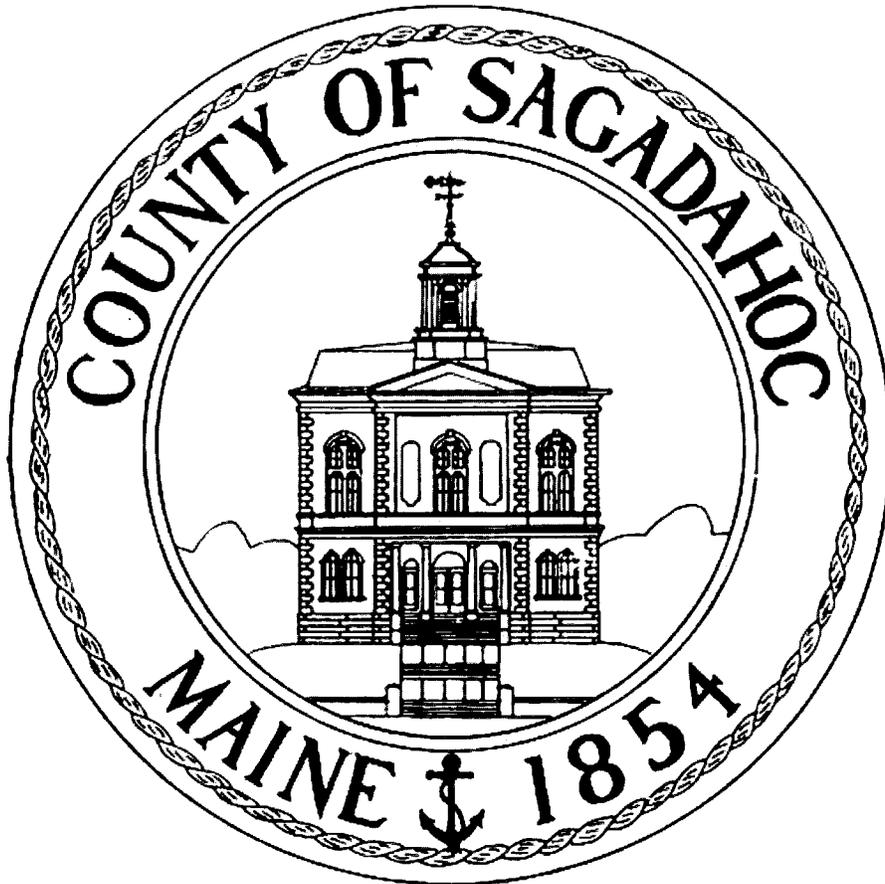


# COUNTY OF SAGADAHOC, MAINE



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2014**



**COUNTY OF SAGADAHOC, MAINE**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2014**

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# **INTRODUCTORY SECTION**



**COUNTY OF SAGADAHOC, MAINE**  
**LIST OF ELECTED AND APPOINTED OFFICIALS**  
**June 30, 2014**

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Elected Officials

|                          |                       |
|--------------------------|-----------------------|
| Commissioner, District 1 | Charles Crosby        |
| Commissioner, District 2 | Carol Grose, Chair    |
| Commissioner, District 3 | Lawrence M. Dawson    |
| 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  |
| Communications Director       | Brodie Hinckley |
| Emergency Management Director | Eric Sawyer     |



# **FINANCIAL SECTION**



## Independent Auditor's Report

Board of Commissioners  
County of Sagadahoc, Maine:

### **Report on the Financial Statements**

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, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Board of Commissioners  
County of Sagadahoc, Maine

***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, 2014, and the respective changes in financial position and the respective budgetary comparison for the General Fund and Correction Services for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

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

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Sagadahoc, Maine's basic financial statements. The combining and individual nonmajor fund financial statements, introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are 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 them.

Board of Commissioners  
County of Sagadahoc, Maine

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2015 on our consideration of the County of Sagadahoc, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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* in considering the County of Sagadahoc, Maine's internal control over financial reporting and compliance.



January 5, 2015  
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 TO THE  
ADMINISTRATOR  
[rdayton@sagcounty.com](mailto:rdayton@sagcounty.com)  
Phone: (207) 443-8202  
Fax: (207) 443-8213

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### COUNTY OF SAGADAHOC, MAINE Management's Discussion and Analysis Fiscal Year Ended June 30, 2014

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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, 2014. 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 POSITION

- **COUNTY'S NET POSITION:** The assets of the County of Sagadahoc exceeded its liabilities by \$5,085,065 at the close of the most recent fiscal year. (Statement 1) This net position is purposed as follows:

|                                  |                  |
|----------------------------------|------------------|
| Net investment in capital assets | \$ 2,677,967     |
| Restricted                       | 340,493          |
| <u>Unrestricted</u>              | <u>2,066,605</u> |
| Net Position                     | \$ 5,085,065     |

- **CHANGE IN NET POSITION:** As of June 30, 2013, the County's net position was \$5,156,364 and at the end of the current year, the County's net position was \$5,085,065, a decrease in net position in the amount of \$71,299 (Statement 2).

##### 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, 2014, the end of year fund balance for the County of Sagadahoc's governmental funds was \$2,614,399 (Statement 3) which was a decrease of \$61,946 from 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 \$1,467,186 equals approximately 56%, of the total fund balance of the governmental funds of \$2,614,399 (Statement 3). The General Fund unassigned fund balance of \$1,467,186 equals approximately 26% of the County's total General Fund expenditures of \$5,590,578 (Statement 4), and 17% of the General and Correction Services Funds expenditures and transfers of \$8,589,931.

**COUNTY OF SAGADAHOC, MAINE**  
**Management's Discussion and Analysis, Continued**

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- **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 was required to account for corrections revenues and expenditures separately from non-corrections-related revenues and expenditures. As of June 30, 2014, the Correction Services Fund balance was \$155,615.

**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 position* presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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*.

**COUNTY OF SAGADAHOC, MAINE**  
**Management's Discussion and Analysis, Continued**

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The County of Sagadahoc maintains twenty 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 Projects Fund, all of which are considered to be a major funds. Data from the other seventeen 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 POSITION**  
**(ALL GOVERNMENT FUNDS – Statements 1 & 2)**

As noted earlier, net position 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 \$5,085,065 at the close of the most recent fiscal year (Statements 1 and 2).

A large portion of the value of the County's net position, \$2,677,967 (Statement 1), or 53% of the total net position amount of \$5,085,065, 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 \$356,636 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 has net position in the amount of \$340,493 (7%) that is restricted and cannot be used to meet the government's ongoing obligations. The County's unrestricted net position, \$2,066,605 (Statement 1) or 40% of the total net position of \$5,085,065 may be used to meet the government's ongoing obligations.

|  |                  |
|--|------------------|
| Net investment in capital assets             | \$ 2,677,967     |
| Restricted                                   | 340,493          |
| Unrestricted                                 | <u>2,066,605</u> |
| Total amount of government-wide net position | \$ 5,085,065     |

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 position decreased by \$71,299 during the fiscal year (Statements 1 and 2).

