

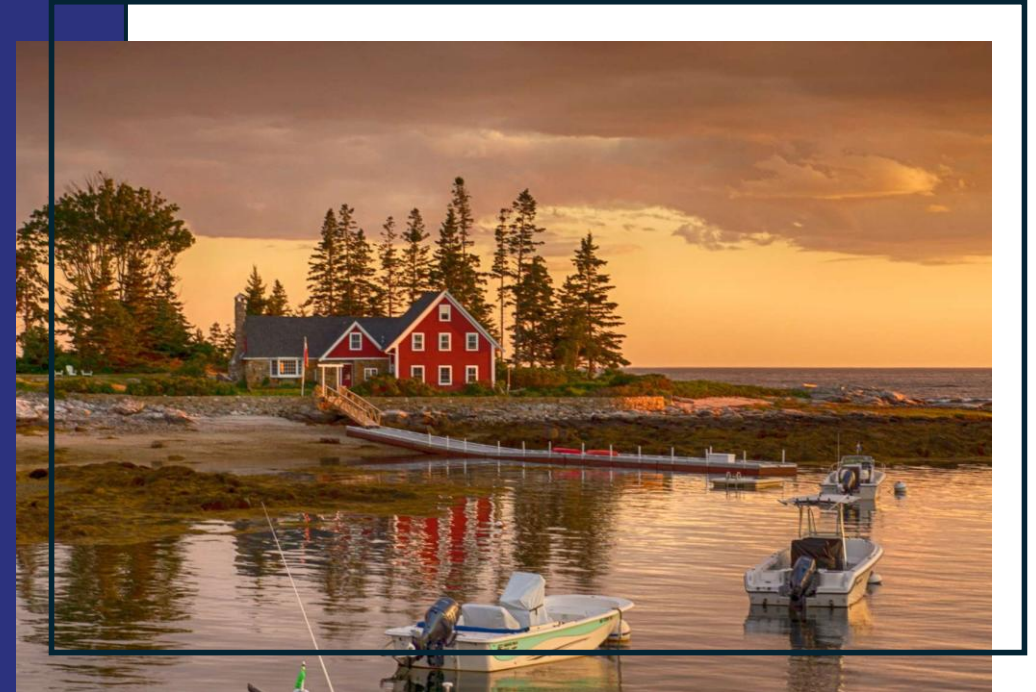
*County of*  
**Cumberland**

**June 30, 2025**

**Financial Statement Presentation**

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**Presented by:**

*Ronald R. H. Smith, Managing Partner*

March 18, 2026

- Design, implement, and maintain internal controls
- Provide an understanding of the company's control environment, including software programs utilized
- Comply with applicable laws, regulations, and accounting standards (GASB and GAAP)
- Responsible for the selection and use of appropriate accounting policies
- Communication accounting estimate rationale and preparation/review of financial statements
- Provide key financial information including reconciliations, trial balances, and supporting documentation on a timely basis
- Provide supplementary information requested by the firm
- Create and utilize various accounting and financial related policies
- Understand financial and compliance related details that accompany grant accepted

- Audit in accordance with AICPA guidelines including understanding your control environment sufficient to assess the risk of material misstatement. We do not render an opinion on your control environment.
- Identify and propose adjustments to remedy material misstatements
- Audit the financial statements of the governmental activities and where applicable, business-type activities, each major fund and the aggregate of the remaining fund information.
- Determine the client's adherence with GAAP and GASB
- Evaluate key factors and assumptions used to develop accounting estimates
- Identify and resolve any disagreements with management that could be significant to the financial statements and auditor's report
- Prepare the draft financial statements, footnotes, required supplementary information and if required, federal compliance report
- Make recommendations to improve the control environment

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
County of Cumberland  
Portland, Maine

Report on the Audit of the Financial Statements

*Opinions*

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the County of Cumberland, Maine, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County of Cumberland, Maine's basic financial statements as listed in the table of contents.

