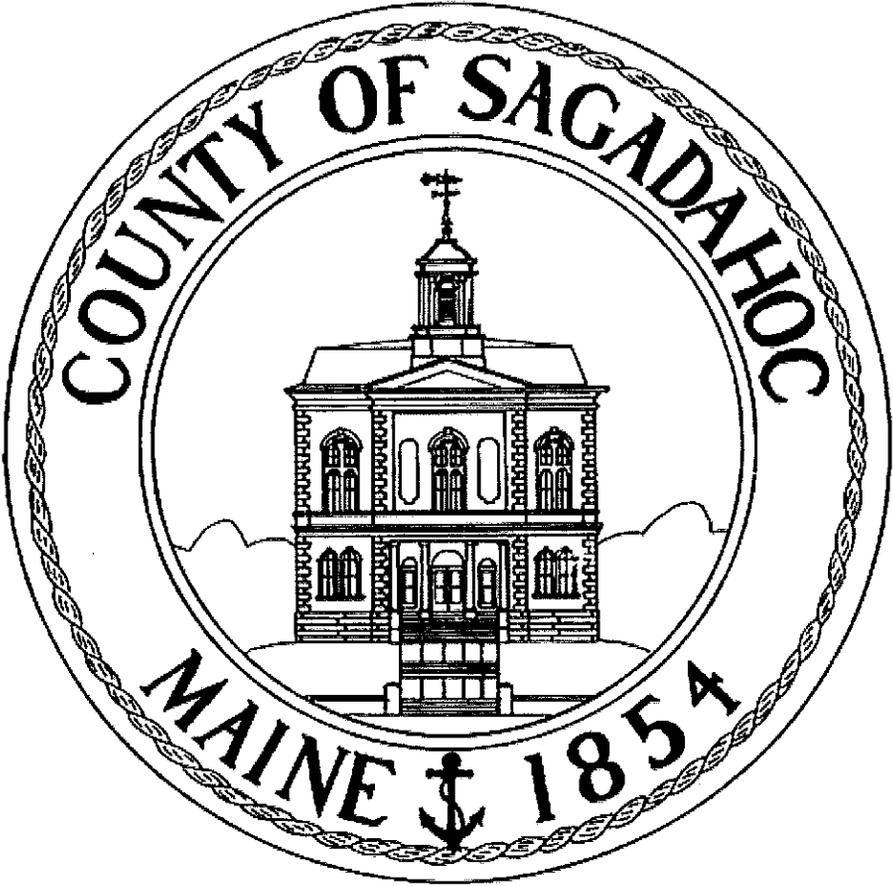


# COUNTY OF SAGADAHOC, MAINE



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

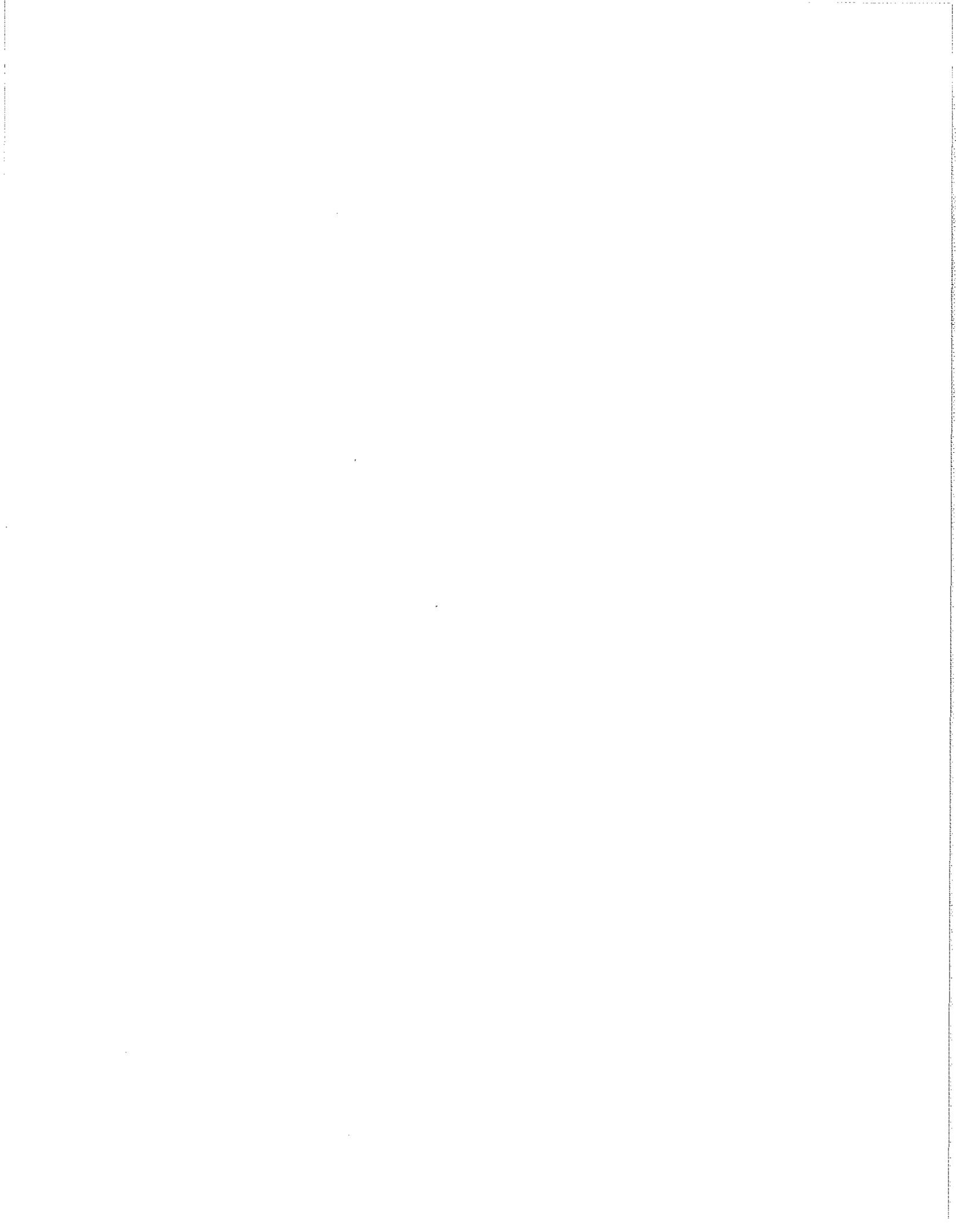
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012

**COUNTY OF SAGadahoc, MAINE**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2012**

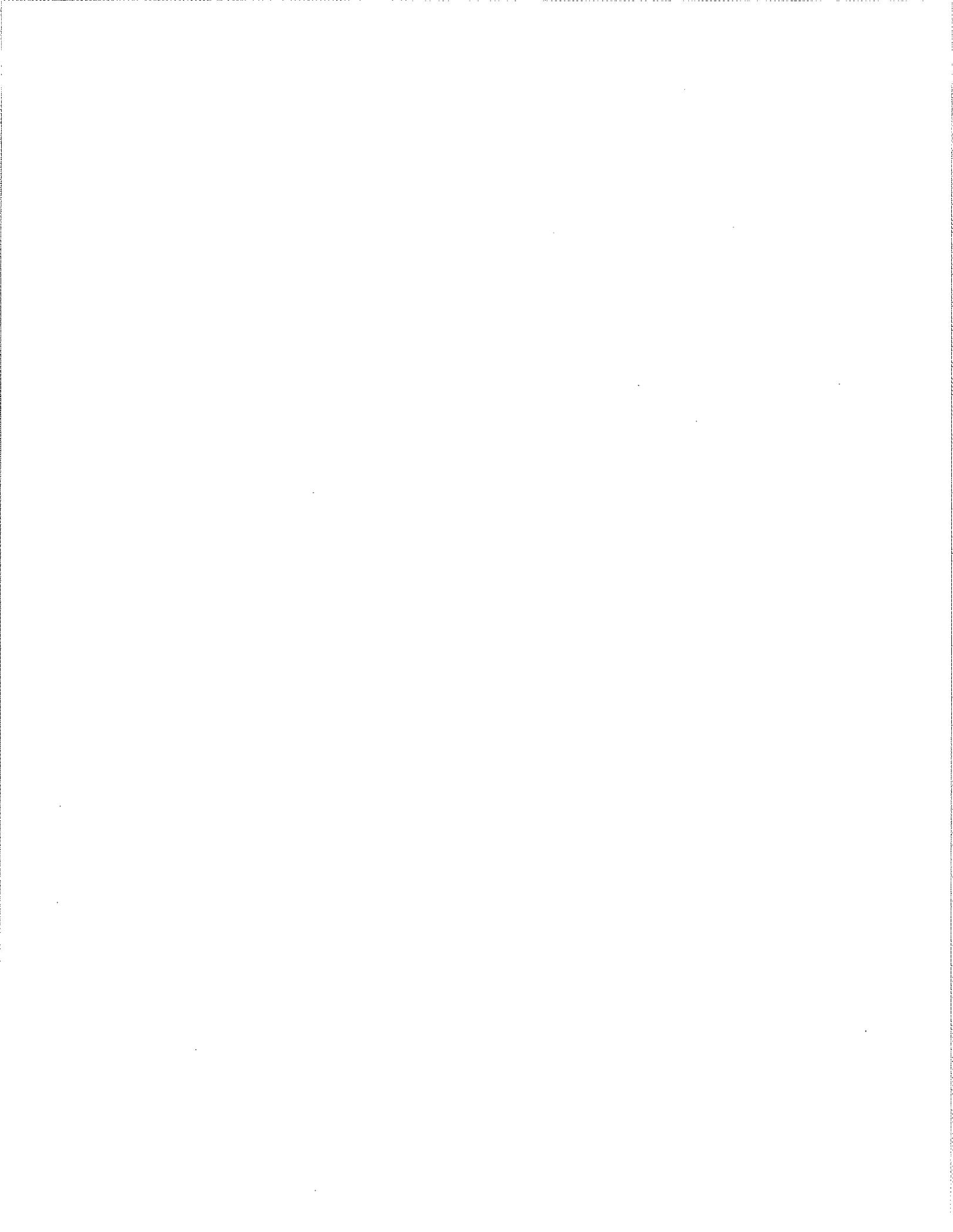
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# **INTRODUCTORY SECTION**



**COUNTY OF SAGADAHOC, MAINE**  
**LIST OF ELECTED AND APPOINTED OFFICIALS**  
**June 30, 2012**

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Elected Officials

Commissioner, District 1	Alan J. Houston
Commissioner, District 2	Carol Grose, Vice Chair
Commissioner, District 3	Lawrence M. Dawson, Chair
Treasurer	Jane Scease
Sheriff	Joel Merry
District Attorney	Geoffrey Rushlau
Registrar of Deeds	Judith Stevens
Probate Judge	Hon. John W. Voorhees
Register of Probate	Joan M. Atwood

Appointed Officials

County Administrator	Pamela A. Hile
Finance Director	Fay Labbe
Communications Director	Brodie Hinckley
Emergency Management Director	Misty D. Mixon



# **FINANCIAL SECTION**



## Independent Auditor's Report

Board of Commissioners  
County of Sagadahoc, Maine:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Sagadahoc, Maine as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Sagadahoc, Maine's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Sagadahoc, Maine, as of June 30, 2012, and respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

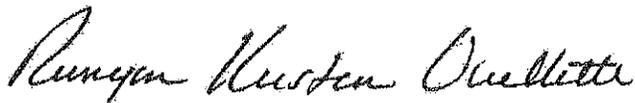
In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2013 on our consideration of the County of Sagadahoc, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Board of Commissioners  
County of Sagadahoc, Maine

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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Sagadahoc, Maine's financial statements as a whole. The combining and individual fund financial statements and statistical tables are presented for the purpose of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



January 24, 2013  
South Portland, Maine

**ADMINISTRATIVE OFFICES**

**CHARLES E. CROSBY, III**  
DISTRICT 1  
BOWDOIN & TOPSHAM

**CAROL GROSE**  
DISTRICT 2  
BOWDOINHAM, GEORGETOWN, PHIPPSBURG  
RICHMOND & WOOLWICH

**LAWRENCE M. DAWSON**  
DISTRICT 3  
ARROWSIC  
BATH & WEST BATH

**PAMELA HILE**  
COUNTY ADMINISTRATOR  
[administrator@sagcounty.com](mailto:administrator@sagcounty.com)  
Phone: (207) 443-8200  
Fax: (207) 443-8213

**ROBIN DAYTON**  
DEPUTY ADMINISTRATOR  
[rdayton@sagcounty.com](mailto:rdayton@sagcounty.com)  
Phone: (207) 443-8202  
Fax: (207) 443-8213

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**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2012**

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By preparing a Management's Discussion and Analysis (MD&A), the County offers the readers of these financial statements a narrative overview of the financial activities of the County for the fiscal year that ended on June 30, 2012. County management hopes the explanations below will provide an opportunity for readers to gain a greater understanding of Sagadahoc County's finances as a whole.