**COUNTY OF SAGADAHOC, MAINE**  
**Management's Discussion and Analysis, Continued**

**Statement of Net Position**

|                                    | <b><u>2013</u></b>  | <b><u>2014</u></b> |
|------------------------------------|---------------------|--------------------|
| <b>ASSETS</b>                      |                     |                    |
| Current and other assets           | \$ 2,838,859        | 2,850,549          |
| <u>Capital assets</u>              | <u>3,098,466</u>    | <u>3,034,603</u>   |
| <u>Total assets</u>                | <u>5,937,325</u>    | <u>5,885,152</u>   |
| <b>LIABILITIES</b>                 |                     |                    |
| Noncurrent liabilities outstanding | 618,447             | 563,937            |
| <u>Other liabilities</u>           | <u>162,514</u>      | <u>236,150</u>     |
| <u>Total liabilities</u>           | <u>780,961</u>      | <u>800,087</u>     |
| <b>NET POSITION</b>                |                     |                    |
| Net investment in capital assets   | 2,699,779           | 2,677,967          |
| Restricted                         | 309,367             | 340,493            |
| Unrestricted                       | 2,147,218           | 2,066,605          |
| <u>Total net position</u>          | <u>5,156,364</u>    | <u>5,085,065</u>   |
| <b>Change in net position</b>      | <b>\$ (221,633)</b> | <b>(71,299)</b>    |

**Capital Assets**

The County of Sagadahoc's net investment in capital assets for its governmental activities as of June 30, 2014 amounts to \$2,677,967 (net of accumulated depreciation and related debt). This investment in capital assets includes land, improvements, buildings, machinery and equipment and vehicles. The total decrease in the County's investment in capital assets for the current fiscal year was \$21,812, or 0.4% of the total capital assets. (See above 2014 Capital Assets of \$2,677,967 less 2013 Capital Assets of \$2,699,779).

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

**Revenue**

Total County revenue for the fiscal year ended June 30, 2014 was \$8,749,153 (\$5,675,268 in General Fund; \$2,810,515 for Corrections; \$263,370 Other Funds). The revenue was derived from the following sources:

|                              | <u>General Fund</u> | <u>Corrections</u> | <u>Capital &amp;<br/>Other Funds</u> | <u>Total</u>     |
|------------------------------|---------------------|--------------------|--------------------------------------|------------------|
| County tax assessments       | \$ 5,184,969        | 2,657,105          | -                                    | 7,842,074        |
| Fees                         | 384,616             | -                  | -                                    | 384,616          |
| Grants and intergovernmental | 67,150              | 153,410            | 175,423                              | 395,983          |
| Charges for services         | 9,181               | -                  | -                                    | 9,181            |
| Investment income            | 7,737               | -                  | 490                                  | 8,227            |
| Other                        | 21,615              | -                  | 87,457                               | 109,072          |
| <b>Total revenue</b>         | <b>5,675,268</b>    | <b>2,810,515</b>   | <b>263,370</b>                       | <b>8,749,153</b> |

**COUNTY OF SAGADAHOC, MAINE**  
**Management's Discussion and Analysis, Continued**

**Expenditures**

|                           | <u>General Fund</u> | <u>Corrections</u> | <u>Capital &amp;<br/>Other Funds</u> | <u>Total</u>     |
|---------------------------|---------------------|--------------------|--------------------------------------|------------------|
| General government        | \$ 2,252,314        | -                  | -                                    | 2,252,314        |
| Public safety             | 2,326,863           | -                  | -                                    | 2,326,863        |
| Corrections               | -                   | 2,815,324          | -                                    | 2,815,324        |
| Miscellaneous             | -                   | -                  | 245,221                              | 245,221          |
| Debt service - Jail bond  | 950,213             | -                  | -                                    | 950,213          |
| Debt service - Courthouse | 61,188              | -                  | -                                    | 61,188           |
| Capital outlay            | -                   | -                  | 159,976                              | 159,976          |
| Total expenditures        | <u>\$ 5,590,578</u> | <u>2,815,324</u>   | <u>405,197</u>                       | <u>8,811,099</u> |

**GENERAL FUND**

In FY 2013-14, the County collected revenue for the General Fund in the amount of \$5,675,268 which is \$202,592 more than the revenues collected in 2012-2013. The amount of revenue collected by the County through tax assessments to municipalities of general operations, \$5,184,969, increased by \$233,836 from year 2012-13.

Total County General Fund expenditures for the fiscal year ended June 30, 2014 were \$5,590,578. Total County General Fund expenditures for the current year were \$137,944 higher than the total County General Fund expenditures for the prior year. The budgeted funding gap created by the excess of all expenditures over all revenues was satisfied by applying a portion of the unassigned fund balance that existed as of June 30, 2014 to offset the amount the County needed to raise from taxes (as allowed by law).

| <b><u>General Fund</u></b>                               | <b><u>2013</u></b> | <b><u>2014</u></b> |
|--|--------------------|--------------------|
| Total revenues   | \$ 5,472,676       | 5,675,268          |
| Increase in revenues compared to prior year              | 259,815            | 202,592            |
| Total expenditures for non-corrections services          | 5,452,634          | 5,590,578          |
| Increase in expenditures compared to prior year          | 45,204             | 137,944            |
| <b>EXCESS OF GENERAL FUND REVENUES OVER EXPENDITURES</b> | <b>\$ 20,042</b>   | <b>84,690</b>      |

During the fiscal year ended June 30, 2014, the General Fund balance decreased by \$99,339 on a GAAP basis (decrease was \$80,714 on a budgetary basis) compared to the prior year.

|  |                  |
|--|------------------|
| Fund balance - General Fund, beginning of year | \$ 2,243,863     |
| Fund balance - General Fund, end of year       | <u>2,144,524</u> |
| Net change in fund balance - General Fund      | \$ (99,339)      |

**General Fund Balance**

At the end of the current fiscal year, the total amount of the General Fund balance was \$2,144,524 which was made up of \$187,896 Committed, \$341,320 Assigned, \$148,122 Nonspendable and \$1,467,186 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.

**COUNTY OF SAGADAHOC, MAINE**  
**Management's Discussion and Analysis, Continued**

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**CORRECTION SERVICES FUND**

In 2013-2014, the County collected correction services fund revenue in the amount of \$2,810,515 which is \$625 less than the revenues collected in 2012-2013. The amount of revenue collected by the County through tax assessments to municipalities for correction services operations, \$2,657,105, has not increased from FY 2012-13.

Total County Correction Services Fund expenditures for the fiscal year ended June 30, 2014 were \$2,815,324. See Statement 6A and detail below. Total County Correction Services Fund expenditures for the current year were \$35,769 higher than the total County correction services fund expenditures for the prior year.

| <b><u>Correction Services Fund Revenues</u></b>                                   | <b><u>2013</u></b> | <b><u>2014</u></b> |
|---|--------------------|--------------------|
| Total revenues for Corrections Services   | \$ 2,811,140       | 2,810,515          |
| Increase in revenues compared to prior year                                       | 180,628            | 625                |
| <br>  |                    |                    |
| Total expenditures for Corrections-related Services                               | 2,779,555          | 2,815,324          |
| (Increase) decrease in expenditures compared to prior year                        | 187,361            | (35,769)           |
| <br>  |                    |                    |
| <b>EXCESS (DEFICIENCY) OF GENERAL FUND REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>\$ 31,585</b>   | <b>\$ (4,809)</b>  |

During the fiscal year ended June 30, 2014, the Correction Services Fund balance decreased by \$4,809 compared to the prior year.

|  |                |
|--|----------------|
| Fund balance - Corrections, beginning of year  | \$ 160,424     |
| <u>Fund balance - Corrections, end of year</u> | <u>155,615</u> |
| Net change in fund balance - Corrections       | \$ (4,809)     |

**OTHER GOVERNMENTAL FUNDS**

State statutes also allow the Commissioners to appropriate net position 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, 2014 is \$7,780,000 (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 required 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 2013-2014, Sagadahoc County received \$153,410 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).

**COUNTY OF SAGADAHOC, MAINE**  
**Management's Discussion and Analysis, Continued**

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Corrections funds in the amount of \$2,815,324 (Statement 6A) were expended as follows:

|   |                  |
|---|------------------|
| Two Bridges Regional Jail Assessment for Operations | \$ 2,380,676     |
| County Services for Prisoner Transport              | 251,927          |
| Adult Alternative Sentencing Programs               | 145,000          |
| Distribution of Surplus                             | <u>37,721</u>    |
| Total Expenditures                                  | 2,815,324        |
| <br>  |                  |
| Total Revenues                                      | 2,810,515        |
| Less Expenditures                                   | <u>2,815,324</u> |
| End of Year Corrections deficit                     | \$ (4,809)       |

When combined with the fund balance at the beginning of the year, the fund balance as of June 30, 2014 is \$155,615.