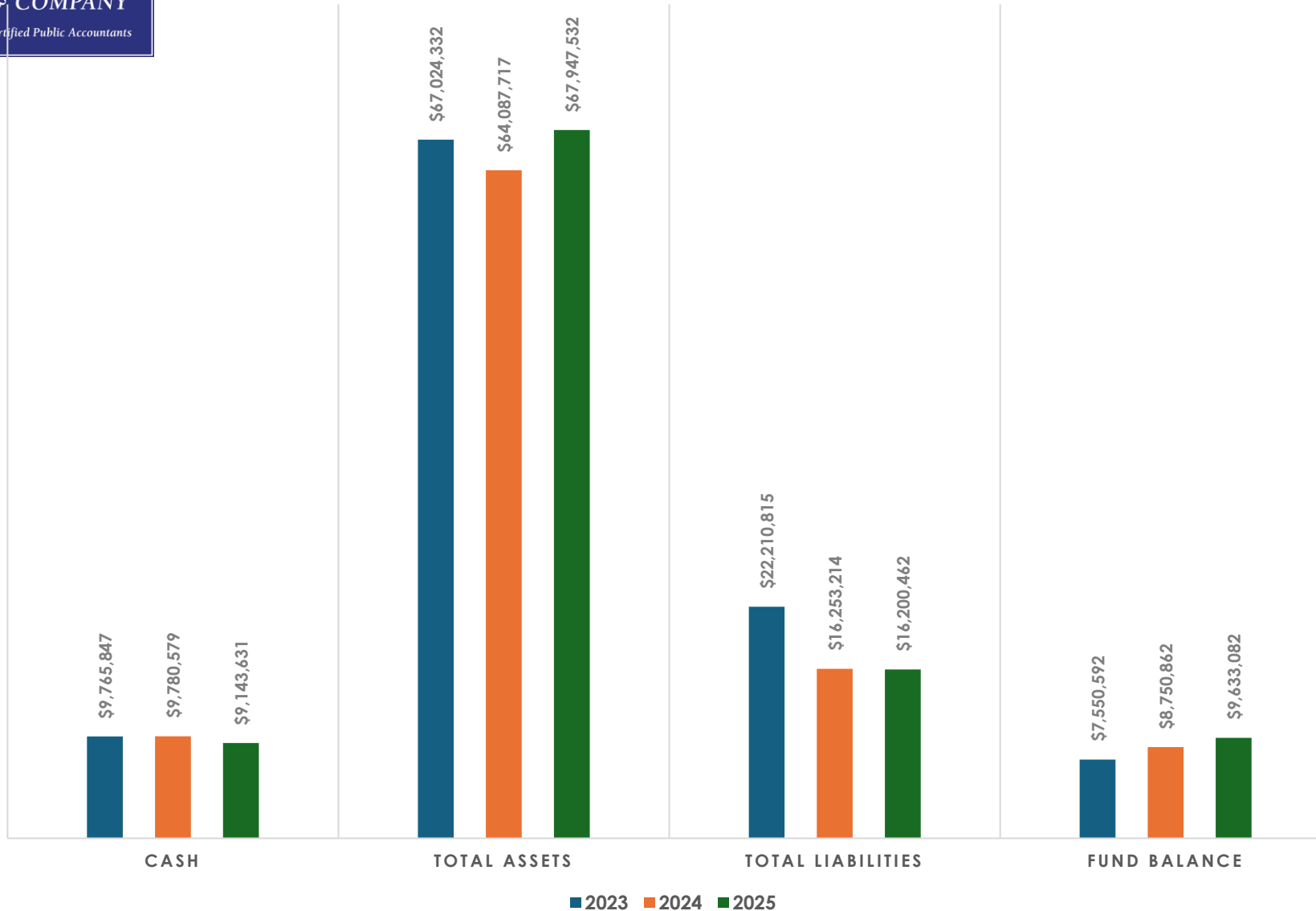
In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the County of Cumberland, Maine as of June 30, 2025 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 Cumberland, 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the County of Cumberland, Maine as of June 30, 2025 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.