The annual audit contains financial statements for all activities performed by Sagadahoc County plus any other funds for which the County has a fiduciary responsibility. Sagadahoc County functions include: The offices of Administration and Finance, Register of Probate, Register of Deeds, Sheriff's Office (Patrol, Criminal Investigations, Transport and Civil), Regional Communications Center, Emergency Management Agency, and the District Attorney's office.

**FINANCIAL HIGHLIGHTS**

**NET ASSETS**

- **COUNTY'S NET ASSETS:** The assets of the County of Sagadahoc exceeded its liabilities by \$5,377,997 at the close of the most recent fiscal year. (Statement 1) These net assets are purposed as follows:

Invested in capital assets, net of related debt	\$ 2,808,934
Restricted	296,612
<u>Unrestricted</u>	<u>2,272,451</u>
NET ASSETS	\$ 5,377,997

- **CHANGE IN NET ASSETS:** As of June 30, 2011, the County's net assets were \$5,600,054 (as restated) and at the end of the current year the County's net assets were \$5,377,997, a decrease in net assets in the amount of \$222,057.

**FUND BALANCES**

- **END OF YEAR GOVERNMENTAL FUNDS.** Governmental funds include the General Fund, Correction Services Fund, Capital Projects Fund and other miscellaneous funds further described in the audit. On June 30, 2012, the end of year balance for the County of Sagadahoc's governmental funds fund balance was \$2,782,550 (Statement 3) which was a decrease of \$506,377 under the fund balance of the governmental funds at the close of the prior year (Statement 4).

- **UNASSIGNED FUND BALANCE (GENERAL FUND).** The General Fund unassigned fund balance of \$1,527,625 equals approximately 56% of the total fund balance of the governmental funds of \$2,782,550 (Statement 3). The General Fund unassigned fund balance of \$1,527,625 equals approximately 29% of the County's total General Fund expenditures of \$5,364,796 (Statement 4), and 19% of the General and Correction Services Funds expenditures and transfers of \$8,046,303.
- **CORRECTION SERVICES FUND.** As required by State law associated with the 2008 Unified Corrections legislation, beginning in FY 2009-2010, the County's financial audit must account for Corrections revenues and expenditures separately from non-corrections-related revenues and expenditures. As of June 30, 2012, the Correction Services Fund balance was \$128,839.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County of Sagadahoc's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the County of Sagadahoc's finances, in a manner similar to a private-sector business. The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. The *statement of activities* presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The government-wide financial statements include only the County of Sagadahoc, known as the *primary government*.

#### Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Sagadahoc, like other state, county, and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

#### Governmental Funds

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of *governmental funds* is narrower than that of the 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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County of Sagadahoc maintains twenty-five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, correction services fund and the capital improvement fund, all of which are considered to be a major funds. Data from the other twenty-two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its general fund and correction services fund. Budgetary comparison statements have been provided to demonstrate compliance with this budget.

### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County of Sagadahoc's own programs. The County's fiduciary fund is an agency fund consisting of funds held by the District Attorney and the Registrar of Probate. The accounting used for fiduciary funds is much like the government-wide financial statements.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements

### **GOVERNMENT-WIDE NET ASSETS** **(ALL GOVERNMENT FUNDS – Statements 1 & 2)**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County of Sagadahoc, assets from all Governmental Funds exceeded liabilities by \$5,377,997 at the close of the most recent fiscal year (Statements 1 and 2).

A large portion of the value of the County's net assets, \$2,808,934 (Statement 1), or 52%, of the total net assets amount of \$5,377,997, reflects the County's investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. (Note: There was \$438,812 debt outstanding on these assets at the end of the year.) The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The County's has net assets in the amount of \$296,612 (6%) that are restricted and cannot be used to meet the government's ongoing obligations. The County's unrestricted net assets, \$2,272,451 (Statement 1) or 42% of the total net assets of \$5,377,997 may be used to meet the government's ongoing obligations.

Assets invested in capital – land, buildings, machinery & equipment	\$ 2,808,934
Restricted	296,612
Unrestricted	<u>2,272,451</u>
Total amount of Government-wide net assets	\$ 5,377,997

At the end of the current fiscal year, the County is able to report positive balances for the government as a whole, as well as for its separate governmental activities. The County's net assets decreased by \$222,057 during the fiscal year (Statements 1 and 2).

**Statement of Net Assets**

	<u>2011 (Restated)</u>	<u>2012</u>
Current and other assets	\$ 3,444,600	\$3,083,940
Capital assets	<u>2,542,592</u>	<u>3,247,746</u>
<b>Total assets</b>	<b>5,987,192</b>	<b>6,331,686</b>
Noncurrent liabilities outstanding	231,465	652,299
Other liabilities	<u>155,673</u>	<u>301,390</u>
<b>Total liabilities</b>	<b>387,138</b>	<b>953,689</b>
Net assets		
Invested in capital assets, net of related debt	2,542,592	2,808,934
Restricted	253,397	296,612
Unrestricted	<u>2,804,065</u>	<u>2,272,451</u>
<b>Total net assets</b>	<b>5,600,054</b>	<b>5,377,997</b>
<b>Change in net assets</b>	<b>\$ 24,230</b>	<b>(222,057)</b>

**Capital Assets**

The County of Sagadahoc's investment in capital assets for its governmental activities as of June 30, 2012 amounts to \$3,247,746 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, machinery and equipment and vehicles. The total increase in the County's investment in capital assets for the current fiscal year was \$705,154 or 2.2% of the total capital assets. (See above 2012 Capital Assets of \$3,247,746 – 2011 Capital Assets of \$2,542,592 = \$705,154).

**REVENUES AND EXPENDITURES**  
**(ALL GOVERNMENT FUNDS – Statement 4)**

**Revenue**

Total County revenue, for the fiscal year ended June 30, 2012, was \$8,114,223 (\$5,212,861 in General Fund; \$2,629,011 for Corrections; \$315 Capital Projects Fund; \$272,036 Other Funds). The revenue was derived from the following sources:

	<u>General Fund</u>	<u>Corrections</u>	<u>Capital &amp; Other Funds</u>	<u>Total</u>
County tax assessments	\$ 4,755,755	2,476,477	-	7,232,232
Fees	359,064	-	-	359,064
Grants and intergovernmental	56,795	152,534	199,633	408,962
Charges for services	8,053	-	-	8,053
Investment income	8,337	-	491	8,828
Other	<u>24,857</u>	<u>-</u>	<u>72,227</u>	<u>97,084</u>
<b>Total Revenue</b>	<b>\$ 5,212,861</b>	<b>2,629,011</b>	<b>272,351</b>	<b>8,114,223</b>

**Expenditures**

	<u>General Fund</u>	<u>Corrections</u>	<u>Capital &amp; Other Funds</u>	<u>Total</u>
General Government	\$ 2,034,483	-	-	2,034,483
Public Safety	2,269,712	-	-	2,269,712
Corrections	-	2,592,194	-	2,592,194
Miscellaneous	-	-	338,346	338,346
Debt Service – Jail Bond	999,413	-	-	999,413
Debt Service - Courthouse	61,188	-	-	61,188
Capital Outlay	-	-	825,264	825,264
Total Expenditures	\$ 5,364,796	2,592,194	1,163,610	9,120,600

**GENERAL FUND**

In FY 2011-12, the County collected revenue for the General Fund in the amount of \$5,212,861 which is \$304,538 less than the revenues collected in 2010-2011. The amount of revenue collected by the County through tax assessments to municipalities of general operations, \$4,755,755, decreased by \$180,628 from year 2010-11.

Total County general fund expenditures, for the fiscal year ended June 30, 2012, were \$5,407,430. See Statements 6 and detail below. Total County general fund expenditures for the current year were \$183,276 lower than the total County general fund expenditures for the prior year. The budgeted funding gap created by the excess of expenditures over revenues was satisfied by applying a portion of the undesignated fund balance that existed as of June 30, 2012 to offset the amount the County needed to raise from taxes (as allowed by law).

<u>General Fund</u>	<u>2011</u>	<u>2012</u>
Total Revenues	\$ 5,517,399	5,212,861
Increase (decrease) in revenues compared to prior year	36,048	(304,538)
Total Expenditures for non-corrections services	5,590,706	5,407,430
(Increase) decrease in expenditures compared to prior year	314,979	183,276
<b>EXCESS (DEFICIENCY) OF GENERAL FUND REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ (73,307)</b>	<b>(194,569)</b>

During the fiscal year ended June 30, 2012, the General Fund Balance decreased by \$241,248 GAAP basis (\$283,882 budgetary basis) under the prior year.

Fund Balance - General Fund, beginning of year (restated)	\$ 2,592,151
Fund Balance - General Fund, end of year	2,350,903
Net Change in fund balance – General Fund	\$ (241,248)

**General Fund Balance**

At the end of the current fiscal year, the total amount of funds in the General Fund Balance was \$2,350,903 which was made up of \$217,707 Committed, \$512,576 Assigned, \$92,995 Nonspendable and \$1,527,625 Unassigned (Statement 3). State statute permits the Sagadahoc County Commissioners to set aside assets in a Contingency Reserve account in an amount not to exceed 4% of the annual budget. The Emergency Contingency Reserve Fund may be used at the discretion of the County Commissioners for emergency purposes. The Emergency Contingency, currently set at \$100,000, is part of the committed fund balance.

### CORRECTION SERVICES FUND

In 2011-2012 the County collected correction services fund revenue in the amount of \$2,629,011 which is \$180,589 more than the revenues collected in 2010-2011. The amount of revenue collected by the County through tax assessments to municipalities for correction services operations, \$2,476,477, increased by \$180,628 in FY 2011-12.

Total County correction services fund expenditures, for the fiscal year ended June 30, 2012, were \$2,592,194. See Statement 6A and detail below. Total County correction services fund expenditures for the current year were \$204,764 higher than the total County correction services fund expenditures for the prior year.

<u>Correction Services Fund Revenues</u>	<u>2011</u>	<u>2012</u>
Total Revenues for Corrections services	\$ 2,448,422	2,629,011
Increase in revenues compared to prior year	118	180,589
Total Expenditures for Corrections related services	2,387,430	2,592,194
(Increase) decrease in expenditures compared to prior year	29,243	(204,764)
<b>EXCESS (DEFICIENCY) OF GENERAL FUND REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ 60,992</b>	<b>36,817</b>

During the fiscal year ended June 30, 2012, the correction services Fund Balance increased by \$36,817 over the prior year.

Fund Balance – Corrections, beginning of year	\$ 92,022
<u>Fund Balance – Corrections, end of year</u>	<u>128,839</u>
Net Change in fund balance – Corrections	\$ 36,817

### OTHER GOVERNMENTAL FUNDS

State statutes also allow the Commissioners to appropriate net assets for expenditures to be made in future years for capital expenditures, and "other governmental funds". Other Governmental Funds consist of special revenues provided to the County from outside source(s) to be used for a specific purpose such as records preservation or victim advocate activities. The details of these fund balances can be viewed on Statement A-1 of the financial audit.