**Looking Forward**

- The combined budgets for FY 2014-15 equal \$8,868,063, which is an increase of 1.9% when compared to the current fiscal year combined budgets of \$8,699,550. A further breakdown indicates the following:

|                     | <u>Operating</u> | <u>Debt Service</u> | <u>Capital Reserve</u> | <u>Jail</u>      | <u>Combined</u>  |
|---------------------|------------------|---------------------|------------------------|------------------|------------------|
| 2014-15             | \$ 5,086,172     | 986,801             | 137,985                | 2,657,105        | 8,868,063        |
| <u>2013-14</u>      | <u>4,877,644</u> | <u>1,011,401</u>    | <u>153,400</u>         | <u>2,657,105</u> | <u>8,699,550</u> |
| Increase (decrease) | \$ 208,528       | (24,600)            | (15,415)               | -                | 168,513          |

- The amount to be raised through taxes has increased by \$221,785 (2.8%), from \$7,842,074 in FY 2013-14 to \$8,063,859 in FY 2014-15, which is attributable primarily to increases in benefits costs and a decrease in the amount available from reserve funds.
- The budget utilizes the estimated reserve balance in excess of 15% to offset this year's tax levy which equals \$341,320, which is a decrease of \$74,763 from the previous year. It is important to note that the use of these funds, combined with more realistic estimations of revenues and expenditures, will continue to significantly reduce the amount of reserves available for use in subsequent years.
- Costs associated with the operation of the TBRJ, including debt service, represent approximately 40% of the entire FY 2014-15 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. Fortunately, we were able to refinance the outstanding bonds in July of 2014, which resulted in a savings to Sagadahoc County of approximately \$433,000 over the remaining life of the debt.

- 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 2015-16 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.

## **BASIC FINANCIAL STATEMENTS**



**COUNTY OF SAGADAHOC, MAINE**  
**Statement of Net Position**  
**June 30, 2014**

|  | <b>Governmental<br/>Activities</b> |
|--|------------------------------------|
| <b>ASSETS</b>                                    |                                    |
| Cash and cash equivalents                        | \$ 2,642,354                       |
| Accounts receivable                              | 60,073                             |
| Prepaid items                                    | 148,122                            |
| Capital assets not being depreciated             | 62,198                             |
| Capital assets (net of accumulated depreciation) | 2,972,405                          |
| Total assets                                     | 5,885,152                          |
| <b>LIABILITIES</b>                               |                                    |
| Accounts payable and other current liabilities   | 236,150                            |
| Noncurrent liabilities:                          |                                    |
| Due within one year                              | 44,069                             |
| Due after one year                               | 519,868                            |
| Total liabilities                                | 800,087                            |
| <b>NET POSITION</b>                              |                                    |
| Net investment in capital assets                 | 2,677,967                          |
| Restricted                                       | 340,493                            |
| Unrestricted                                     | 2,066,605                          |
| Total net position                               | \$ 5,085,065                       |

*See accompanying notes to financial statements.*

**COUNTY OF SAGADAHOC, MAINE**  
**Statement of Activities**  
**For the Year Ended June 30, 2014**

| Functions/Programs               | Expenses            | Program Revenues        |  |  | Net (Expense) Revenue and<br>Changes in Net Position |
|----------------------------------|---------------------|-------------------------|--|--|--|
|                                  |                     | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Primary Government                                   |
|                                  |                     |                         |  |  | Total<br>Governmental<br>Activities                  |
| <b>Primary government:</b>       |                     |                         |  |  |  |
| Governmental activities:         |                     |                         |  |  |  |
| General government               | \$ 2,279,449        | 471,497                 | -  | -                                      | (1,807,952)  |
| Public safety                    | 3,466,246           | 9,181                   | 218,076                                  | -                                      | (3,238,989)  |
| Correction services              | 2,810,399           | -                       | 153,410                                  | -                                      | (2,656,989)  |
| Miscellaneous                    | 245,221             | -                       | -  | -                                      | (245,221)  |
| Interest on long-term debt       | 19,137              | -                       | -  | -                                      | (19,137)   |
| Total governmental activities    | 8,820,452           | 480,678                 | 371,486                                  | -                                      | (7,968,288)  |
| <b>Total primary government</b>  | <b>\$ 8,820,452</b> | <b>480,678</b>          | <b>371,486</b>                           | <b>-</b>                               | <b>(7,968,288)</b>                                   |
| General revenues:                |                     |                         |  |  |  |
| Tax assessments                  |                     |                         |  |  | 7,842,074  |
| Miscellaneous                    |                     |                         |  |  | 46,688   |
| Unrestricted investment earnings |                     |                         |  |  | 8,227  |
| Total general revenues           |                     |                         |  |  | 7,896,989  |
| Changes in net position          |                     |                         |  |  | (71,299)   |
| Net position - beginning         |                     |                         |  |  | 5,156,364  |
| <b>Net position - ending</b>     |                     |                         |  | <b>\$</b>                              | <b>5,085,065</b>                                     |

**COUNTY OF SAGADAHOC, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2014**

|   | General<br>Fund     | Correction<br>Services<br>Fund | Capital<br>Projects<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|--------------------------------|-----------------------------|--------------------------------|--------------------------------|
| <b>ASSETS</b>   |                     |                                |                             |                                |                                |
| Cash and cash equivalents   | \$ 2,641,814        | -                              | -                           | 540                            | 2,642,354                      |
| Accounts receivable   | 60,073              | -                              | -                           | -                              | 60,073                         |
| Prepaid expenditures  | 148,122             | -                              | -                           | -                              | 148,122                        |
| Due from other funds  | -                   | 155,615                        | 133,314                     | 180,986                        | 469,915                        |
| <b>Total assets</b>   | <b>\$ 2,850,009</b> | <b>155,615</b>                 | <b>133,314</b>              | <b>181,526</b>                 | <b>3,320,464</b>               |
| <b>LIABILITIES AND FUND BALANCES</b>  |                     |                                |                             |                                |                                |
| Liabilities:  |                     |                                |                             |                                |                                |
| Accounts payable  | 139,297             | -                              | -                           | 580                            | 139,877                        |
| Accrued wages and benefits payable  | 96,273              | -                              | -                           | -                              | 96,273                         |
| Due to other funds  | 469,915             | -                              | -                           | -                              | 469,915                        |
| <b>Total liabilities</b>  | <b>705,485</b>      | <b>-</b>                       | <b>-</b>                    | <b>580</b>                     | <b>706,065</b>                 |
| Fund balances:  |                     |                                |                             |                                |                                |
| Nonspendable  | 148,122             | -                              | -                           | -                              | 148,122                        |
| Restricted  | -                   | 155,615                        | -                           | 184,878                        | 340,493                        |
| Committed   | 187,896             | -                              | 133,314                     | -                              | 321,210                        |
| Assigned to 2014-15 budget  | 341,320             | -                              | -                           | -                              | 341,320                        |
| Unassigned  | 1,467,186           | -                              | -                           | (3,932)                        | 1,463,254                      |
| <b>Total fund balances</b>  | <b>2,144,524</b>    | <b>155,615</b>                 | <b>133,314</b>              | <b>180,946</b>                 | <b>2,614,399</b>               |
| <b>Total liabilities and fund balances</b>  | <b>\$ 2,850,009</b> | <b>155,615</b>                 | <b>133,314</b>              | <b>181,526</b>                 |                                |
| Amounts reported for governmental activities in the statement of net position are different because:  |                     |                                |                             |                                |                                |
| Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.  |                     |                                |                             |                                | 3,034,603                      |
| 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. |                     |                                |                             |                                | (563,937)                      |
| <b>Net position of governmental activities</b>  |                     |                                |                             |                                | <b>\$ 5,085,065</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, 2014**