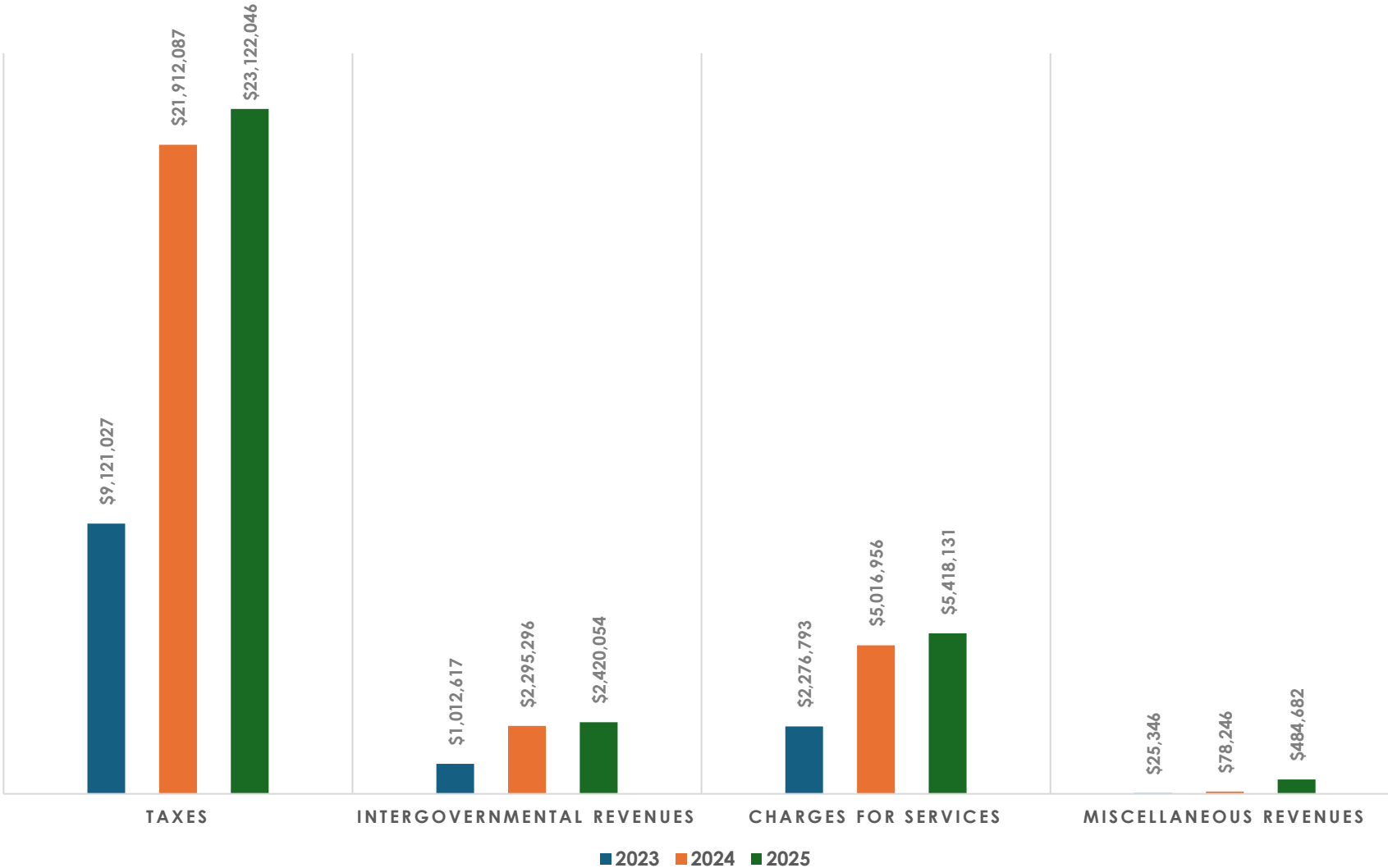
County of Cumberland  
Balance Sheet Analysis (3-Year Comparison)  
General Fund



**COMMENTARY**

- Statement C, pg. 23
- Total general fund assets climbed \$3.9 million or 2.9%. The \$4.9 million increase in amounts owed from other funds offset by a combined reduction in cash and accounts receivable of \$1.1 million comprise the overall increase.
- Total liabilities fell by \$52,752, with netting fluctuations between amounts owed to other funds reduced by the decrease in accounts payable and other liabilities.
- Deferred revenue climbed \$3 million or 7.8%
- Total fund balance rose \$882,220 or 10.1%, combining a prior period adjustment of \$804,821 (related to a capital asset adjustment) and current year surplus of \$77,399.
- Current/Quick ratio is 4.19, above industry norm provides some financial flexibility.