### DEBT ADMINISTRATION

In 2012, The County entered into a \$500,000 municipal lease purchase agreement with Gorham Savings for much needed renovations to the exterior of the Courthouse. The funds will be repaid over a ten-year period at an interest rate of 4.8% per annum.

In 2001, the County partnered with Lincoln County to form a multi-county jail authority. The Lincoln and Sagadahoc Multicounty Jail Authority sold revenue bonds totaling \$24,600,000 in June 2005. The County of Sagadahoc guaranteed the repayment of one-half of these bonds or \$12,300,000. This is a twenty-year note at an average interest rate of 4.13%. The County's share of the remaining balance at June 30, 2012 is \$9,010,000 (see Overlapping Debt footnote).

**CORRECTIONS FUND**

In 2008, the State legislature approved LD 2080 which established the Statewide Unified Corrections System. The budget for 2009-10 was the first budget in which the State requires all Corrections revenues, expenditures and fund balances to be recorded and audited separately from all other County funds. In some of the statements in this audit, Corrections information is segregated into its own financial column and in other statements you will find that the Corrections Funds are reported completely on their own, such as in Statement 6A.

The 2008 Statewide Unified Corrections System law requires each County to raise through property taxes a specified amount for corrections-related functions. Counties are prohibited from raising property taxes any more, or any less, for corrections-related expenses. For Sagadahoc, the specified amount (commonly referred to as the County's "CAP") was initially \$2,295,849. The CAP is an integral part of the new system and was designed to shield property taxpayers from post 2008 increases in corrections related expenses. The State appointed Board of Corrections, with the assistance of State financial analysis, established the individual County CAPs based on the amount each County budgeted for corrections-related expenses as of March 2008. The new system requires the State of Maine to fund the difference between each County's CAP and the net approved expenses for each County's Corrections related activities. When establishing the CAPs, the Board of Corrections failed to recognize the uniqueness of the relationship between Lincoln and Sagadahoc Counties that partnered to construct and operate the Two Bridges Regional Jail (TBRJ). The Jail Consolidation legislation is silent as to the effect of the Statewide Consolidation upon the previously established cost sharing agreement between Lincoln and Sagadahoc Counties. Because the two Counties differ in their interpretation regarding the impact of the Jail Consolidation legislation on the TBRJ Cost Sharing Agreement, Lincoln County withheld approximately \$130,000 in operations funding due to TBRJ. The Board of Corrections asked for the two counties to reach an agreement with regard to who would pay to TBRJ from Corrections surplus to help fund an end of year \$130,000 deficit in the TBRJ operations budget. The Lincoln County Commissioners voted not to contribute any Corrections surplus to TBRJ. Sagadahoc County Commissioners voted to contribute \$83,871 to help fund TBRJ's shortfall. In 2010-2011, the legislature voted to change the cost sharing agreement, and Lincoln County and Sagadahoc County now each pay 50% of the TBRJ operations budget. Therefore, commencing January 1, 2012, Sagadahoc County's CAP increased to \$2,657,105.

In addition to the CAP funds raised through taxes, Sagadahoc County receives Community Corrections Act (CCA) funds from the State. For budget year 2011-2012, Sagadahoc County received \$152,457 in CCA funds, which were dedicated to Adult Alternative Sentencing Programs.

Principal and interest payments on the Two Bridges Regional Jail construction costs were not included as part of the State's responsibility in the Consolidated Jail System. As such, Sagadahoc and Lincoln Counties, who share the cost of the TBRJ construction bonds on an equal basis, must continue to pay the debt service on the bonds from funding that is completely outside each County's CAP. Sagadahoc, Lincoln, and three additional counties that were responsible for debt service payments as of the creation of the Consolidated Jail System, are required to continue to make those payments from monies raised through property taxes in addition to the Consolidated Corrections system CAP funds to be raised through property taxes. For this reason, the debt service payments for the Two Bridges Regional Jail Bonds are found in the General Fund expenditures rather than the Corrections expenditures (See Debt above).

Corrections funds in the amount of \$2,592,194 (Statement 6A) were expended as follows:

Two Bridges Regional Jail Assessment for Operations	\$ 2,220,003
County Services for Prisoner Transport	247,191
Adult Alternative Sentencing Programs	<u>145,000</u>
Total Expenditures	2,592,194

Total Revenues	\$ 2,629,011
Less Expenditures	<u>2,592,194</u>
End of Year Corrections Surplus	\$ 36,817

When combined with the fund balance at the beginning of the year, the fund balance as of June 30, 2012 is \$128,839.

### Looking Forward

- The combined budgets for FY 2012-13 equal \$8,531,726, which is an increase of 2.5% when compared to the current fiscal year combined budgets of \$8,476,435. A further breakdown indicates the following:

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Reserve</u>	<u>Jail</u>	<u>Combined</u>
2012-13	\$ 4,721,780	1,036,001	116,840	2,657,105	8,531,726
2011-12	<u>4,664,461</u>	<u>1,074,413</u>	<u>108,627</u>	<u>2,628,934</u>	<u>8,476,435</u>
	\$ 57,319	(38,412)	8,213	28,171	55,291

- The amount to be raised through taxes has increased by \$376,006 (5.19%), from \$7,232,232 in FY 2011-12 to \$7,608,238 in FY 2012-13, which is almost exclusively attributable to the increase in the County's share of the funding CAP for the Two Bridges Regional Jail (TBRJ).
- The budget utilizes the estimated reserve balance in excess of 15% to offset this year's tax levy which, when combined with an \$87,037 reduction in the emergency contingency fund, equals \$512,576. It is important to note, however, the use of these funds, combined with more realistic estimations of revenues and expenditures, will significantly reduce the amount of reserves available for use in subsequent years.
- Costs associated with the operation of the TBRJ, including debt service, represent in excess of 43% of the entire FY 2012-13 County budget. As the debt service payments must be raised in *addition* to the legislatively set CAP, both Lincoln and Sagadahoc Counties are bearing a significant burden for the operation of the consolidated jail system. On average, our inmates make up approximately 40% of the prison population, with the remainder coming primarily from other counties and the state; however, Lincoln and Sagadahoc must pay 100% of the debt. Both Counties are working closely with their legislative delegations to address this inequity. We are also working with the Board of Corrections to have this matter addressed in its proposed budget.
- In less than optimal economic times, "wants and needs" must be clearly distinguished. This is especially imperative in light of the proposed reductions in municipal revenue sharing in the upcoming biennial budget. If passed, this will have a serious impact on the County's localities. The Commissioners, Budget Advisory Committee and staff will be keenly mindful of this potential during the FY 2013-14 budget process. In addition, the County will continue to explore ways in which it can facilitate and/or provide services that will result in savings to its communities.

### Requests for Information

This financial report is designed to provide a general overview of the County of Sagadahoc's financial condition for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Sagadahoc County Administrator, 752 High Street, Bath, Maine, 04530.

**COUNTY OF SAGadahoc, MAINE**  
**Statement of Net Assets**  
**June 30, 2012**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,959,788
Receivables:	
Accounts	31,109
Prepaid items	93,043
Capital assets not being depreciated	62,198
Capital assets (net of accumulated depreciation)	3,185,548
<b>Total assets</b>	<b>6,331,686</b>
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	301,390
Noncurrent liabilities:	
Due within one year	40,125
Due after one year	612,174
<b>Total liabilities</b>	<b>953,689</b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	2,808,934
Restricted	296,612
Unrestricted	2,272,451
<b>Total net assets</b>	<b>\$ 5,377,997</b>

*See accompanying notes to financial statements.*

COUNTY OF SAGADAHOC, MAINE  
Statement of Activities  
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government
					Total Governmental Activities
<b>Primary government:</b>					
Governmental activities:					
General government	\$ 2,203,184	452,941	-	-	(1,750,243)
Public safety	3,337,450	8,053	196,720	-	(3,132,677)
Correction services	2,591,729	-	152,534	-	(2,439,195)
Miscellaneous	180,420	-	-	-	(180,420)
Capital maintenance	13,691	-	-	-	(13,691)
Total governmental activities	8,326,474	460,994	349,254	-	(7,516,226)
<b>Total primary government</b>	<b>\$ 8,326,474</b>	<b>460,994</b>	<b>349,254</b>	<b>-</b>	<b>(7,516,226)</b>
General revenues:					
Tax assessments					7,232,232
Miscellaneous					62,915
Unrestricted investment earnings					8,828
Loss on disposal of assets					(9,806)
Total general revenues					7,294,169
Changes in net assets					(222,057)
Net assets - beginning, restated					5,600,054
Net assets - ending				\$	5,377,997

**COUNTY OF SAGadahoc, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

	General Fund	Correction Services Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,727,858	77	-	231,853	2,959,788
Receivables:					
Accounts	21,719	-	-	9,390	31,109
Prepaid expenditures	92,995	-	-	48	93,043
Due from other funds	-	128,762	135,035	-	263,797
<b>Total assets</b>	<b>\$ 2,842,572</b>	<b>128,839</b>	<b>135,035</b>	<b>241,291</b>	<b>3,347,737</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	229,714	-	-	-	229,714
Accrued wages and benefits payable	71,676	-	-	-	71,676
Due to other funds	190,279	-	-	73,518	263,797
<b>Total liabilities</b>	<b>491,669</b>	<b>-</b>	<b>-</b>	<b>73,518</b>	<b>565,187</b>
Fund balances:					
Nonspendable	92,995	-	-	-	92,995
Restricted	-	128,839	-	167,773	296,612
Committed	217,707	-	135,035	-	352,742
Assigned to 2012-13 budget	512,576	-	-	-	512,576
Unassigned	1,527,625	-	-	-	1,527,625
<b>Total fund balances</b>	<b>2,350,903</b>	<b>128,839</b>	<b>135,035</b>	<b>167,773</b>	<b>2,782,550</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,842,572</b>	<b>128,839</b>	<b>135,035</b>	<b>241,291</b>	
Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.					3,247,746
Long-term liabilities (including bonds payable and accrued compensated absences) are not due and payable in the current period and therefore are not reported in the funds.					(652,299)
<b>Net assets of governmental activities</b>					<b>\$ 5,377,997</b>

*See accompanying notes to financial statements.*

**COUNTY OF SAGADAHOC, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2012**

	General Fund	Correction Services Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 4,755,755	2,476,477	-	-	7,232,232
Fees	359,064	-	-	-	359,064
Intergovernmental	56,795	152,534	-	199,633	408,962
Charges for services	8,053	-	-	-	8,053
Interest	8,337	-	-	491	8,828
Other	24,857	-	315	71,912	97,084
<b>Total revenues</b>	<b>5,212,861</b>	<b>2,629,011</b>	<b>315</b>	<b>272,036</b>	<b>8,114,223</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	2,034,483	-	-	-	2,034,483
Public safety	2,269,712	-	-	-	2,269,712
Correction services and transport	-	2,592,194	-	-	2,592,194
Miscellaneous	-	-	-	338,346	338,346
<b>Debt service (Jail Authority):</b>					
Principal	615,000	-	-	-	615,000
Interest	384,163	-	-	-	384,163
Admin fee	250	-	-	-	250
<b>Debt service:</b>					
Courthouse debt	61,188	-	-	-	61,188
Capital outlay	-	-	825,264	-	825,264
<b>Total expenditures</b>	<b>5,364,796</b>	<b>2,592,194</b>	<b>825,264</b>	<b>338,346</b>	<b>9,120,600</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(151,935)</b>	<b>36,817</b>	<b>(824,949)</b>	<b>(66,310)</b>	<b>(1,006,377)</b>
<b>Other funding sources (uses):</b>					
Proceeds from issuance of debt	-	-	500,000	-	500,000
Transfers from other funds	19,314	-	108,627	-	127,941
Transfers to other funds	(108,627)	-	-	(19,314)	(127,941)
<b>Total other financing sources and (uses)</b>	<b>(89,313)</b>	<b>-</b>	<b>608,627</b>	<b>(19,314)</b>	<b>500,000</b>
<b>Net changes in fund balances</b>	<b>(241,248)</b>	<b>36,817</b>	<b>(216,322)</b>	<b>(85,624)</b>	<b>(506,377)</b>
<b>Fund balances, beginning of year, restated</b>	<b>2,592,151</b>	<b>92,022</b>	<b>351,357</b>	<b>253,397</b>	<b>3,288,927</b>
<b>Fund balances, end of year</b>	<b>\$ 2,350,903</b>	<b>128,839</b>	<b>135,035</b>	<b>167,773</b>	<b>2,782,550</b>