|  | General<br>Fund     | Correction<br>Services<br>Fund | Capital<br>Projects<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|--------------------------------|-----------------------------|--------------------------------|--------------------------------|
| <b>Revenues:</b>   |                     |                                |                             |                                |                                |
| Taxes  | \$ 5,184,969        | 2,657,105                      | -                           | -                              | 7,842,074                      |
| Fees   | 384,616             | -                              | -                           | -                              | 384,616                        |
| Intergovernmental  | 67,150              | 153,410                        | -                           | 175,423                        | 395,983                        |
| Charges for services   | 9,181               | -                              | -                           | -                              | 9,181                          |
| Interest   | 7,737               | -                              | -                           | 490                            | 8,227                          |
| Other  | 21,615              | -                              | -                           | 87,457                         | 109,072                        |
| <b>Total revenues</b>  | <b>5,675,268</b>    | <b>2,810,515</b>               | <b>-</b>                    | <b>263,370</b>                 | <b>8,749,153</b>               |
| <b>Expenditures:</b>   |                     |                                |                             |                                |                                |
| <b>Current:</b>  |                     |                                |                             |                                |                                |
| General government   | 2,252,314           | -                              | -                           | -                              | 2,252,314                      |
| Public safety  | 2,326,863           | -                              | -                           | -                              | 2,326,863                      |
| Correction services and transport                                    | -                   | 2,815,324                      | -                           | -                              | 2,815,324                      |
| Miscellaneous  | -                   | -                              | -                           | 245,221                        | 245,221                        |
| <b>Debt service (Jail Authority):</b>                                |                     |                                |                             |                                |                                |
| Principal  | 615,000             | -                              | -                           | -                              | 615,000                        |
| Interest   | 335,213             | -                              | -                           | -                              | 335,213                        |
| <b>Debt service (Courthouse):</b>                                    |                     |                                |                             |                                |                                |
| Principal  | 42,051              | -                              | -                           | -                              | 42,051                         |
| Interest   | 19,137              | -                              | -                           | -                              | 19,137                         |
| Capital outlay   | -                   | -                              | 159,976                     | -                              | 159,976                        |
| <b>Total expenditures</b>  | <b>5,590,578</b>    | <b>2,815,324</b>               | <b>159,976</b>              | <b>245,221</b>                 | <b>8,811,099</b>               |
| <b>Excess (deficiency) of revenues over<br/>(under) expenditures</b> | <b>84,690</b>       | <b>(4,809)</b>                 | <b>(159,976)</b>            | <b>18,149</b>                  | <b>(61,946)</b>                |
| <b>Other funding sources (uses):</b>                                 |                     |                                |                             |                                |                                |
| Transfers from other funds   | -                   | -                              | 170,175                     | 13,854                         | 184,029                        |
| Transfers to other funds   | (184,029)           | -                              | -                           | -                              | (184,029)                      |
| <b>Total other financing sources and (uses)</b>                      | <b>(184,029)</b>    | <b>-</b>                       | <b>170,175</b>              | <b>13,854</b>                  | <b>-</b>                       |
| <b>Net changes in fund balances</b>                                  | <b>(99,339)</b>     | <b>(4,809)</b>                 | <b>10,199</b>               | <b>32,003</b>                  | <b>(61,946)</b>                |
| <b>Fund balances, beginning of year</b>                              | <b>2,243,863</b>    | <b>160,424</b>                 | <b>123,115</b>              | <b>148,943</b>                 | <b>2,676,345</b>               |
| <b>Fund balances, end of year</b>                                    | <b>\$ 2,144,524</b> | <b>155,615</b>                 | <b>133,314</b>              | <b>180,946</b>                 | <b>2,614,399</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, 2014**

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|  |    |          |
|--|----|----------|
| Net change in fund balances - total governmental funds | \$ | (61,946) |
|--|----|----------|

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 depreciation expense (\$299,746) and loss on disposal of assets (\$35,761) exceeded capital outlay (\$271,644). (63,863)

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 position. Also, interest is expended when paid in the governmental funds, but accrued in the statement of activities. This is the amount of capital lease principal repayments. 42,051

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. 12,459

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|  |           |                 |
|--|-----------|-----------------|
| <b>Change in net position of governmental activities</b> | <b>\$</b> | <b>(71,299)</b> |
|--|-----------|-----------------|

*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, 2014**

|                             | General Fund       |                 |           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------|--------------------|-----------------|-----------|---|
|                             | Original<br>Budget | Final<br>Budget | Actual    |   |
| <b>REVENUES</b>             |                    |                 |           |   |
| Taxes:                      |                    |                 |           |   |
| Tax assessments             | \$ 5,184,969       | 5,184,969       | 5,184,969 | -   |
| Total taxes                 | 5,184,969          | 5,184,969       | 5,184,969 | -   |
| Fees:                       |                    |                 |           |   |
| District attorney           | 4,500              | 4,500           | 8,520     | 4,020   |
| Register of deeds           | 265,000            | 265,000         | 303,165   | 38,165  |
| Register of probate         | 58,000             | 58,000          | 72,931    | 14,931  |
| Total fees                  | 327,500            | 327,500         | 384,616   | 57,116  |
| Intergovernmental:          |                    |                 |           |   |
| Federal:                    |                    |                 |           |   |
| Emergency management agency | 61,327             | 61,327          | 67,150    | 5,823   |
| Total intergovernmental     | 61,327             | 61,327          | 67,150    | 5,823   |
| Charges for services:       |                    |                 |           |   |
| Sheriff's department        | 3,500              | 3,500           | 9,181     | 5,681   |
| Total charges for services  | 3,500              | 3,500           | 9,181     | 5,681   |
| Interest earned             | 3,750              | 3,750           | 7,737     | 3,987   |
| Other revenues:             |                    |                 |           |   |
| Reimbursements and refunds  |                    |                 |           |   |
| Fuel tax refund             | 1,600              | 1,600           | 955       | (645)   |
| Miscellaneous               | 12,000             | 12,000          | 20,660    | 8,660   |
| Total other revenues        | 13,600             | 13,600          | 21,615    | 8,015   |
| Total revenues              | 5,594,646          | 5,594,646       | 5,675,268 | 80,622  |