County of Cumberland  
Revenues (3-Year Comparison)  
General Fund



**COMMENTARY**

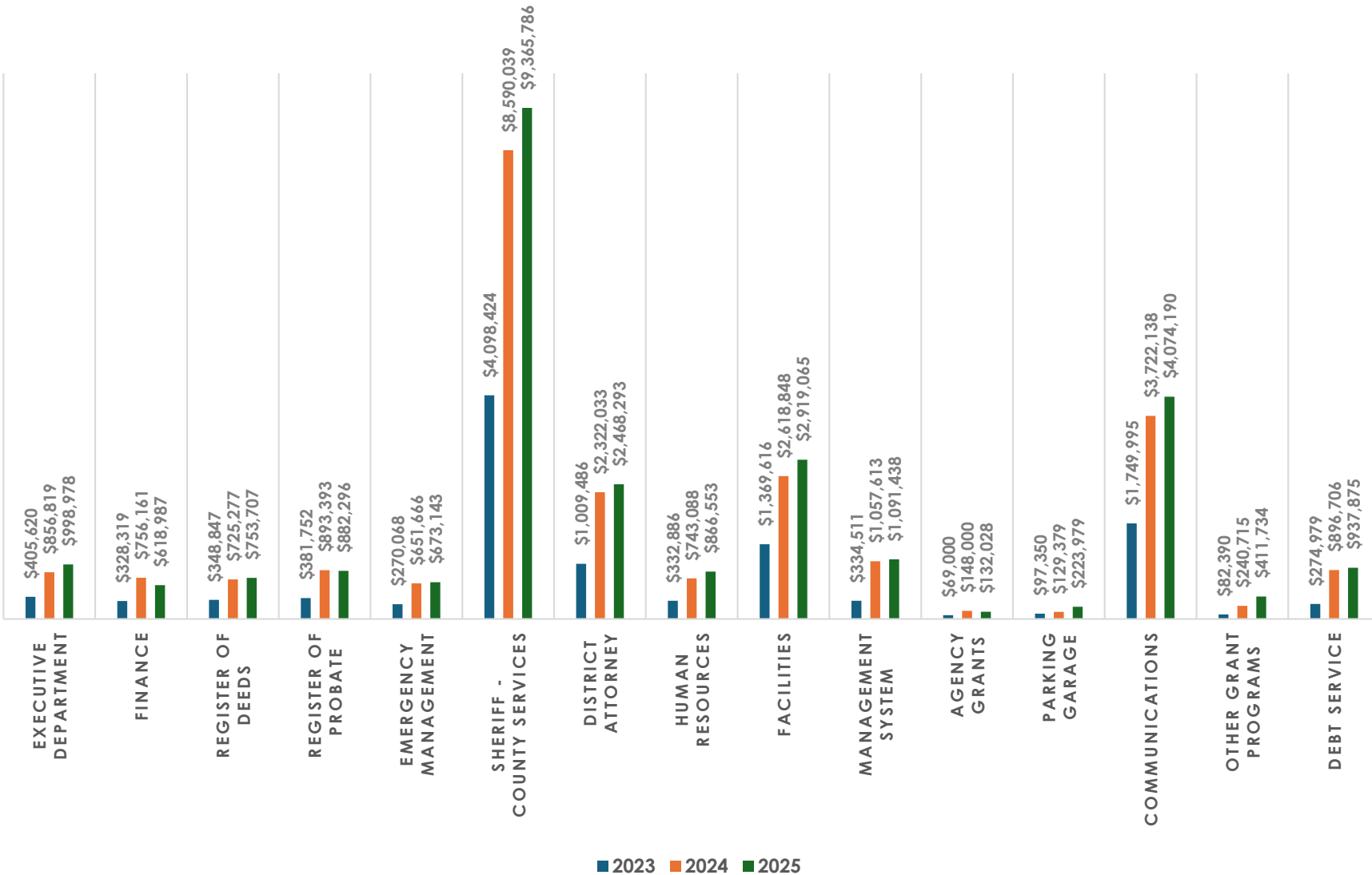
- Statement E, pg. 25
- Revenues totaled \$31,444,913, an increase of \$2.1 million or 7.3%.
- Property taxes are the largest revenue source making up 73.5% of total revenues; and rose \$1.2 million or 5.5%.
- All other revenue categories increased in FY25 by a combined total of \$932,369 or 12.6%, with the largest growth attributed to misc. revenues.