*See accompanying notes to financial statements.*

**COUNTY OF SAGADAHOC, MAINE**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2012**

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Net change in fund balances - total governmental funds	\$	(506,377)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$969,499) exceeded depreciation expense (\$254,539) and loss on disposal of assets (\$9,806). 705,154

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, interest is expended when paid in the governmental funds, but accrued in the statement of activities. This is the amount by which bond proceeds (\$500,000) exceed the capital lease principal repayments (\$61,188). (438,812)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the decrease in accrued compensated absences. 17,978

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<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b>(222,057)</b>
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*See accompanying notes to financial statements.*

**COUNTY OF SAGadahoc, MAINE**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2012**

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Taxes:				
Tax assessments	4,755,755	4,755,755	4,755,755	-
Total taxes	4,755,755	4,755,755	4,755,755	-
Fees:				
District attorney	4,500	4,500	6,960	2,460
Register of deeds	200,000	200,000	288,251	88,251
Register of probate	45,000	45,000	63,853	18,853
Total fees	249,500	249,500	359,064	109,564
Intergovernmental:				
Federal:				
Emergency management agency	46,300	46,300	56,795	10,495
Total intergovernmental	46,300	46,300	56,795	10,495
Charges for services:				
Sheriff's department	4,700	4,700	8,053	3,353
Total charges for services	4,700	4,700	8,053	3,353
Interest earned	6,500	6,500	8,337	1,837
Other revenues:				
Reimbursements and refunds				
Fuel tax refund	8,000	8,000	4,006	(3,994)
Miscellaneous	15,000	15,000	20,851	5,851
Total other revenues	23,000	23,000	24,857	1,857
Total revenues	5,085,755	5,085,755	5,212,861	127,106

**COUNTY OF SAGadahoc, MAINE**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2012**

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>EXPENDITURES</b>				
Current:				
General government:				
Superior Court	6,225	6,225	5,303	922
District attorney	177,195	177,195	178,286	(1,091)
Administration	430,155	430,155	382,413	47,742
Buildings	177,258	177,258	168,200	9,058
Register of deeds	156,869	156,869	147,012	9,857
Register of probate	141,301	141,301	132,041	9,260
Employee benefits	1,026,297	1,026,297	943,229	83,068
Insurance	81,500	81,500	32,902	48,598
Unfunded liability increase in reserve	10,000	10,000	10,000	-
Fuel reserve increase in reserve	41,716	41,716	41,716	-
Program grants	43,562	43,562	36,015	7,547
Total general government	2,292,078	2,292,078	2,077,117	214,961
Public safety:				
Emergency Management Agency	98,370	98,370	88,475	9,895
Sheriff's department	1,387,634	1,387,634	1,317,070	70,564
Civil process	33,179	33,179	34,034	(855)
Communications	846,500	846,500	830,133	16,367
Total public safety	2,365,683	2,365,683	2,269,712	95,971
Two Bridges Jail debt service:				
Principal	615,000	615,000	615,000	-
Interest	384,163	384,163	384,163	-
Admin fee	250	250	250	-
Exterior Courthouse debt service:				
Principal	75,000	75,000	61,188	13,812
Total debt service	1,074,413	1,074,413	1,060,601	13,812
Total expenditures	5,732,174	5,732,174	5,407,430	324,744
Excess (deficiency) of revenues over (under) expenditures	(646,419)	(646,419)	(194,569)	451,850
<b>OTHER FINANCING SOURCES (USES)</b>				
Budgeted use of surplus	761,746	761,746	-	(761,746)
Transfers to other funds - special revenue	(6,700)	(6,700)	(6,180)	520
Transfers to other funds - capital projects	(108,627)	(108,627)	(108,627)	-
Transfers from other funds - special revenue	-	-	25,494	25,494
Total other financing sources and (uses)	646,419	646,419	(89,313)	(735,732)
Net changes in fund balance - budgetary basis	-	-	(283,882)	(283,882)
Reconciliation from budgetary to GAAP basis:				
Less - Use of unfunded liability reserve			(2,216)	
Plus - Transfers to Committed reserves			44,850	
Net changes in fund balance - GAAP basis	-	-	(241,248)	(241,248)
Fund balance, beginning of year, restated			2,592,151	
<b>Fund balance, end of year</b>			<b>\$ 2,350,903</b>	

*See accompanying notes to financial statements.*

**COUNTY OF SAGADAHOC, MAINE**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**Correction Services**  
**For the Year Ended June 30, 2012**

	Correction Services			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Taxes:				
Tax assessments	2,476,477	2,476,477	2,476,477	-
Total taxes	2,476,477	2,476,477	2,476,477	-
Intergovernmental:				
Community corrections	152,457	152,457	152,534	77
Total intergovernmental	152,457	152,457	152,534	77
Total revenues	2,628,934	2,628,934	2,629,011	77
<b>EXPENDITURES</b>				
Current:				
Correction services and transport:				
Operations - Two Bridges Jail	2,200,003	2,200,003	2,200,003	-
Transport programs	283,931	283,931	247,191	36,740
Adult programs	145,000	145,000	145,000	-
Total expenditures	2,628,934	2,628,934	2,592,194	36,740
Net changes in fund balances	-	-	36,817	36,817
Fund balance, beginning of year			92,022	
<b>Fund balance, end of year</b>			<b>\$ 128,839</b>	

*See accompanying notes to financial statements.*

**COUNTY OF SAGADAHOC, MAINE**  
**Statement of Fiduciary Net Assets**  
**Agency Funds**  
**June 30, 2012**

	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 14,597
<b>Total assets</b>	<b>14,597</b>
<b>LIABILITIES</b>	
Accounts payable	10,375
Due to other governments	4,222
<b>Total liabilities</b>	<b>\$ 14,597</b>

*See accompanying notes to financial statements.*

**COUNTY OF SAGADAHOC, MAINE**  
**Notes to Financial Statements**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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**A. Reporting Entity**

The County of Sagadahoc (the "County") established on April 4, 1854, is located in the coastal region of Maine and covers an area of 250 square miles with an approximate population of 34,000. The County was organized under the Board of Commissioners form of government and provides the following services to its citizens: law enforcement, judicial, registers of deeds and probate, emergency management and administration.

In defining the reporting entity for financial reporting purposes, management has considered potential component units by applying criteria set forth in Statement 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity", as amended by Statement 39 of the Governmental Accounting Standards Board, "Determining Whether Certain Organizations are Component Units". It has been determined that the County has no component units.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the County (the primary government). For the most part, the effect of interfund activity has been removed from these statements.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Tax assessments are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period and soon enough thereafter to pay liabilities of the current period.

The County considers all revenues available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments are recorded only when payment is due.

**COUNTY OF SAGADAHOC, MAINE**  
**Notes to Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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Those revenues susceptible to accrual include tax assessments, certain charges for services and expenditure driven grants. Other receipts become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The County reports the following major governmental funds:

The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Correction Services Fund accounts for the resources raised and expended for the operation of Two Bridges Jail.

The Capital Projects Fund accounts for projects that restores and renovates the courthouse and major capital projects not being financed by other funds.

Additionally, the government reports the following fund types:

The special revenue funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including permanent major capital projects).

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. As such, fiduciary funds are not reported in the government-wide statements. The County's fiduciary funds include the following:

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity. The departments of District Attorney and Registry of Probate maintain agency funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

**COUNTY OF SAGadahoc, MAINE**  
**Notes to Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**D. Assets, Liabilities and Net Assets**

**1. Deposits and Investments**

The County has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agents. Statutes authorize the treasurer, as directed by the County Commissioners, to invest all funds in accordance with M.R.S.A. Title 30-A section 171.

Investments that have a remaining maturity at time of purchase of one year or less are reported at amortized cost. All remaining investments are reported at fair value.

**2. Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund receivables/payables". All other outstanding balances between funds are reported as "due to/from other funds".

Receivables are shown at gross amounts as management does not feel that allowances for uncollectibles are necessary.

**3. Capital Assets**

Capital assets, which include property, plant, and equipment are reported in the governmental column in the government-wide financial statements. The County does not have any infrastructure assets. Capital assets, other than infrastructure, are defined by the County as assets with an initial, individual cost of \$5,000 or more with an estimated useful life of greater than one year. Such assets are recorded at historical cost or estimated historical costs if purchased or constructed. Donated capital assets are reported at estimated fair value as of the date of donation.

Additions, improvements and other capital outlays that significantly extend the useful lives of assets are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Land Improvements	20 Years
Buildings	40 Years
Vehicles and Equipment	5-10 Years

**4. Compensated Absences**

Full-time employees accrue up to two weeks of vacation per year of employment; three weeks per year after seven years; and four weeks per year after thirteen years.

All employees covered by a collective bargaining agreement having less than fifteen years of continuous service may accumulate a total of 20 days vacation leave and those full-time employees having 15 or more years of continuous service may accumulate 30 days of vacation leave. Employees may not elect to receive cash payments in lieu of unused leave. Generally, unused accrued prorated vacation leave is paid to employees at the time of separation.

**COUNTY OF SAGadahoc, MAINE**  
**Notes to Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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Employees covered by the collective bargaining agreement earn one day of sick leave per month up to a maximum of 120 days. Generally, upon separation, the equivalent of one-half accumulated unused sick leave is paid at one-half of the employee's rate of pay. Employees not covered by the collective bargaining agreement earn one day sick leave per month up to a maximum of 90 days. Upon separation in good standing, the equivalent of 20% of the accumulated unused sick leave shall be paid to an employee.

Employees covered by the collective bargaining agreement that have attained 40 hours of work within a work period, may apply for compensatory time for additional hours worked up to 10 hours in any one work period. The employee may use the compensatory time at the discretion of the Department Head. Employees not covered by a collective bargaining agreement may accumulate a maximum of forty hours of compensatory time per year. Any unused time will be paid to employees at the time of separation.

All full time employees, whether in a collective bargaining agreement or not, shall be granted three personal days per fiscal year for the purpose of managing personal business which cannot be taken care of except during regular normal working hours.

A liability for accumulated leave is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. All accumulated leave is accrued when earned in the government-wide financial statements, and amount to \$213,487 for the year ended June 30, 2012.

**5. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets.

In the fund financial statements, the face amount of debt issued is reported as other financing sources.

**6. Fund Equity**

Governmental Fund fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which those funds can be spent. The five classifications of fund balance for the Governmental Funds are as follows:

- *Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
- *Restricted* – resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or; b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – resources which are subject to limitations the government imposes on itself at its highest level of decision making authority, and that remain binding unless removed in the same manner.
- *Assigned* – resources that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* – resources which have not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

**COUNTY OF SAGADAHOC, MAINE**  
**Notes to Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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Although no formal policy exists, when both restricted and unrestricted resources are available for use, it is the government's practice to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned and unassigned resources are available for use, it is the government's practice to use committed or assigned resources first, and then unassigned resources as they are needed.

**7. Use of Estimates**

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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**A. General Fund Budget**

An annual budget of the general fund is legally adopted by the Commissioners. The guidelines for adopting the budget are laid out in Title 30-A M.R.S.A., section 701 through section 706-A. The County Commissioners submit a budget estimate to an advisory committee composed of six municipal officers and three representatives of the general public from the County by March for the coming fiscal year. The advisory committee reviews the budget estimate and makes recommendations to the Commissioners by May 15. The County Commissioners then enact the budget by June 15. Required public hearings on the proposed 2012 budget were held in May 2011. The County Commissioners approved the budget on June 14, 2011. Sagadahoc County by law assesses taxes to the ten municipalities in its jurisdiction to be apportioned based on the last state valuation. The 2012 tax commitment of \$7,232,232 was assessed in August, 2011. Assessments were due September 1, 2011 with interest at 7% payable on November 1, 2011.