**COUNTY OF SAGADAHOC, MAINE**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2014**

|  | General Fund       |                 |                     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|-----------------|---------------------|---|
|  | Original<br>Budget | Final<br>Budget | Actual              |   |
| <b>EXPENDITURES</b>  |                    |                 |                     |   |
| Current:   |                    |                 |                     |   |
| General government:  |                    |                 |                     |   |
| District attorney  | \$ 191,938         | 191,938         | 179,239             | 12,699  |
| Administration   | 475,639            | 475,639         | 413,159             | 62,480  |
| Buildings  | 173,426            | 173,426         | 148,055             | 25,371  |
| Register of deeds  | 156,051            | 156,051         | 146,341             | 9,710   |
| Register of probate  | 143,225            | 143,225         | 133,762             | 9,463   |
| Employee benefits  | 1,129,027          | 1,129,027       | 1,097,150           | 31,877  |
| Insurance  | 85,000             | 85,000          | 76,644              | 8,356   |
| Contingency  | 40,062             | 40,062          | -                   | 40,062  |
| Program grants   | 39,339             | 39,339          | 39,339              | -   |
| Total general government                                     | 2,433,707          | 2,433,707       | 2,233,689           | 200,018   |
| Public safety:   |                    |                 |                     |   |
| Emergency Management Agency                                  | 122,323            | 122,323         | 116,384             | 5,939   |
| Sheriff's department   | 1,388,118          | 1,388,118       | 1,343,024           | 45,094  |
| Civil process  | 29,690             | 29,690          | 29,370              | 320   |
| Communications   | 896,631            | 896,631         | 838,085             | 58,546  |
| Total public safety  | 2,436,762          | 2,436,762       | 2,326,863           | 109,899   |
| Debt service:  |                    |                 |                     |   |
| Principal (Jail Authority)                                   | 615,000            | 615,000         | 615,000             | -   |
| Interest (Jail Authority)                                    | 335,213            | 335,213         | 335,213             | -   |
| Principal (Courthouse)                                       | 42,051             | 42,051          | 42,051              | -   |
| Interest (Courthouse)  | 19,137             | 19,137          | 19,137              | -   |
| Total debt service   | 1,011,401          | 1,011,401       | 1,011,401           | -   |
| Total expenditures   | 5,881,870          | 5,881,870       | 5,571,953           | 309,917   |
| Excess (deficiency) of revenues<br>over (under) expenditures | (287,224)          | (287,224)       | 103,315             | 390,539   |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                    |                 |                     |   |
| Budgeted use of surplus                                      | 416,083            | 416,083         | -                   | (416,083)   |
| Budgeted use of fuel reserve                                 | 31,716             | 31,716          | -                   | (31,716)  |
| Transfers to other funds - special revenue                   | (7,175)            | (7,175)         | (13,854)            | (6,679)   |
| Transfers to other funds - capital projects                  | (153,400)          | (153,400)       | (170,175)           | (16,775)  |
| Total other financing sources and (uses)                     | 287,224            | 287,224         | (184,029)           | (471,253)   |
| Net changes in fund balance -<br>budgetary basis             | -                  | -               | (80,714)            | (80,714)  |
| Reconciliation from budgetary to GAAP basis:                 |                    |                 |                     |   |
| Less - Expended from committed reserves / contingency        |                    |                 | (18,625)            |   |
| Net changes in fund balance -<br>GAAP basis                  | -                  | -               | (99,339)            | (99,339)  |
| Fund balance, beginning of year                              |                    |                 | 2,243,863           |   |
| <b>Fund balance, end of year</b>                             |                    |                 | <b>\$ 2,144,524</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, 2014**

|                                      | Correction Services |                 |                   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------------------|---------------------|-----------------|-------------------|---|
|                                      | Original<br>Budget  | Final<br>Budget | Actual            |   |
| <b>REVENUES</b>                      |                     |                 |                   |   |
| Taxes:                               |                     |                 |                   |   |
| Tax assessments                      | \$ 2,657,105        | 2,657,105       | 2,657,105         | -   |
| Total taxes                          | 2,657,105           | 2,657,105       | 2,657,105         | -   |
| Intergovernmental:                   |                     |                 |                   |   |
| Community corrections / home release | 153,257             | 153,257         | 153,410           | 153   |
| Total intergovernmental              | 153,257             | 153,257         | 153,410           | 153   |
| Total revenues                       | 2,810,362           | 2,810,362       | 2,810,515         | 153   |
| <b>EXPENDITURES</b>                  |                     |                 |                   |   |
| Current:                             |                     |                 |                   |   |
| Operations - Two Bridges Jail        | 2,380,676           | 2,380,676       | 2,380,676         | -   |
| Transport programs                   | 284,686             | 284,686         | 251,927           | 32,759  |
| Adult programs                       | 145,000             | 145,000         | 145,000           | -   |
| Distribution of surplus              | -                   | -               | 37,721            | (37,721)  |
| Total expenditures                   | 2,810,362           | 2,810,362       | 2,815,324         | (4,962)   |
| Net changes in fund balances         | -                   | -               | (4,809)           | (4,809)   |
| Fund balance, beginning of year      |                     |                 | 160,424           |   |
| <b>Fund balance, end of year</b>     |                     |                 | <b>\$ 155,615</b> |   |

*See accompanying notes to financial statements.*

**COUNTY OF SAGADAHOC, MAINE**  
**Statement of Fiduciary Net Position**  
**Agency Funds**  
**June 30, 2014**

|                           | <b>Agency<br/>Funds</b> |
|---------------------------|-------------------------|
| <b>ASSETS</b>             |                         |
| Cash and cash equivalents | \$ 13,196               |
| <b>Total assets</b>       | <b>13,196</b>           |
| <b>LIABILITIES</b>        |                         |
| Accounts payable          | 4,876                   |
| Due to other governments  | 8,320                   |
| <b>Total liabilities</b>  | <b>\$ 13,196</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 evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit was made based on criteria set forth in GAAP. The criteria used define the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of these criteria and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based upon the application of these criteria, it has been determined that the County has no component units.

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the 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.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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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.

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 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.

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 Position**

**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. Prepaid Expenditures**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**4. 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 |

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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**5. 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.

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 amounted to \$207,301 for the year ended June 30, 2014.

**6. 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 position.

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

**7. 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.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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- *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. The Board of Commissioners is the highest level of decision-making authority for the government that can commit fund balance.
- *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.

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

**8. 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.

**9. Comparative Data/Reclassifications**

Comparative data for the prior year have been presented only for certain funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year’s presentation.

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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 2014 budget were held in May. The County Commissioners approved the budget on June 11, 2013. Sagadahoc County by law assesses taxes to the ten municipalities in its jurisdiction to be apportioned based on the last state valuation. The 2014 tax commitment of \$7,842,074 was assessed in August, 2013. Assessments were due September 1, 2014 with interest at 7% payable on November 1, 2014.

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

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED**

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There is no difference between the budgetary basis and generally accepted accounting principles (GAAP), except that for budgetary purposes, reserve and contingency expenditures are considered separately. 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. 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, 2014, the contingent account balance was \$100,000 and was 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, 2014 was \$1,467,186, which represents 18% of the fiscal year 2015 assessments raised of \$8,063,859.

**C. Excess of Expenditures over Appropriations**

For the year ended June 30, 2014, expenditures exceeded appropriations in the following department:

|                           |           |
|---------------------------|-----------|
| Correction Services fund: |           |
| Distribution of surplus   | \$ 37,721 |

These overexpenditures lapsed to fund balance.

**D. Deficit Fund Equity**

The following funds (all non-major special revenue funds) had deficit fund balances at June 30, 2014:

|                         |          |
|-------------------------|----------|
| VOCA                    | \$ 2,774 |
| Homeland Security 13-14 | 1,158    |

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

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**CASH AND CASH EQUIVALENTS**

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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, 2014, the County reported deposits of \$2,655,550 with bank balances of \$2,674,844. The County's deposit policy for custodial credit risk calls for F.D.I.C. insured bank accounts. \$1,767 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 | \$ 2,642,354        |
| Agency funds            | 13,196              |
| <b>Total</b>            | <b>\$ 2,655,550</b> |

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**INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

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The composition of interfund balances as of June 30, 2014, is as follows:

|                          | <u>Due from</u>   | <u>Due to</u>  |
|--------------------------|-------------------|----------------|
| General fund             | \$ 469,915        | -              |
| Correction Services fund | -                 | 155,615        |
| Capital projects fund    | -                 | 133,314        |
| Other governmental funds | -                 | 180,986        |
| <b>Total</b>             | <b>\$ 469,915</b> | <b>469,915</b> |

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<br/>Fund</u> | <u>Capital<br/>Projects<br/>Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> |
|---------------|-------------------------|--------------------------------------|---|
| Transfers in  | \$ -                    | 170,175                              | 13,854                                  |
| Transfers out | 184,029                 | -                                    | -                                       |

