuarially determined contribution	\$ 537,410	\$ 494,604	\$ 428,746	\$ 356,985	\$ 312,228
Contributions in relation to the actuarially determined contribution	<u>(537,410)</u>	<u>(494,604)</u>	<u>(428,746)</u>	<u>(356,985)</u>	<u>(312,228)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 4,666,091	\$ 3,995,973	\$ 3,726,745	\$ 3,349,107	\$ 2,974,921
Contributions as a percentage of covered-employee payroll	11.5%	12.4%	11.5%	10.7%	10.5%
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarially determined contribution	\$ 285,204	\$ 255,903	\$ 235,796	\$ 224,018	\$ 111,717
Contributions in relation to the actuarially determined contribution	<u>(285,204)</u>	<u>(255,903)</u>	<u>(235,793)</u>	<u>(224,018)</u>	<u>(111,717)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,692,443	\$ 2,482,837	\$ 2,593,004	\$ 2,441,522	\$ 2,279,942
Contributions as a percentage of covered-employee payroll	10.6%	10.3%	9.1%	9.2%	4.9%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

## SCHEDULES OF NET OPEB LIABILITY AND CONTRIBUTIONS (GASB 75)

## SCHEDULE D

	2024	2023	2022	2021	2020
<u>Net OPEB Liability</u>					
Net OPEB liability	\$ 5,500,640	\$ 5,494,921	\$ 6,700,534	\$ 8,932,629	\$ 7,723,006
Covered payroll	4,386,000	4,386,000	3,597,000	3,597,000	3,541,748
Net OPEB liability as a percentage of covered payroll	120.59%	125.28%	186.28%	248.34%	218.06%
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
	2023	2023	2022	2021	2020
<u>Contributions</u>					
Actuarially determined contribution	\$ 494,604.00	\$ 494,604.00	\$ 428,746.00	\$ 356,985.00	\$ 312,228.00
Contributions in relation to the actuarially determined contribution	(494,604)	(494,604)	(428,746)	(356,985)	(312,228)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

*Schedule is intended to show information for 5 years. Additional years will be displayed as they become available.*

*See notes to the County financial statements for summary of significant actuarial methods and assumptions.*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**General

The County is required to have a budget for the General Fund. The County is not required to adopt an annual budget for its special revenues. Budgets for individual special revenues funds are utilized in accordance with the requirement for the grantor agencies.

Basis of Accounting

The modified accrual basis of accounting is used in preparing budgets except when non-cash items are involved. In that case, the non-cash items are omitted from the budget.

**NOTE 2 – ORIGINAL AND FINAL BUDGET DIFFERENCES**

The County is required by state statute to adopt a budget before December 31<sup>st</sup>. There were no adjustments that happened between December 31<sup>st</sup> and when the County committed taxes in March. However, the County's Commissioners approved an additional transfer at 12/31/2024 from the General Fund to the County's Special Revenue & Capital Reserve funds in the amount \$900,000.



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

County Commissioners  
County of Lincoln  
Wiscasset, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the County of Lincoln, Maine as of and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the County of Lincoln, Maine's basic financial statements and have issued our report thereon dated June 16, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

#### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Lincoln, 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RHR Smith & Company*

Buxton, Maine  
June 16, 2025