There is no difference between the budgetary basis and generally accepted accounting principles (GAAP). The legal level of budgetary control is that level of expenditure authority that may not be exceeded or reassigned without the approval of the County Commissioners. Title 30-A, section 922 states that whenever any specific appropriation of a department or agency of county government is insufficient to pay the required expenditures for the statutory purposes for which the appropriation was made, the county commissioners may transfer an amount from any other specific line appropriation for the same department or agency to meet the expenditure, upon the written request of the department or agency.

**B. Excess of Expenditures over Appropriations**

For the year ended June 30, 2012, expenditures exceeded appropriations in the following:

District attorney	\$ 1,091
Civil process	855

**COUNTY OF SAGadahoc, MAINE**  
**Notes to Financial Statements, Continued**

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED**

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**C. Fund Balances**

Statutory provisions allow unexpended balances of capital expenditure appropriations to be carried forward to the subsequent year. In addition, the County Commissioners may vote to carry forward unexpended balances for other restricted uses.

Reserved for Emergencies - State statutes provide for the establishment of a contingency account, in an amount not to exceed 4% of the annual budget, to be used at the discretion of the County Commissioners for emergency purposes. At the end of the fiscal year, an amount sufficient to restore the account may be transferred from the General Fund's unassigned fund balance. At June 30, 2012, the contingent account balance was \$100,000 and is carried as committed fund balance.

Unrestricted, unassigned - State law provides that remaining unencumbered surplus funds in excess of 20% of the amount to be raised by taxation shall be used to reduce the tax levy. The County's unrestricted, unassigned fund balance at June 30, 2012 was \$1,527,625, which represents 20% of the fiscal year 2013 assessments raised of \$7,608,238.

**D. Deficit Fund Equity**

The following funds had a deficit fund balance at June 30, 2012:

Mitigation	\$ 280
Go-Bag	150

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**CASH AND CASH EQUIVILANTS**

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*Custodial Credit Risk:* Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. As of June 30, 2012, the County reported deposits of \$2,974,385 with bank balances of \$3,049,172. The County's deposit policy for custodial credit risk calls for F.D.I.C. insured bank accounts. None of the County's total bank balance was exposed to custodial credit risk.

*Interest Rate Risk:* The County has a policy on interest rate risk. This policy simply states that the County's investment portfolio will remain sufficiently liquid to meet all operating requirements.

*Credit risk:* Maine statutes authorize the County to invest in certain bonds, notes, certificates of indebtedness, and repurchase agreements secured by obligations of the United States which mature within one year from the date of investment. The County's investment policy for credit risk calls for collateralized investments.

*Concentration of credit risk:* The County's policy on concentration of credit risk simply states that the Finance Director shall use techniques to diversify the portfolio.

Deposits have been reported as cash or cash equivalents as follows:

Governmental activities	\$ 2,959,788
Agency funds	14,597
<b>Total</b>	<b>\$ 2,974,385</b>

**COUNTY OF SAGadahoc, MAINE**  
**Notes to Financial Statements, Continued**

**CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance <u>07/01/11</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>06/30/12</u>
Capital assets not being depreciated:				
Land	\$ 62,198	-	-	62,198
Capital assets being depreciated:				
Building	2,939,444	747,067	-	3,686,511
Improvements other than buildings	39,000	-	-	39,000
Vehicles	616,800	64,506	(78,079)	603,227
Machinery and equipment	1,402,407	157,926	(107,581)	1,52,752
<b>Total capital assets being depreciated</b>	<b>4,997,651</b>	<b>969,499</b>	<b>(185,660)</b>	<b>5,781,490</b>
Less accumulated depreciation for:				
Building	(1,231,562)	(81,059)	-	(1,312,621)
Improvements other than buildings	(17,713)	(1,950)	-	(19,663)
Vehicles	(344,968)	(57,413)	68,869	(333,512)
Machinery and equipment	(923,014)	(114,117)	106,985	(930,146)
<b>Total accumulated depreciation</b>	<b>(2,517,257)</b>	<b>(254,539)</b>	<b>175,854</b>	<b>(2,595,942)</b>
<b>Total capital assets being depreciated, net</b>	<b>2,480,394</b>	<b>714,960</b>	<b>(9,806)</b>	<b>3,185,548</b>
<b>Total capital assets, net</b>	<b>\$ 2,542,592</b>	<b>714,960</b>	<b>(9,806)</b>	<b>3,247,746</b>

Depreciation expense was charged to functions of the primary government as follows:

General government	\$ 173,561
Public safety	80,978
<b>Total depreciation expense</b>	<b>\$ 254,539</b>

**INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of June 30, 2012, is as follows:

	<u>Due from</u>	<u>Due to</u>
General fund	\$ -	190,279
Jail Fund	128,762	-
Capital projects fund	135,035	-
Other governmental funds	-	73,518
<b>Total</b>	<b>\$ 263,797</b>	<b>263,797</b>

**COUNTY OF SAGadahoc, MAINE**  
**Notes to Financial Statements, Continued**

**INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS, CONTINUED**

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers in (out):

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>
Transfers in (out)	\$ (89,313)	108,627	(19,314)

**OPERATING LEASE**

The County has entered into a leasing agreement with the City of Bath to rent a portion of the basement at the old Bath Hospital for use by the Sheriff's Department for storage. The lease term is for five years, commencing on February 1, 2011. Rental expense for the year ended June 30, 2012 was \$600.

**LONG-TERM DEBT**

Changes in long-term liabilities:

The following is a summary of long-term liability transactions of the County for the year ended June 30, 2012:

<u>Issuer</u>	<u>Balance 07/01/11</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/12</u>	<u>Due Within One Year</u>
Courthouse renovations	\$ -	500,000	61,188	438,812	40,125
Compensated absences	231,465	-	17,978	213,487	-
<b>Totals</b>	<b>\$ 231,465</b>	<b>500,000</b>	<b>79,166</b>	<b>652,299</b>	<b>40,125</b>

Assets in the amount of \$500,000 have been capitalized and are recorded as building improvements in the statement of net assets.

**COUNTY OF SAGADAHOC, MAINE**  
**Notes to Financial Statements, Continued**

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**LONG-TERM DEBT, CONTINUED**

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The annual principal and interest requirements to amortize general long-term debt outstanding as of June 30, 2012 are as follows:

Year(s) ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 40,125	21,063	61,188
2014	42,051	19,137	61,188
2015	44,069	17,119	61,188
2016	46,185	15,003	61,188
2017	48,402	12,786	61,188
2018-2021	217,980	26,771	244,751
<b>Totals</b>	<b>\$ 438,812</b>	<b>111,879</b>	<b>550,691</b>

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**OVERLAPPING DEBT**

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In addition to the debt noted above, the County is contingently responsible for the following debt as of June 30, 2012 (also see Joint Venture note below):

<u>Governmental Unit</u>	<u>Net debt outstanding</u>	<u>Percent Applicable to County</u>	<u>County's share of debt</u>
Lincoln and Sagadahoc Multicounty Jail Authority	\$ 18,020,000	50%	9,010,000

The debt of Lincoln and Sagadahoc Multicounty Jail Authority is paid through annual assessments to the County.

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**RISK MANAGEMENT**

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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 for which the County carries insurance. There have been no significant changes in insurance coverage during the past fiscal year. Settlement amounts have not exceeded insurance coverage for the current year or the three (3) prior years.

The County belongs to the Maine County Commissioners Association (MCCA) Risk Pool, for its property and liability exposures. Further information on the MCCA Risk Pool may be obtained by writing them at 11 Columbia Street, Augusta, ME 04330.

For workers compensation, the County participates in the Maine Municipal Association (MMA) Worker's Compensation Pool. Further information on the MMA Worker's Compensation Pool may be obtained by writing them at MMA Risk Management Services, 60 Community Drive, Augusta, ME 04330.

**COUNTY OF SAGADAHOC, MAINE**  
**Notes to Financial Statements, Continued**

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**RISK MANAGEMENT, CONTINUED**

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If the assets of either pool are at any time actuarially determined to be insufficient to enable either pool to discharge its legal liability and other obligations and to maintain actuarially sound reserves, either pool has the power to make up the deficiency by the levy of a prorated assessment upon its members for the amount needed to make up the deficiency. There have been no such deficiencies in the past three years. Management believes that no such deficiencies exist at June 30, 2012.

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**JOINT VENTURE**

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The County of Sagadahoc, Maine entered into a joint venture with the County of Lincoln, Maine in 2001 to form the Lincoln and Sagadahoc Multicounty Jail Authority (Jail Authority). The purpose of the Jail Authority was to construct, equip, maintain and operate a regional jail. Two Bridges Regional Jail was built and began accepting prisoners in December 2006. The Board of Directors consists of six public members, one from each Commissioner's district, four County Commissioner members, two from each county and two Sheriff members, one from each County. The 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 \$24,600,000 on June 1, 2005. Although the bonds are in the name of the Jail Authority, the Sagadahoc County Commissioners have passed a resolution authorizing the guarantee of half of the debt service, or \$12,300,000. Sagadahoc County's share for fiscal year ending June 30, 2012 was \$615,000 (principal) and \$384,163 (interest). The outstanding balance of these bonds at June 30, 2012 is \$18,020,000. Sagadahoc County's portion of this balance amounts to \$9,010,000. Sagadahoc and Lincoln Counties share of the operating budget is capped legislatively. For the fiscal year that ended June 30, 2012, Sagadahoc County's share is \$2,657,105.

In addition to contributions from the two counties, Two Bridges Regional Jail receives revenues from the boarding of prisoners from outside the two supporting jurisdictions, from various grants and other miscellaneous revenue. Selected information for the year ended June 30, 2012 is as follows:

Total assets	\$ 21,427,166
Total liabilities	18,441,826
Net assets	2,985,340
Change in net assets	446,857

Complete financial statements may be obtained from the Lincoln and Sagadahoc Multicounty Jail Authority, P.O. Box 249, Wiscasset, Maine 04578.

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**DEFINED BENEFIT PENSION PLANS**

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For its participating full time County employees and elected officials, the County of Sagadahoc, Maine contributes to the Consolidated Plan for Participating Local Districts (CPPLD) a cost-sharing multiple employer, defined benefit pension plan administered by the Maine Public Employees Retirement System (Maine PERS). Maine PERS is established and administered under Maine law. The CPPLD provides retirement and disability benefits, annual cost of living adjustments and death benefits to Plan members and beneficiaries. Maine PERS issues a publicly available financial report that includes financial statements and required supplementary information for the CPPLD. That report may be obtained by writing to the Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046.

**COUNTY OF SAGadahoc, MAINE**  
**Notes to Financial Statements, Continued**

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**DEFINED BENEFIT PENSION PLANS, CONTINUED**

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Plan members, other than those engaged in law enforcement, are required to contribute 6.5% of their annual covered salary and the County is required to contribute 5.3%. With the exception of one employee who meets the requirements for a different plan, law enforcement employees, contribute 8.0% and the County is required to contribute 10%. The law enforcement officer who falls under the special plan contributes 6.5% and the County contributes 7.5%. The contribution rates are determined actuarially.

The contribution requirements of the Plan members and the County are established by and may be amended by the State Legislature. The amounts the County was required to contribute to the CPPLD for the years ended June 30, 2012, 2011, 2010, 2009, 2008, and 2007 were \$126,530, \$104,148, \$78,302, \$81,065, \$72,333 and \$79,990, respectively, less amounts from credits as noted below. All required contributions were made by the County. The CPPLD retirement programs provide defined retirement benefits based on a member's average final compensation. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit or, in some cases, the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age is 60. The monthly benefit of members eligible to retire before normal retirement age by virtue of having at least 25 years of service is reduced by a statutorily prescribed factor for each year of age that a member is below his/her normal retirement age at retirement. Law enforcement personnel have special provisions that allow them to retire at any age, without a reduction in benefits, after 20 or 25 years of service depending on their individual date of hire.