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

**CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014 was as follows:

|  | Balance<br><u>07/01/13</u> | <u>Additions</u> | <u>Deletions</u> | Balance<br><u>06/30/14</u> |
|--|----------------------------|------------------|------------------|----------------------------|
| Capital assets not being depreciated:              |                            |                  |                  |                            |
| Land   | \$ 62,198                  | -                | -                | 62,198                     |
| Capital assets being depreciated:                  |                            |                  |                  |                            |
| Building   | 3,733,524                  | 18,092           | -                | 3,751,616                  |
| Improvements other than buildings                  | 39,000                     | -                | -                | 39,000                     |
| Vehicles   | 561,383                    | 119,546          | (143,159)        | 537,770                    |
| Machinery and equipment                            | 1,508,253                  | 134,006          | (30,682)         | 1,611,577                  |
| <b>Total capital assets being depreciated</b>      | <b>5,842,160</b>           | <b>271,644</b>   | <b>(173,841)</b> | <b>5,939,963</b>           |
| Less accumulated depreciation for:                 |                            |                  |                  |                            |
| Building   | (1,415,013)                | (103,563)        | -                | (1,518,576)                |
| Improvements other than buildings                  | (21,613)                   | (1,950)          | -                | (23,563)                   |
| Vehicles   | (314,205)                  | (81,801)         | 119,672          | (276,334)                  |
| Machinery and equipment                            | (1,055,061)                | (112,432)        | 18,408           | (1,149,085)                |
| <b>Total accumulated depreciation</b>              | <b>(2,805,892)</b>         | <b>(299,746)</b> | <b>138,080</b>   | <b>(2,967,558)</b>         |
| <b>Total capital assets being depreciated, net</b> | <b>3,036,268</b>           | <b>(28,102)</b>  | <b>(35,761)</b>  | <b>2,972,405</b>           |
| <b>Total capital assets, net</b>                   | <b>\$ 3,098,466</b>        | <b>(28,102)</b>  | <b>(35,761)</b>  | <b>3,034,603</b>           |

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

|                                   |                   |
|-----------------------------------|-------------------|
| General government                | \$ 126,100        |
| Public safety                     | 173,646           |
| <b>Total depreciation expense</b> | <b>\$ 299,746</b> |

**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, 2014 was \$600.

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

**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, 2014:

| <u>Issuer</u>                | <u>Balance</u><br><u>07/01/13</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u><br><u>06/30/14</u> | <u>Due Within</u><br><u>One Year</u> |
|------------------------------|-----------------------------------|------------------|-------------------|-----------------------------------|--------------------------------------|
| Courthouse renovations lease | \$ 398,687                        | -                | 42,051            | 356,636                           | 44,069                               |
| Compensated absences         | 219,760                           | -                | 12,459            | 207,301                           | -                                    |
| <b>Totals</b>                | <b>\$ 618,447</b>                 | <b>-</b>         | <b>54,510</b>     | <b>563,937</b>                    | <b>44,069</b>                        |

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

The annual principal and interest requirements to amortize general long-term debt outstanding as of June 30, 2014 are as follows:

| <u>Year</u><br><u>ended</u><br><u>June 30,</u> | <u>Principal</u>  | <u>Interest</u> | <u>Total</u>   |
|--|-------------------|-----------------|----------------|
| 2015   | \$ 44,069         | 17,119          | 61,188         |
| 2016   | 46,185            | 15,003          | 61,188         |
| 2017   | 48,402            | 12,786          | 61,188         |
| 2018   | 50,725            | 10,463          | 61,188         |
| 2019   | 167,255           | 16,309          | 183,564        |
| <b>Totals</b>                                  | <b>\$ 356,636</b> | <b>71,680</b>   | <b>428,316</b> |

**OVERLAPPING DEBT AND SUBSEQUENT EVENT**

In addition to the debt noted above, the County is contingently responsible for the following debt as of June 30, 2014 (also see Joint Venture note below):

| <u>Governmental Unit</u>                         | <u>Net debt</u><br><u>outstanding</u> | <u>Percent</u><br><u>Applicable</u><br><u>to County</u> | <u>County's</u><br><u>share</u><br><u>of debt</u> |
|--|---------------------------------------|---|---|
| Lincoln and Sagadahoc Multicounty Jail Authority | \$ 15,560,000                         | 50%   | 7,780,000   |

The debt of Lincoln and Sagadahoc Multicounty Jail Authority is paid through annual assessments to the County. The debt will be fully paid in 2026. In July 2014, this bond was refinanced resulting in a change in the net debt outstanding to \$14,920,000.

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

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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.

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, 2014.

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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, 2014 was \$615,000 (principal) and \$335,213 (interest). The outstanding balance of these bonds at June 30, 2014 is \$15,560,000. Sagadahoc County's portion of this balance amounts to \$7,780,000. Sagadahoc and Lincoln Counties share of the operating budget is capped legislatively. For the fiscal year that ended June 30, 2014, 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, 2014 is as follows:

|                        |               |
|------------------------|---------------|
| Total assets           | \$ 19,391,367 |
| Total liabilities      | 15,934,366    |
| Net position           | 3,457,001     |
| Change in net position | 314,461       |

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

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

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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.

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.

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 is required to contribute to the CPPLD and the amounts contributed for the years ended June 30, 2014, 2013 and 2012 were \$171,793, \$144,768, \$126,530, respectively, less amounts applied from applicable credits. All required contributions were made by the County. 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, 2014, the remaining balance was approximately \$97,000.

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**DEFERRED COMPENSATION PLAN**

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The County offers a deferred compensation plan 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.

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, 2014, the County contributed between 4% and 6% of compensation. Participants are fully vested with respect to the County's contributions after completing a probationary period. The County contributed \$16,835 for the year ended June 30, 2014 and employees contributed \$46,333 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. 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.

**FUND BALANCES**

As of June 30, 2014, the committed and assigned fund balances of the General Fund were made up of the following:

|                               |                          |
|-------------------------------|--------------------------|
| Committed:                    |                          |
| Contingency                   | \$ 100,000               |
| Unfunded Liability Reserve    | 47,844                   |
| Unemployment Reserve          | 30,050                   |
| Insurance Deductible Reserve  | 2                        |
| Fuel Reserve                  | 10,000                   |
| <b><u>Total committed</u></b> | <b><u>\$ 187,896</u></b> |

|                                    |                          |
|------------------------------------|--------------------------|
| Assigned:                          |                          |
| Surplus assigned to 2014-15 budget | \$ 341,320               |
| <b><u>Total assigned</u></b>       | <b><u>\$ 341,320</u></b> |

As of June 30, 2014 and 2013, the committed fund balances of the Capital Project Fund were made up of the following:

|                             | <u>2014</u>              | <u>2013</u>           |
|-----------------------------|--------------------------|-----------------------|
| Exterior maintenance        | \$ 24,059                | 18,567                |
| HVAC                        | 1,867                    | 6,667                 |
| Copiers & laser printers    | 2,334                    | 1,117                 |
| Building safety, ADA & code | 9,449                    | 510                   |
| Communications              | 81,000                   | 84,000                |
| Admin heat                  | -                        | 5,000                 |
| Sheriff's vehicles          | 14,325                   | 7,254                 |
| Sheriff's camera            | 280                      | -                     |
| <b><u>Total</u></b>         | <b><u>\$ 133,314</u></b> | <b><u>123,115</u></b> |

Additionally, all of the correction services fund is restricted by the State of Maine for use for correction services. Other non-major special revenue funds have restricted fund balances for grants or specific programs totaling \$184,878.