	<i>Budget</i>	<i>Actual</i>	<i>Variance</i>
<i>Taxes - Municipalities</i>	\$ 23,122,046	\$ 23,122,046	\$ -
<i>Intergovernmental revenues</i>	\$ 2,307,414	\$ 2,420,054	\$ (112,640)
<i>Charges for services</i>	\$ 4,852,000	\$ 5,418,131	\$ (566,131)
<i>Miscellaneous</i>	\$ -	\$ 484,682	\$ (484,682)
<i>Transfers from other funds</i>	\$ 200,000	\$ 200,000	\$ -
<b><i>Total Revenues</i></b>	<b>\$ 30,481,460</b>	<b>\$ 31,644,913</b>	<b>\$ (1,163,453)</b>

**COMMENTARY**

- Schedule 1, pg. 80
- Revenue surplus of \$1,163,453 or 3.8%.
- Additional collections in charges for services and misc. revenues account for 48.7% and 41.7% of the overall surplus.

**County of Cumberland  
Expenditures (3-Year Comparison)  
General Fund**



**COMMENTARY**

- Statement E, pg. 25
- Total expenditures increased by \$2.1 million or 8.5% to \$26.4 million.
- Like other county governments, public safety comprises 35% of total expenditures and rose by 9%, followed by communications and facilities at 15.4% and 11%, respectively.
- Another notable fluctuation is the increase of \$1.2 million or 30.4% in transfers out to \$5.1 million. This increase reflects the transfer to the strategic planning reserve.

County of Cumberland  
Expenditures (CY budget to actual)  
General Fund

	Budget	Actual	Variance
Executive Department	\$ 1,069,884	\$ 998,978	\$ 70,906
Finance	\$ 579,147	\$ 618,987	\$ (39,840)
Register of Deeds	\$ 834,365	\$ 753,707	\$ 80,658
Register of Probate	\$ 893,677	\$ 882,296	\$ 11,381
Emergency Management	\$ 707,849	\$ 673,143	\$ 34,706
Sheriff - County Services	\$ 9,317,702	\$ 9,365,786	\$ (48,084)
District Attorney	\$ 2,559,647	\$ 2,468,293	\$ 91,354
Human Resources	\$ 864,139	\$ 866,553	\$ (2,414)
Facilities	\$ 2,833,998	\$ 2,919,065	\$ (85,067)
Management Information Systems	\$ 1,102,331	\$ 1,091,438	\$ 10,893
Agency Grants	\$ 153,000	\$ 132,028	\$ 20,972
Parking Garage	\$ 138,316	\$ 223,979	\$ (85,663)
Communications	\$ 3,850,963	\$ 4,074,190	\$ (223,227)
Debt Service	\$ 1,070,335	\$ 937,875	\$ 132,460
Other	\$ 426,000	\$ 411,734	\$ 14,266
Transfers to Other Funds	\$ 5,340,996	\$ 5,149,462	\$ 191,534
<b>Total Expenditures</b>	<b>\$ 31,742,349</b>	<b>\$ 31,567,514</b>	<b>\$ 174,835</b>