The County rejoined the Maine Public Employees Retirement System effective July 1, 2002. As a participant of the CPPLD plan, the County is entitled to its initial unfunded unpooled actuarial asset from its previous plan. At June 30, 2011, the remaining balance was \$168,495. The credit will be amortized over approximately 5 more years (from June 30, 2012).

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**DEFERRED COMPENSATION PLAN**

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The County offers two deferred compensation plans, created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. All assets and income of the Plan are held in trust for the exclusive benefit of the participants and their beneficiaries. The deferred compensation is not available to employees until their termination, retirement, death or unforeseeable emergency.

County employees hired prior to July 1, 2002 and not covered by a collective bargaining agreement may participate in a deferred compensation plan created in accordance with Internal Revenue Code Section 457.

Participants who are not covered by The Maine Public Employees Retirement System are eligible for a County contribution. The contribution is a percentage of compensation and is determined by the County budget. For the year ended June 30, 2012, the County contributed between 3% and 6% of compensation. Participants are fully vested with respect to the County's contributions after completing a probationary period. The County contributed \$6,966 for the year ended June 30, 2012 and employees contributed \$21,741 to the plan.

**COUNTY OF SAGadahoc, MAINE**  
**Notes to Financial Statements, Continued**

**CONTINGENT LIABILITIES**

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

**RESTATEd FUND BALANCE/NET ASSETS**

During fiscal year 2012, the County determined that prepaid health insurance may have been understated in the prior year. The beginning fund balance/net assets for the General Fund and net assets for the Governmental Activities were restated to reflect the overstatement as follows:

	<u>General Fund</u>	<u>Governmental Activities</u>
Fund balance/net assets, July 1, 2011, as reported	\$ 2,540,789	5,548,692
Prepaid health insurance understatement	51,362	51,362
<b><u>Fund balance/net assets, July 1, 2011, as restated</u></b>	<b><u>\$ 2,592,151</u></b>	<b><u>5,600,054</u></b>

**COMMITTED AND ASSIGNED FUND BALANCES**

As of June 30, 2012, the committed and assigned fund balances of the General Fund were made up of the following:

Committed:	
Contingency	\$ 100,000
Unfunded Liability Reserve	47,784
Unemployment Reserve	25,005
Insurance Deductible Reserve	1,202
Fuel Reserve	41,716
Orthoimagery Reserve	2,000
<b><u>Total</u></b>	<b><u>\$ 217,707</u></b>
Assigned:	
Excess funds from reduction of Emergency Contingency Fund, assigned to 2012-13 budget	87,000
Surplus assigned to 2012-13 budget	425,576
<b><u>Total</u></b>	<b><u>\$ 512,576</u></b>

**COUNTY OF SAGadahoc, MAINE**  
**Notes to Financial Statements, Continued**

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**COMMITTED AND ASSIGNED FUND BALANCES, CONTINUED**

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As of June 30, 2012 the committed fund balances of the Capital Project Fund were made up of the following:

	<u>2011</u>	<u>2012</u>
Exterior maintenance	\$ 267,347	16,492
HVAC	8,677	33,677
Copiers & laser printers	20,117	20,117
Building safety, ADA & code	1,566	1,566
Communications	21,500	46,500
Generator maintenance	-	2,189
Sheriff's vehicles	32,150	14,494
<b>Total</b>	<b>\$ 351,357</b>	<b>135,035</b>

## **COMBINING AND INDIVIDUAL FUND STATEMENTS**

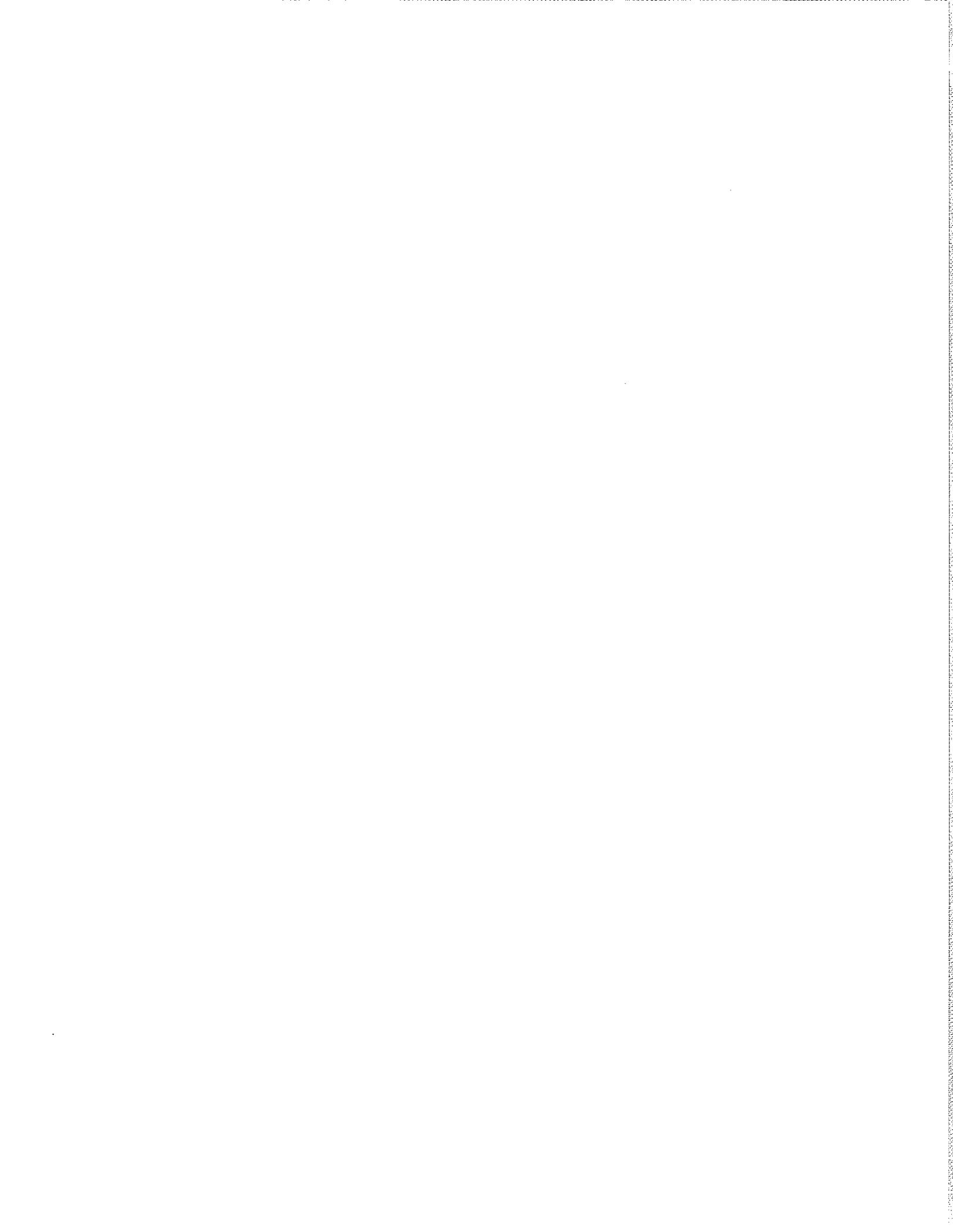
## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**COUNTY OF SAGadahoc, MAINE**  
**Combining Statement of Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2012**

	Fund Balance Beginning of year	Revenues			Expenditures	Fund Balance End of year
		Inter- governmental	Other Revenues	Transfers		
<b>Grant or program:</b>						
Miscellaneous county grants and funds:						
Wellness grant	\$ 576	-	-	-	69	507
VOCA grant	-	43,764	-	(9,450)	34,314	-
Deed Preservation Fund	93,998	-	19,877	-	2,323	111,552
Probate Preservation Fund	6,863	-	2,088	-	3,697	5,254
Civil Process	-	-	71,912	-	71,912	-
Sheriff grants and programs:						
Underage drinking grant	-	500	-	(402)	98	-
Seatbelt initiative grant	-	2,000	-	(18)	1,982	-
OUI Emphasis grant	-	6,932	-	(3,008)	3,924	-
Drug Seizure K-9 account	26,883	29	-	-	12,177	14,735
Special detail	-	1,048	-	-	1,048	-
Byrne grant	-	7,382	-	(648)	6,734	-
Drug Seizure account	4,141	-	-	-	-	4,141
EMA grants and programs:						
LEPC State	17,530	-	-	-	1,572	15,958
LEPC training	1,000	-	-	-	-	1,000
WMD Exercise Fund	-	10,336	-	-	10,336	-
CRI	-	6,000	-	-	-	6,000
Homeland security	96,436	34,640	-	-	123,220	7,856
Simulcast	-	61,509	-	-	61,509	-
Mitigation	-	3,668	-	-	3,948	(280)
Go-Bag	-	4,681	-	-	4,831	(150)
Tower improvements	-	1,200	-	-	-	1,200
Other miscellaneous	5,970	-	-	(5,788)	182	-
<b>Totals</b>	<b>\$ 253,397</b>	<b>183,689</b>	<b>93,877</b>	<b>(19,314)</b>	<b>343,876</b>	<b>167,773</b>



# **FIDUCIARY FUNDS**

## **FIDUCIARY FUNDS**

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

### **Agency Funds**

#### **District Attorney's Restitution Fund**

To account for funds collected as restitution for various crimes and due to the victim of the crime.

#### **Registry of Probate**

To account for fees collected on behalf of other agencies.



**COUNTY OF SAGADAHOC, MAINE**  
**Combining Balance Sheet**  
**Fiduciary Funds**  
**Agency Fund**  
**June 30, 2012**

	D.A.'s Restitution	Probate	Total
<b>ASSETS</b>			
Cash	\$ 10,375	4,222	14,597
<b>Total assets</b>	<b>10,375</b>	<b>4,222</b>	<b>14,597</b>
<b>LIABILITIES</b>			
Accounts payable	10,375	-	10,375
Due to other governments	-	4,222	4,222
<b>Total liabilities</b>	<b>\$ 10,375</b>	<b>4,222</b>	<b>14,597</b>

**COUNTY OF SAGADAHOC, MAINE**  
**Statement of Changes in Assets and Liabilities**  
**Fiduciary Funds**  
**Agency Fund**  
**For the Year Ended June 30, 2012**