**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, 2014**

|  | Fund              | Revenues       |               |               | Expenditures   | Fund           |
|--|-------------------|----------------|---------------|---------------|----------------|----------------|
|  | Balance           | Inter-         | Other         | Transfers     |                | Balance        |
|  | Beginning of year | governmental   | Revenues      |               |                | End of year    |
| <b>Grant or program:</b>               |                   |                |               |               |                |                |
| Miscellaneous county grants and funds: |                   |                |               |               |                |                |
| VOCA Grant                             | \$ (108)          | 24,497         | -             | 7,175         | 34,338         | (2,774)        |
| Deed Preservation Fund                 | 104,046           | -              | 19,811        | -             | 21,194         | 102,663        |
| Probate Preservation Fund              | 10,437            | -              | 1,899         | -             | 8,452          | 3,884          |
| Civil Process                          | -                 | -              | 65,171        | -             | 65,171         | -              |
| Sheriff grants and programs:           |                   |                |               |               |                |                |
| Seatbelt Initiative Grant              | -                 | 3,477          | -             | -             | 3,422          | 55             |
| OUI Emphasis Grant                     | -                 | 6,780          | -             | 801           | 7,581          | -              |
| Drug Seizure K-9 account               | 17,766            | 126,068        | 166           | 4,147         | 91,339         | 56,808         |
| Byrne Grant                            | -                 | 4,044          | -             | -             | -              | 4,044          |
| Drug Seizure account                   | 4,147             | -              | -             | (4,147)       | -              | -              |
| Special Detail                         | -                 | -              | 900           | -             | 900            | -              |
| EMA grants and programs:               |                   |                |               |               |                |                |
| LEPC State                             | 14,635            | -              | -             | -             | 652            | 13,983         |
| LEPC Training                          | 938               | 2,100          | -             | -             | -              | 3,038          |
| WMD Exercise Fund                      | (3,040)           | 3,115          | -             | -             | 75             | -              |
| CRI                                    | 6,000             | -              | -             | -             | 5,597          | 403            |
| Homeland Security 11-12                | (4,378)           | 5,342          | -             | 4,378         | 5,342          | -              |
| Homeland Security 13-14                | -                 | -              | -             | -             | 1,158          | (1,158)        |
| Go-Bag                                 | (1,500)           | -              | -             | 1,500         | -              | -              |
| <b>Totals</b>                          | <b>\$ 148,943</b> | <b>175,423</b> | <b>87,947</b> | <b>13,854</b> | <b>245,221</b> | <b>180,946</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, 2014**

|                          | D.A.'s<br>Restitution | Probate      | Total         |
|--------------------------|-----------------------|--------------|---------------|
| <b>ASSETS</b>            |                       |              |               |
| Cash                     | \$ 4,876              | 8,320        | 13,196        |
| <b>Total assets</b>      | <b>4,876</b>          | <b>8,320</b> | <b>13,196</b> |
| <b>LIABILITIES</b>       |                       |              |               |
| Accounts payable         | 4,876                 | -            | 4,876         |
| Due to other governments | -                     | 8,320        | 8,320         |
| <b>Total liabilities</b> | <b>\$ 4,876</b>       | <b>8,320</b> | <b>13,196</b> |

**COUNTY OF SAGadahoc, MAINE**  
**Statement of Changes in Assets and Liabilities**  
**Fiduciary Funds**  
**Agency Fund**  
**For the Year Ended June 30, 2014**

|                          | Balance<br>July 01, 2013 | Additions    | Deductions | Balance<br>June 30, 2014 |
|--------------------------|--------------------------|--------------|------------|--------------------------|
| <b>ASSETS</b>            |                          |              |            |                          |
| Cash                     | \$ 9,923                 | 3,273        | -          | 13,196                   |
| <b>Total assets</b>      | <b>9,923</b>             | <b>3,273</b> | <b>-</b>   | <b>13,196</b>            |
| <b>LIABILITIES</b>       |                          |              |            |                          |
| Accounts payable         | 5,475                    | -            | 599        | 4,876                    |
| Due to other governments | 4,448                    | 3,872        | -          | 8,320                    |
| <b>Total liabilities</b> | <b>\$ 9,923</b>          | <b>3,872</b> | <b>599</b> | <b>13,196</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><br>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><br>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><br>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><br>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><br>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 Position by Component**  
**Last Ten 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>      | <u>2013</u>      | <u>2014</u>      |
| <b>Governmental activities</b>                    |                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Net investment in capital assets                  | \$ 1,808,088        | 2,284,714        | 2,130,423        | 2,470,534        | 2,477,508        | 2,429,043        | 2,542,592        | 2,808,934        | 2,699,779        | 2,677,967        |
| Restricted  | 1,130,078           | 1,115,606        | 646,011          | 905,348          | -                | -                | 253,397          | 296,612          | 309,367          | 340,493          |
| Unrestricted                                      | 879,526             | 1,003,812        | 1,916,809        | 1,805,291        | 3,067,751        | 3,077,063        | 2,752,703        | 2,272,451        | 2,147,218        | 2,066,605        |
| <b>Total governmental activities net position</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> | <b>5,156,364</b> | <b>5,085,065</b> |

## Notes:

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

COUNTY OF SAGADAHOC, MAINE  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

|  | Fiscal Year         |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|--|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|  | 2005                | 2006             | 2007             | 2008             | 2009             | 2010             | 2011             | 2012             | 2013             | 2014             |
| <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        | 2,367,471        | 2,279,449        |
| 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        | 3,264,488        | 3,466,246        |
| Correction services  | -                   | -                | -                | -                | -                | 2,416,673        | 2,364,845        | 2,591,729        | 2,781,073        | 2,810,399        |
| Capital maintenance  | 313,499             | 339,596          | 29,818           | 15,476           | -                | 84,058           | 23,648           | 13,691           | 232,833          | -                |
| Miscellaneous  | 209,244             | 364,317          | 264,012          | 254,258          | 284,176          | 203,003          | 150,662          | 180,420          | 12,878           | 245,221          |
| Interest on long-term debt                                     | 34,551              | 18,224           | 19,128           | 6,555            | 14,963           | 4,595            | 11,676           | -                | 21,063           | 19,137           |
| <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>8,679,806</b> | <b>8,820,452</b> |
| Charges for services   | \$ 455,289          | 556,386          | 563,227          | 500,337          | 477,189          | 469,742          | 479,110          | 460,994          | 500,188          | 480,678          |
| Operating grants and contributions                             | 576,914             | 528,965          | 501,334          | 602,234          | 506,901          | 297,172          | 339,222          | 349,254          | 309,827          | 371,486          |
| 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>810,015</b>   | <b>852,164</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)      | (7,869,791)      | (7,968,288)      |
| <b>General Revenues and Other Changes in Net Position</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        | 7,608,238        | 7,842,074        |
| Jail returned surplus  | -                   | -                | -                | 246,124          | 265,860          | -                | -                | -                | -                | -                |
| Miscellaneous  | -                   | -                | -                | -                | 55,218           | 108,191          | 147,261          | 62,915           | 61,402           | 46,688           |
| Unrestricted interest income                                   | 65,767              | 28,592           | 268,547          | 172,913          | 67,326           | 28,506           | 8,574            | 8,828            | 7,922            | 8,227            |
| Loss on disposal of assets                                     | -                   | -                | -                | -                | -                | -                | -                | (9,806)          | (29,404)         | -                |
| <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>7,648,158</b> | <b>7,896,989</b> |
| <b>Change in net position of total governmental activities</b> | <b>\$ (140,803)</b> | <b>586,440</b>   | <b>778,076</b>   | <b>487,930</b>   | <b>387,095</b>   | <b>(39,153)</b>  | <b>(27,132)</b>  | <b>(222,057)</b> | <b>(221,633)</b> | <b>(71,299)</b>  |