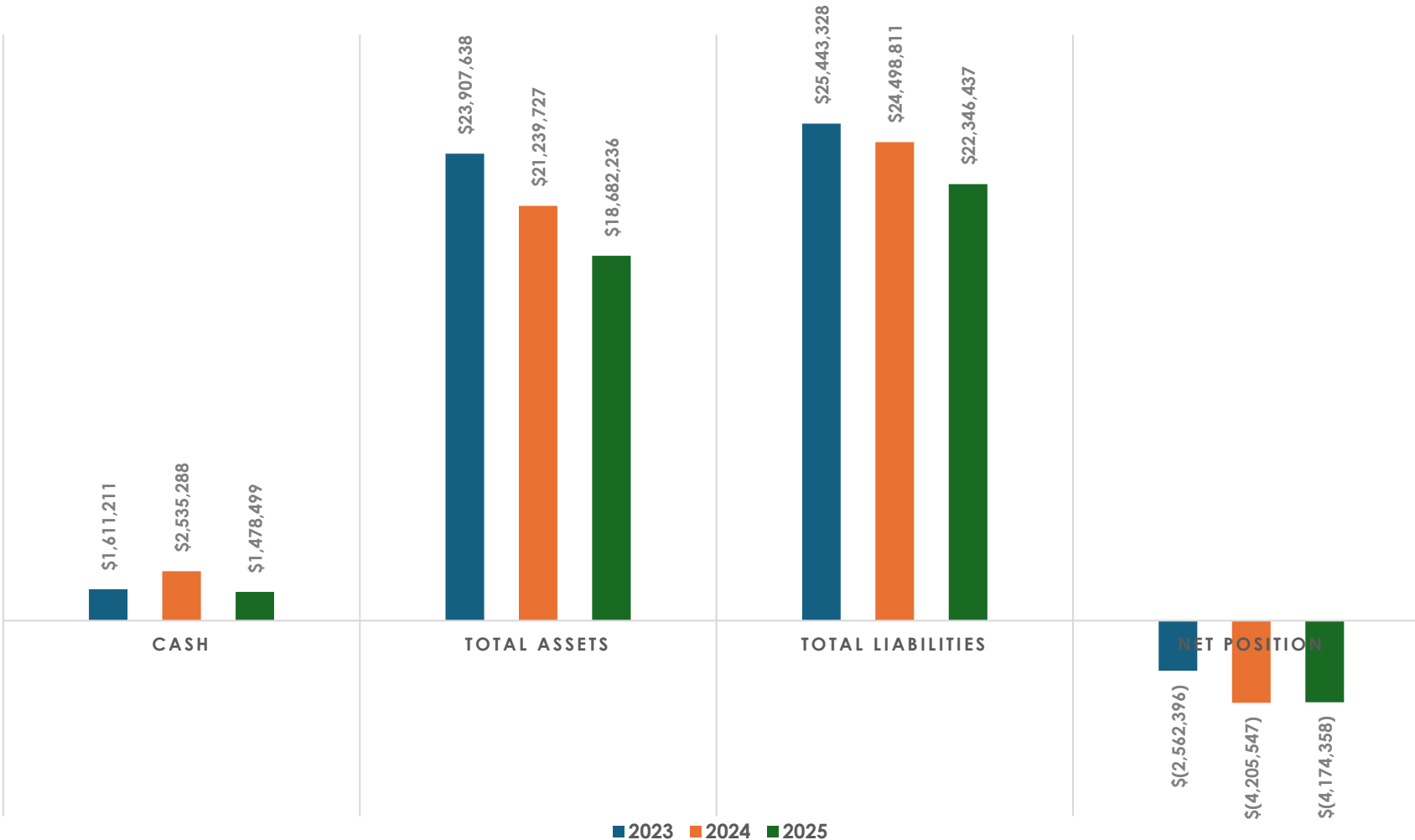
**COMMENTARY**

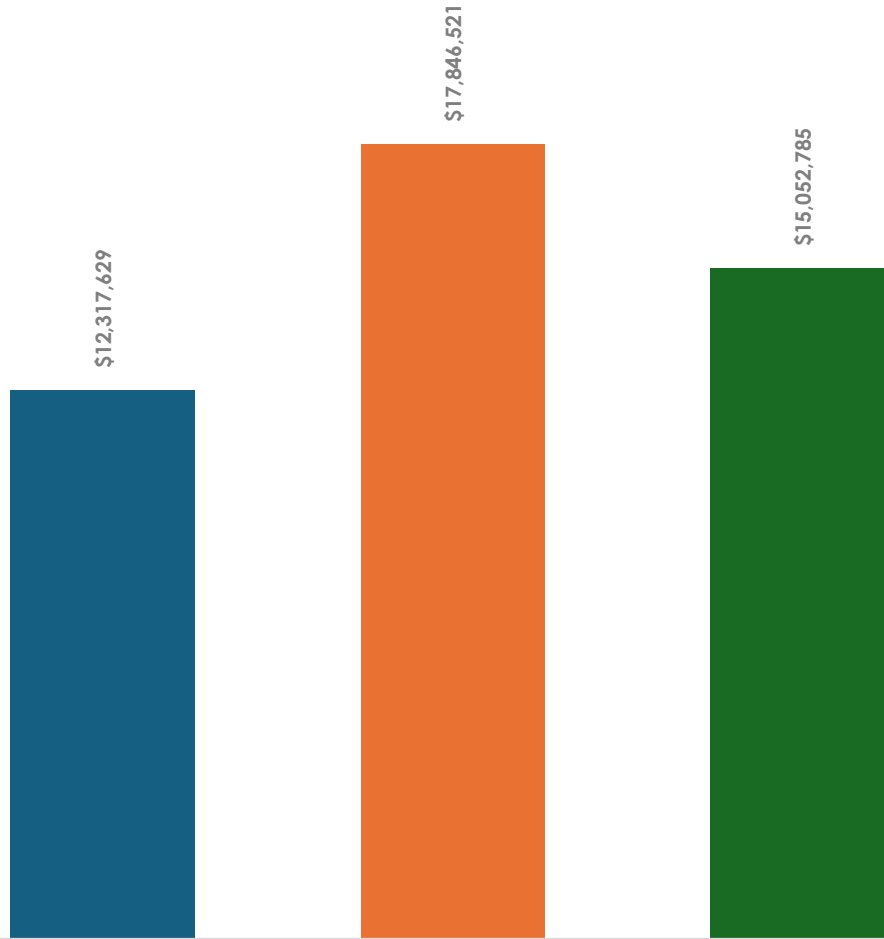
- Schedule 1, pg. 80
- There was one supplemental appropriation to transfers out.
- The expenditure surplus totaled \$174,835 or .6% of the final budget.
- Overall combined surplus amounted to \$1,338,288.

County of Cumberland  
Balance Sheet Analysis (3-Year Comparison)  
Business-Type: Cross Insurance Arena

**COMMENTARY**

- Statement G, pgs. 27
- Assets totaled \$18.7 million, a drop of \$2.6 million or 6.4%. Net capital assets of \$16.8 million represents 89.9% of total assets and accounts for 62% of the overall reduction (attributed to the current year depreciation).
- The \$1.1 million or 26.3% decrease in cash accounts for the remainder of the overall drop in assets.
- Liabilities fell 4.6% or \$2.2 million attributable to reductions in amounts owed to other funds and debt service.
- Deficit net position fell slightly by \$31,189 or .4%, with the unrestricted portion decreasing \$203,388 to \$30,833.
- Current ratio of .61, below industry norms of 2.