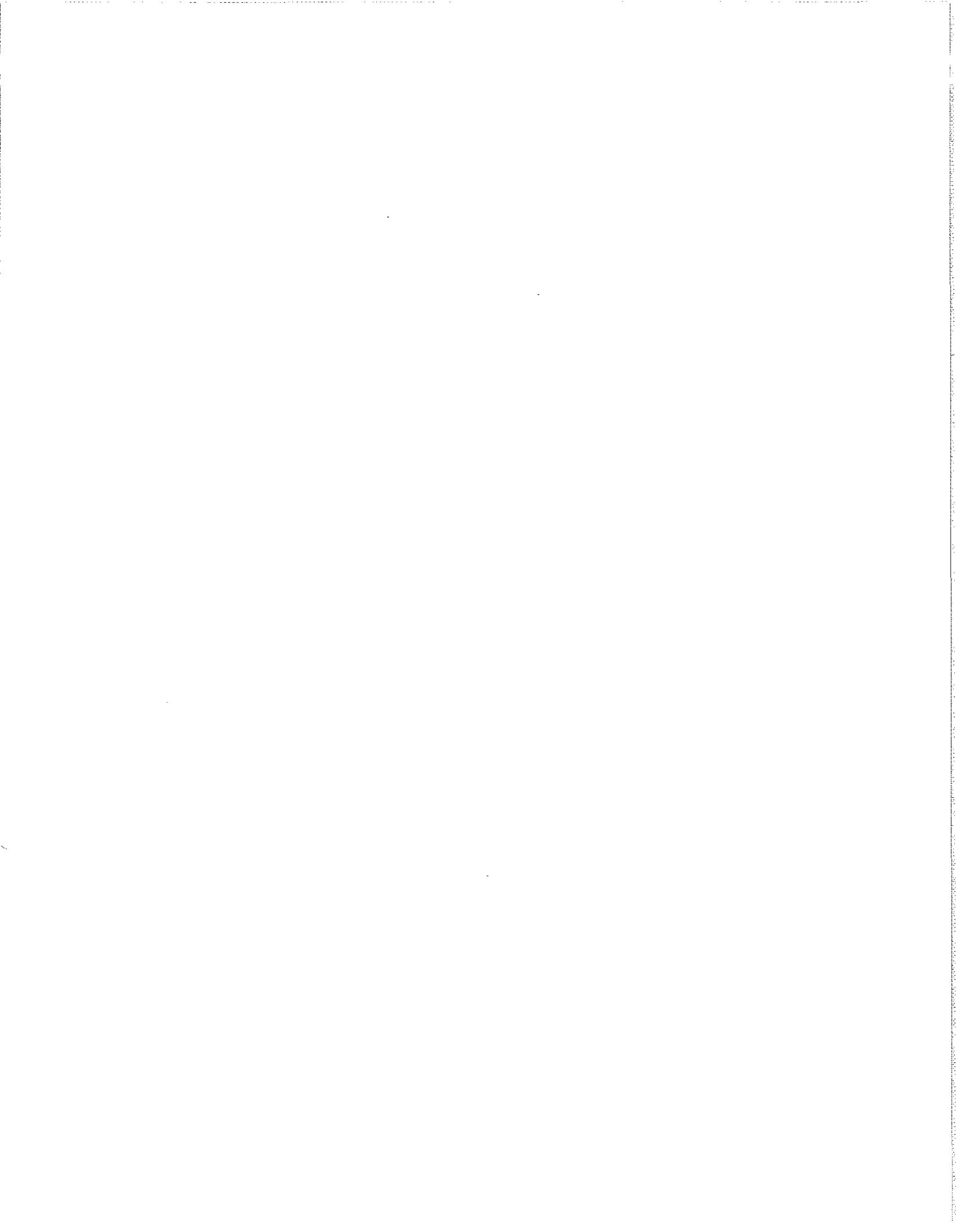
	Balance July 01, 2011	Additions	Deductions	Balance June 30, 2012
<b>ASSETS</b>				
Cash	\$ 11,099	3,498	-	14,597
<b>Total assets</b>	<b>11,099</b>	<b>3,498</b>	<b>-</b>	<b>14,597</b>
<b>LIABILITIES</b>				
Accounts payable	5,468	4,907	-	10,375
Due to other governments	5,631	-	1,409	4,222
<b>Total liabilities</b>	<b>\$ 11,099</b>	<b>4,907</b>	<b>1,409</b>	<b>14,597</b>

# STATISTICAL SECTION

This part of the County of Sagadahoc's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<b>Contents</b>	<b>Table</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	1-5
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	6-8
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	9-10
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	11
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	12

Sources: Unless otherwise noted, the information in these schedules is derived from the County's budgets and financial statements for the relevant year.



**COUNTY OF SAGadahoc, MAINE**  
**Net Assets by Component**  
**Last Eight Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year							
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Governmental activities</b>								
Invested in capital assets, net of related debt	\$ 1,808,088	2,284,714	2,130,423	2,470,534	2,477,508	2,429,043	2,542,592	2,808,934
Restricted	1,130,078	1,115,606	646,011	905,348	-	-	253,397	296,612
Unrestricted	879,526	1,003,812	1,916,809	1,805,291	3,067,751	3,077,063	2,752,703	2,272,451
<b>Total governmental activities net assets</b>	<b>\$ 3,817,692</b>	<b>4,404,132</b>	<b>4,693,243</b>	<b>5,181,173</b>	<b>5,545,259</b>	<b>5,506,106</b>	<b>5,548,692</b>	<b>5,377,997</b>

Notes:

Only eight years have been presented because 2005 was the year GASB Statement No. 34 was implemented.

The amounts shown above do not reflect the restatement of net assets as a result of prior period adjustments or accounting standard changes.

**COUNTY OF SAGADAHOC, MAINE**  
**Changes in Net Assets**  
**Last Eight Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year							
	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>								
Governmental activities:								
General government	\$ 1,815,960	1,520,594	1,728,328	1,875,286	2,031,993	2,077,203	2,257,044	2,203,184
Public safety	3,420,997	3,689,319	6,754,408	6,114,336	5,886,499	3,389,464	3,425,656	3,337,450
Correction services	-	-	-	-	-	2,416,673	2,364,845	2,591,729
Capital maintenance	313,499	339,596	29,818	15,476	-	84,058	23,648	13,691
Miscellaneous	209,244	364,317	264,012	254,258	284,176	203,003	150,662	180,420
Interest on long-term debt	34,551	18,224	19,128	6,555	14,963	4,595	11,676	-
<b>Total governmental activities expenses</b>	<b>5,794,251</b>	<b>5,932,050</b>	<b>8,795,694</b>	<b>8,265,911</b>	<b>8,217,631</b>	<b>8,174,996</b>	<b>8,233,531</b>	<b>8,326,474</b>
<b>Program Revenues</b>								
Governmental activities:								
Charges for services	\$ 455,289	556,386	563,227	500,337	477,189	469,742	479,110	460,994
Operating grants and contributions	576,914	528,965	501,334	602,234	506,901	297,172	339,222	349,254
Capital grants and contributions	46,524	156,660	119,292	-	-	-	-	-
<b>Total governmental activities program revenues</b>	<b>1,078,727</b>	<b>1,242,011</b>	<b>1,183,853</b>	<b>1,102,571</b>	<b>984,090</b>	<b>766,914</b>	<b>818,332</b>	<b>810,248</b>
<b>Net (expense) revenue</b>								
Total governmental activities net expenses	\$ (4,715,524)	(4,690,039)	(7,611,841)	(7,163,340)	(7,233,541)	(7,408,082)	(7,415,199)	(7,516,226)
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental activities:								
Tax assessments	4,508,954	5,247,887	8,121,370	7,232,233	7,232,232	7,232,232	7,232,232	7,232,232
Jail returned surplus	-	-	-	246,124	265,860	-	-	-
Miscellaneous	-	-	-	-	55,218	108,191	147,261	62,915
Unrestricted interest income	65,767	28,592	268,547	172,913	67,326	28,506	8,574	8,828
Loss on disposal of assets	-	-	-	-	-	-	-	(9,806)
<b>Total governmental activities</b>	<b>4,574,721</b>	<b>5,276,479</b>	<b>8,389,917</b>	<b>7,651,270</b>	<b>7,620,636</b>	<b>7,368,929</b>	<b>7,388,067</b>	<b>7,294,169</b>
<b>Change in Net Assets</b>								
Total governmental activities	\$ (140,803)	586,440	778,076	487,930	387,095	(39,153)	(27,132)	(222,057)

## Notes:

Only eight years have been presented because 2005 was the year GASB Statement No. 34 was implemented. The amounts shown above do not reflect the restatement of net assets as a result of prior period adjustments.

**COUNTY OF SAGADAHOC, MAINE**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund:										
Nonspendable	\$ -	-	-	-	-	-	-	-	-	92,995
Committed	809,818	861,211	1,130,078	367,669	262,037	262,037	262,037	262,037	252,073	217,707
Assigned	-	-	-	-	-	-	-	-	761,764	512,576
Unassigned	1,562,349	1,313,442	1,068,555	1,247,266	1,968,205	1,822,802	2,335,604	2,368,642	1,526,952	1,527,625
<b>Total General Fund</b>	<b>\$ 2,372,167</b>	<b>2,174,653</b>	<b>2,198,633</b>	<b>1,614,935</b>	<b>2,230,242</b>	<b>2,084,839</b>	<b>2,597,641</b>	<b>2,630,679</b>	<b>2,540,789</b>	<b>2,350,903</b>
All Other Governmental Funds:										
Restricted	-	-	-	197,541	167,381	163,615	153,912	212,771	345,419	296,612
Committed	-	-	-	550,396	374,259	679,500	522,253	437,863	351,357	135,035
<b>Total all other governmental funds</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>747,937</b>	<b>541,640</b>	<b>843,115</b>	<b>676,165</b>	<b>650,634</b>	<b>696,776</b>	<b>431,647</b>

## Notes:

Prior to the 2006 year, all activity of Sagadahoc County was accounting for in the General Fund. In 2006, a special revenue fund and a capital project fund were created to more accurately reflect the activities of the County. In 2010, correction services were required to be reported separately.

Governmental Accounting Standards Board Statement No. 54 was implemented in 2011. Prior years were restated making certain assumptions regarding restricted and committed amounts.

Table 4

**COUNTY OF SAGADAHOC, MAINE**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Revenues</b>										
Taxes	\$ 4,456,920	4,114,804	4,508,954	5,247,887	8,121,370	7,232,232	7,232,232	7,232,232	7,232,232	7,232,232
Fees	405,245	420,859	398,913	451,624	447,702	401,343	353,189	389,262	406,522	359,064
Intergovernmental	393,589	705,430	491,962	539,575	389,453	501,270	681,713	379,177	439,012	408,962
Charges for services	127,350	128,216	129,931	89,986	94,766	89,381	95,622	80,480	72,588	8,053
Interest	43,136	46,800	66,435	39,585	268,549	424,779	78,653	28,506	8,574	8,828
Other	77,078	92,086	57,253	149,832	251,930	104,836	163,317	26,186	47,471	97,084
<b>Total revenues</b>	<b>5,503,318</b>	<b>5,508,195</b>	<b>5,653,448</b>	<b>6,518,489</b>	<b>9,573,770</b>	<b>8,753,841</b>	<b>8,604,726</b>	<b>8,135,843</b>	<b>8,206,399</b>	<b>8,114,223</b>
<b>Expenditures</b>										
General government	1,374,853	1,444,181	1,714,411	1,636,903	1,651,010	1,785,419	1,858,910	1,922,249	2,093,768	2,034,483
Public safety	2,973,522	3,320,473	3,662,618	3,829,004	6,592,799	4,944,468	4,720,489	2,255,871	2,279,863	2,269,712
Correction Services	-	-	-	-	-	-	-	2,416,673	2,360,817	2,592,194
Miscellaneous	97,247	120,402	125,208	364,317	264,012	254,258	284,176	203,003	150,662	338,346
Debt service (including Jail)	643,310	409,851	217,921	184,429	210,238	1,225,548	1,116,141	1,097,607	1,217,075	1,060,601
Capital outlay	245,998	412,802	313,499	339,596	446,701	388,077	527,236	232,933	217,680	825,264
<b>Total expenditures</b>	<b>5,334,930</b>	<b>5,707,709</b>	<b>6,033,657</b>	<b>6,354,249</b>	<b>9,164,760</b>	<b>8,597,770</b>	<b>8,506,952</b>	<b>8,128,336</b>	<b>8,319,865</b>	<b>9,120,600</b>
Excess (deficiency) of revenues over (under) expenditures	168,388	(199,514)	(380,209)	164,240	409,010	156,071	97,774	7,507	(113,466)	(1,006,377)
<b>Other financing sources (uses)</b>										
Proceeds from borrowing	-	-	404,188	-	-	-	250,000	-	-	500,000
Transfer in	-	-	-	193,375	492,920	488,602	118,754	173,187	123,063	134,121
Transfer out	-	-	-	(193,375)	(492,920)	(488,602)	(118,754)	(173,187)	(123,063)	(134,121)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>404,188</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>250,000</b>	<b>-</b>	<b>-</b>	<b>500,000</b>
<b>Net change in fund balance</b>	<b>\$ 168,388</b>	<b>(199,514)</b>	<b>23,979</b>	<b>164,240</b>	<b>409,010</b>	<b>156,071</b>	<b>347,774</b>	<b>7,507</b>	<b>(113,466)</b>	<b>(506,377)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>12.64%</b>	<b>7.74%</b>	<b>3.81%</b>	<b>3.07%</b>	<b>2.41%</b>	<b>14.93%</b>	<b>13.99%</b>	<b>13.90%</b>	<b>15.02%</b>	<b>12.79%</b>

Table 5

**COUNTY OF SAGADAHOC, MAINE**  
**Program Revenues by Function/Program**  
**Last Eight Fiscal Years**  
**(accrual basis of accounting)**

Function/Program	Program revenues by Fiscal Year							
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities:								
General government	\$ 585,021	453,356	619,110	463,061	413,546	389,262	406,522	452,941
Public safety	493,706	399,512	535,884	542,537	570,544	225,195	259,237	204,773
Correction Services	-	-	-	-	-	152,457	152,573	152,534
Capital Outlay	-	5,594	-	-	-	-	-	-
Miscellaneous	-	383,549	28,859	96,973	-	-	-	-
<b>Total governmental activities</b>	<b>\$ 1,078,727</b>	<b>1,242,011</b>	<b>1,183,853</b>	<b>1,102,571</b>	<b>984,090</b>	<b>766,914</b>	<b>818,332</b>	<b>810,248</b>

Only eight years have been presented because 2005 was the year GASB Statement No. 34 was implemented.

**COUNTY OF SAGadahoc, MAINE**  
**Assessed Value of Taxable Property**  
**Last Ten Fiscal Years**

Year *	State Valuation (a)	County Tax	Total Direct Tax Value (b)
2003	\$ 2,142,750,000	4,456,920	2.0800
2004	2,370,500,000	4,114,804	1.7358
2005	2,674,700,000	4,508,954	1.6858
2006	3,120,800,000	5,242,944	1.6800
2007 (c)	3,608,800,000	8,120,000	2.2500
2008	4,161,650,000	7,232,232	1.7378
2009	4,527,600,000	7,232,232	1.5974
2010	4,704,200,000	7,232,232	1.5374
2011	4,558,500,000	7,232,232	1.5865
2012	4,369,500,000	7,608,238	1.7412

(a) County taxes are assessed based on State Valuation. Each municipality within the County presents their own classes of real and personal property values and each municipality has its own ratio of assessed value to actual value.

(b) Per \$1,000 of assessed value.

(c) The large increase in taxes for fiscal year 2007 is due primarily to the construction and operation of Two Bridges Regional Jail.

\* Year in which tax was committed.

**COUNTY OF SAGADAHOC, MAINE**  
**Governmental Activities Tax Revenue by Source**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

<u>Year *</u>	<u>Arrowsic</u>	<u>Bath</u>	<u>Bowdoin</u>	<u>Bowdoinham</u>	<u>Georgetown</u>	<u>Phippsburg</u>	<u>Richmond</u>	<u>Topsham</u>	<u>West Bath</u>	<u>Woolwich</u>	<u>Total</u>
2003	\$ 90,376	1,141,608	228,696	247,936	356,824	513,656	305,968	942,032	296,088	333,736	4,456,920
2004	85,490	1,032,824	204,048	226,614	351,854	459,650	266,017	874,515	297,436	316,356	4,114,804
2005	99,292	1,095,757	219,067	231,879	424,226	526,637	273,686	935,270	316,168	386,971	4,508,954
2006	108,864	1,265,880	246,456	267,288	530,796	615,048	300,048	1,068,564	399,756	440,244	5,242,944
2007(a)	150,979	1,858,321	403,097	421,660	862,446	1,012,075	459,461	1,665,829	621,128	665,004	8,120,000
2008	135,203	1,626,955	345,220	399,527	851,882	980,656	410,649	1,378,185	550,631	553,324	7,232,232
2009	138,136	1,633,038	338,468	399,219	844,002	1,008,896	430,318	1,319,159	555,435	565,561	7,232,232
2010	151,154	1,516,599	357,272	411,514	809,287	994,432	459,247	1,402,330	558,328	572,069	7,232,232
2011	153,323	1,489,840	373,906	423,809	820,858	1,018,298	444,059	1,329,284	563,391	615,464	7,232,232
2012	155,969	1,575,666	393,346	427,583	856,688	1,080,370	457,255	1,402,198	607,898	651,265	7,608,238

(a) The large increase in taxes for fiscal year 2007 is due primarily to the construction and operation of Two Bridges Regional Jail. A bill was enacted by the Maine State Legislature in 2003 to create the Lincoln and Sagadahoc Multicounty Jail Authority for the purpose of building and operating a new jail. In a cost sharing agreement between the two counties, each county is to pay one half of the debt service and capital expense. The operating expense is to be paid based on prison population from each county. The Jail Authority issued revenue bonds June 1, 2005 in the amount of \$24,600,000 with the first principal payment due December 1, 2006. The jail opened and began operating in December of 2006. Sagadahoc County's estimated share of operating expenditures was 43% but the Commissioners opted to raise 50% of the operating budget due to the uncertainty of the cost to operate the new facility.

\* - Year in which tax was committed.

Table 8

**COUNTY OF SAGADAHOC, MAINE**  
**Principal Property Taxpayers/Total Tax Levy**  
**Current Year and Ten Years Ago**

Taxpayer	2012			2002		
	State Taxable Assessed Valuation	Rank	Percentage of State Taxable Assessed Valuation	State Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Bath	\$ 905,000,000	1	20.71%	548,850,000	1	25.61%
Topsham	805,150,000	2	18.43%	452,900,000	2	21.14%
Phippsburg	620,450,000	3	14.20%	246,950,000	3	11.52%
Georgetown	492,200,000	4	11.26%	171,550,000	5	8.01%
Woolwich	374,050,000	5	8.56%	160,450,000	4	7.49%
West Bath	349,200,000	6	7.99%	142,350,000	6	6.64%
Richmond	262,600,000	7	6.01%	147,100,000	7	6.87%
Bowdoinham	245,400,000	8	5.62%	119,200,000	8	5.56%
Bowdoin	225,700,000	9	5.17%	109,950,000	9	5.13%
Arrowsic	89,750,000	10	2.05%	43,450,000	10	2.03%
	<b>\$ 4,369,500,000</b>		<b>100.00%</b>	<b>2,142,750,000</b>		<b>100.00%</b>

The County of Sagadahoc receives one hundred percent of its tax revenue from the ten towns within its boundaries. All taxes levied have been collected.

**COUNTY OF SAGADAHOC, MAINE**  
**Ratios of Outstanding by Debt Type**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>General Obligation Bonds / Notes</u>	<u>Capital Lease</u>	<u>Governmental Expense Bond</u>	<u>Total Primary Government</u>	<u>Population (a)</u>	<u>Per Capita Income (a)</u>	<u>Personal Income</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>	<u>Percentage of Estimated State Taxable Value of Property</u>
2003	\$ 240,000	156,614	455,900	852,514	35,214	19,533	717,590,892	0.12%	43.64	0.04%
2004	180,000	61,695	198,600	440,295	35,214	19,533	717,590,892	0.06%	22.54	0.02%
2005	120,000	358,268	162,400	640,668	35,214	19,533	717,590,892	0.09%	32.80	0.02%
2006	60,000	290,228	66,200	416,428	35,214	19,533	717,590,892	0.06%	21.32	0.01%
2007	-	225,861	-	225,861	35,214	19,533	717,590,892	0.03%	11.56	0.01%
2008	-	-	-	-	35,214	19,533	717,590,892	0.00%	-	0.00%
2009	-	221,785	-	221,785	35,214	19,533	717,590,892	0.03%	11.35	0.01%
2010	-	181,386	-	181,386	35,214	26,769	942,643,566	0.02%	6.78	0.03%
2011	-	-	-	-	35,293	26,769	944,758,317	0.00%	-	0.00%
2012	500,000	-	-	500,000	35,293	26,983	952,311,019	0.05%	18.53	0.01%

(a) U.S. Department of Commerce, Bureau of Census.

Pre-2010 information on population and personal income were based on 2000 Census.

**COUNTY OF SAGadahoc, MAINE**  
**Legal Debt Margin Information**  
**June 30, 2012**

The amount of debt a Maine county or municipality may have is governed by Title 30-A M.R.S.A. section 5702. The law limits total debt and debt for specific categories. Total debt cannot exceed 15% of the County's last full State Valuation. Debt for specific categories is limited to a percentage of State valuation. As the following table indicates, the County is in compliance with the total and categorical debt limits:

**Legal Debt Margin Calculation for Fiscal Year 2012**

State Valuation	\$ 4,369,500,000
Debt Limit - 15% of State Valuation	655,425,000
Less outstanding debt applicable to debt limit	500,000
<b>Legal Debt Margin</b>	<b>\$ 654,925,000</b>

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt limit	\$ 321,412,500	355,575,000	401,205,000	468,120,000	541,320,000	624,247,500	679,140,000	705,630,000	683,775,000	655,425,000
Total debt applicable to limit	852,514	440,295	640,668	416,428	225,861	-	221,785	181,386	-	500,000
<b>Legal debt margin</b>	<b>\$ 320,559,986</b>	<b>355,134,705</b>	<b>400,564,332</b>	<b>467,703,572</b>	<b>541,094,139</b>	<b>624,247,500</b>	<b>678,918,215</b>	<b>705,448,614</b>	<b>683,775,000</b>	<b>654,925,000</b>
Total debt applicable to the limit as a percentage of debt limit	0.27%	0.12%	0.16%	0.09%	0.04%	0.00%	0.03%	0.03%	0%	0.07%

**COUNTY OF SAGadahoc, MAINE**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population (a)</u>	<u>Personal Income</u>	<u>Per Capita Personal Income (b)</u>	<u>Unemployment Rate (b)</u>
2003	35,214	\$ 717,590,892	20,378	3.50%
2004	35,214	717,590,892	20,378	3.90%
2005	35,214	717,590,892	20,378	3.70%
2006	35,214	717,590,892	20,378	4.30%
2007	35,214	717,590,892	20,378	4.00%
2008	35,214	717,590,892	20,378	4.00%
2009	35,214	717,590,892	20,378	7.00%
2010	35,214	942,643,566	26,769	7.00%
2011	35,293	944,758,317	26,769	7.00%
2012	35,293	952,311,019	26,983	6.50%

(a) U.S. Department of Commerce, Bureau of Census.

(b) State of Maine Center for Workforce Research and Information.

Pre-2010 information on population and personal income were based on 2000 Census.

**COUNTY OF SAGADAHOC, MAINE**  
**Full-time Equivalent County Employees by Function/Program**  
**Last Ten Fiscal Years**

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General government										
Administration (a)	10.5	10.5	10	10	9	8	8.5	9	9.5	9
District Attorney	2	3	3	3	3	3	4	4	4	4
D. A. Grant Positions	1	2	2	2	2	2	1	1	1	1
Registrar of Deeds (c)	3.5	3.5	3.5	3.5	3.5	3.5	3	3	3	3
Register of Probate	3.5	3.5	3.5	3.5	3.5	3.5	2.5	3.5	3.5	3.5
Public safety										
Sheriff	17.5	16.5	16.5	16.5	20	20	21	21	21	22
Sheriff Grant Positions	2	-	-	-	1	1	-	-	-	-
Transport/Corrections (d)	9	11	11.5	11.5	8	8	5	4.5	5.5	4.5
Communications (b)	10.5	10.5	14.5	14.5	14.5	14	15	15	16	16
Emergency Management	1	1	1	1	1.5	1.5	1.5	1.5	1.5	1.5
<b>Total</b>	<b>60.5</b>	<b>61.5</b>	<b>65.5</b>	<b>65.5</b>	<b>66</b>	<b>64.5</b>	<b>61.5</b>	<b>62.5</b>	<b>65</b>	<b>64.5</b>

Note: The information in this table is taken from the County of Sagadahoc's adopted budget for the corresponding fiscal year. All of the positions may or may not have been filled as of June 30 of any given year. Elected officials are counted as full time employees even though they may work less than a full work week. The District Attorneys are Assistant District Attorneys and state employees.

(a) In fiscal year 2007, several departments were combined to form an Administration Department. Data from prior years has been combined to be consistent with current the organization.

(b) In 2005 the Communications Center began dispatching for the Town of Topsham and added additional staff to handle the additional work load.

(c) In fiscal year 2008, the part time person from the Registrar of Deeds became the part time person within the Administration office.

(d) In fiscal year 2008, the State of Maine combined the County Jails with the State Corrections, Sagadahoc County now has minimal staff within the Transport Division.