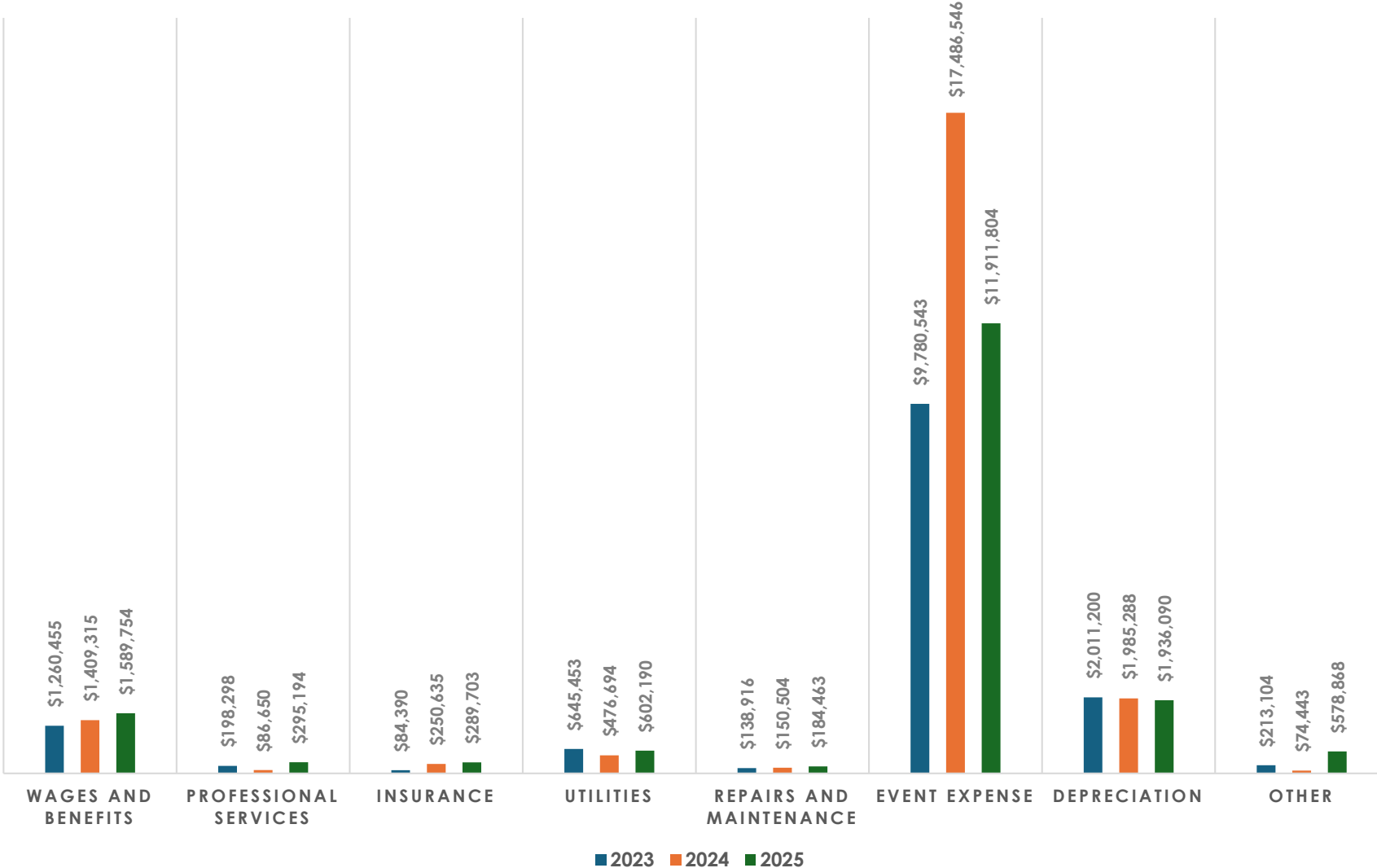
CHARGES FOR SERVICES

■ 2023 ■ 2024 ■ 2025

**COMMENTARY**

- Charges for service is the only operating revenue source for the arena.
- After FY24's peak, revenues fell \$2.8 million or 15.7%.

**County of Cumberland  
Expenditures (3-Year Comparison)**  
Business-Type: Cross Insurance Arena



**COMMENTARY**

- Operating expenses totaled \$17.4 million, a decrease of \$4.5 million or 20.7%.
- Understandably, event expense is the largest cost driver at 68.5% of total expenses and fell \$5.6 million or 31.9% aligning with the decrease in revenue.
- On a bright note, the ratio of event expense to charge for services fell from 98% to 67%.
- As debt service is paid down, the corresponding interest costs fall as well, from \$806,937 to \$710,503.

### **Jail Blank Check Stock**

While performing the audit of the above-mentioned fiscal year, we noted that the blank check stock is being stored in an unsecured location accessible to individuals who do not require access as part of their duties. This increases the risk of unauthorized use or misappropriation. We recommend that all blank check stock be kept in a locked, access-restricted area with access limited to designated personnel to strengthen controls and safeguard the organization's assets.

### **Segregation of Duties**

While performing the audit for the above-mentioned fiscal year, we noted that the employee who prepares and signs checks also prepares the bank reconciliations. We recommend that the Jail review their internal control procedures and revise as necessary to help ensure that an appropriate separation of duties is in place throughout the bank reconciliation and review process to help reduce the risk of fraud and to help reduce the risk of material misstatement in the financial statements.

**No Findings or Questioned Costs Noted during the Single Audit.**

This presentation is designed to support the Board of Commissioners and management in their review and understanding of the County's financial operating results. The information contained herein should be considered alongside the audited financial statements and accompanying disclosures. It is not intended for any other use without the express written consent of **RHR Smith & Company, CPAs.**

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