## Notes:

The amounts shown above do not reflect the restatement of net position 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>2005</u>         | <u>2006</u>      | <u>2007</u>      | <u>2008</u>      | <u>2009</u>      | <u>2010</u>      | <u>2011</u>      | <u>2012</u>      | <u>2013</u>      | <u>2014</u>      |
| General Fund:                             |                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Nonspendable                              | \$ -                | -                | -                | -                | -                | -                | -                | 92,995           | 123,559          | 148,122          |
| Committed                                 | 1,130,078           | 367,669          | 262,037          | 262,037          | 262,037          | 262,037          | 252,073          | 217,707          | 188,221          | 187,896          |
| Assigned                                  | -                   | -                | -                | -                | -                | -                | 761,764          | 512,576          | 447,799          | 341,320          |
| Unassigned                                | 1,068,555           | 1,247,266        | 1,968,205        | 1,822,802        | 2,335,604        | 2,368,642        | 1,526,952        | 1,527,625        | 1,484,284        | 1,467,186        |
| <b>Total General Fund</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> | <b>2,243,863</b> | <b>2,144,524</b> |
| All Other Governmental Funds:             |                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Restricted                                | -                   | 197,541          | 167,381          | 163,615          | 153,912          | 212,771          | 345,419          | 296,612          | 309,367          | 340,493          |
| Committed                                 | -                   | 550,396          | 374,259          | 679,500          | 522,253          | 437,863          | 351,357          | 135,035          | 123,115          | 133,314          |
| Unassigned                                | -                   | -                | -                | -                | -                | -                | -                | -                | -                | (3,932)          |
| <b>Total all other governmental funds</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>   | <b>432,482</b>   | <b>469,875</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>2005</u>      | <u>2006</u>      | <u>2007</u>      | <u>2008</u>      | <u>2009</u>      | <u>2010</u>      | <u>2011</u>      | <u>2012</u>      | <u>2013</u>      | <u>2014</u>      |
| <b>Revenues</b>  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Taxes  | \$ 4,508,954     | 5,247,887        | 8,121,370        | 7,232,232        | 7,232,232        | 7,232,232        | 7,232,232        | 7,232,232        | 7,608,238        | 7,842,074        |
| Fees   | 398,913          | 451,624          | 447,702          | 401,343          | 353,189          | 389,262          | 406,522          | 359,064          | 401,625          | 384,616          |
| Intergovernmental  | 491,962          | 539,575          | 389,453          | 501,270          | 681,713          | 379,177          | 439,012          | 408,962          | 364,271          | 395,983          |
| Charges for services   | 129,931          | 89,986           | 94,766           | 89,381           | 95,622           | 80,480           | 72,588           | 8,053            | 5,659            | 9,181            |
| Interest   | 66,435           | 39,585           | 268,549          | 424,779          | 78,653           | 28,506           | 8,574            | 8,828            | 7,922            | 8,227            |
| Other  | 57,253           | 149,832          | 251,930          | 104,836          | 163,317          | 26,186           | 47,471           | 97,084           | 99,862           | 109,072          |
| <b>Total revenues</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>8,487,577</b> | <b>8,749,153</b> |
| <b>Expenditures</b>  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| General government   | 1,714,411        | 1,636,903        | 1,651,010        | 1,785,419        | 1,858,910        | 1,922,249        | 2,093,768        | 2,034,483        | 2,173,676        | 2,252,314        |
| Public safety  | 3,662,618        | 3,829,004        | 6,592,799        | 4,944,468        | 4,720,489        | 2,255,871        | 2,279,863        | 2,269,712        | 2,242,957        | 2,326,863        |
| Correction Services and transport                                  | -                | -                | -                | -                | -                | 2,416,673        | 2,360,817        | 2,592,194        | 2,779,555        | 2,815,324        |
| Miscellaneous  | 125,208          | 364,317          | 264,012          | 254,258          | 284,176          | 203,003          | 150,662          | 338,346          | 232,833          | 245,221          |
| Debt service (including jail)                                      | 217,921          | 184,429          | 210,238          | 1,225,548        | 1,116,141        | 1,097,607        | 1,217,075        | 1,060,601        | 1,036,001        | 1,011,401        |
| Capital outlay   | 313,499          | 339,596          | 446,701          | 388,077          | 527,236          | 232,933          | 217,680          | 825,264          | 128,760          | 159,976          |
| <b>Total expenditures</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> | <b>8,593,782</b> | <b>8,811,099</b> |
| Excess (deficiency) of revenues<br>over (under) expenditures       | (380,209)        | 164,240          | 409,010          | 156,071          | 97,774           | 7,507            | (113,466)        | (1,006,377)      | (106,205)        | (61,946)         |
| <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          | 106,598          | 184,029          |
| Transfer out   | -                | (193,375)        | (492,920)        | (488,602)        | (118,754)        | (173,187)        | (123,063)        | (134,121)        | (106,598)        | (184,029)        |
| <b>Total other financing sources (uses)</b>                        | <b>404,188</b>   | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>250,000</b>   | <b>-</b>         | <b>-</b>         | <b>500,000</b>   | <b>-</b>         | <b>-</b>         |
| <b>Net change in fund balance</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>(106,205)</b> | <b>(61,946)</b>  |
| <b>Debt service as a percentage of<br/>noncapital expenditures</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>    | <b>12.24%</b>    | <b>11.69%</b>    |

**COUNTY OF SAGadahoc, MAINE**  
**Program Revenues by Function/Program**  
**Last Ten 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>    | <u>2013</u>    | <u>2014</u>    |
| Governmental activities:             |                                 |                  |                  |                  |                |                |                |                |                |                |
| General government                   | \$ 585,021                      | 453,356          | 619,110          | 463,061          | 413,546        | 389,262        | 406,522        | 452,941        | 494,529        | 471,497        |
| Public safety                        | 493,706                         | 399,512          | 535,884          | 542,537          | 570,544        | 225,195        | 259,237        | 204,773        | 161,451        | 227,257        |
| Correction Services                  | -                               | -                | -                | -                | -              | 152,457        | 152,573        | 152,534        | 154,035        | 153,410        |
| 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> | <b>810,015</b> | <b>852,164</b> |

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

| <u>Year *</u> | <u>State Valuation (a)</u> | <u>County Tax</u> | <u>Total Direct Tax Value (b)</u> |
|---------------|----------------------------|-------------------|-----------------------------------|
| 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                            |
| 2013          | 4,249,550,000              | 7,842,074         | 1.8454                            |
| 2014          | 4,246,900,000              | 8,063,859         | 1.8987                            |

(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> |
|---------------|-----------------|-------------|----------------|-------------------|-------------------|-------------------|-----------------|----------------|------------------|-----------------|--------------|
| 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    |
| 2013          | 149,784         | 1,649,188   | 410,141        | 430,530           | 828,907           | 1,123,769         | 498,756         | 1,442,157      | 628,150          | 680,692         | 7,842,074    |
| 2014          | 161,277         | 1,674,864   | 417,708        | 442,706           | 890,250           | 1,181,355         | 499,959         | 1,486,976      | 624,949          | 683,815         | 8,063,859    |

(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   | 2014                             |      |  | 2004                             |      |  |
|------------|----------------------------------|------|--|----------------------------------|------|--|
|            | State Taxable Assessed Valuation | Rank | Percentage of State Taxable Assessed Valuation | State Taxable Assessed Valuation | Rank | Percentage of Total Taxable Assessed Valuation |
| Bath       | \$ 882,250,000                   | 1    | 20.77%   | 650,000,000                      | 1    | 24.30%   |
| Topsham    | 783,200,000                      | 2    | 18.44%   | 554,800,000                      | 2    | 20.74%   |
| Phippsburg | 622,250,000                      | 3    | 14.65%   | 312,400,000                      | 3    | 11.68%   |
| Georgetown | 468,650,000                      | 4    | 11.04%   | 251,650,000                      | 4    | 9.41%  |
| Woolwich   | 359,950,000                      | 5    | 8.48%  | 229,550,000                      | 5    | 8.58%  |
| West Bath  | 329,250,000                      | 6    | 7.75%  | 187,550,000                      | 6    | 7.01%  |
| Richmond   | 263,450,000                      | 7    | 6.20%  | 162,350,000                      | 7    | 6.07%  |
| Bowdoinham | 233,150,000                      | 8    | 5.49%  | 137,550,000                      | 8    | 5.14%  |
| Bowdoin    | 220,000,000                      | 9    | 5.18%  | 129,950,000                      | 9    | 4.86%  |
| Arrowsic   | 84,750,000                       | 10   | 2.00%  | 58,900,000                       | 10   | 2.20%  |
|            | \$ 4,246,900,000                 |      | 100.00%  | 2,674,700,000                    |      | 100.00%  |

**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>Debt Per Capita</u> | <u>Percentage of Estimated State Taxable Value of Property</u> |
|--------------------|---|----------------------|----------------------------------|---------------------------------|-----------------------|------------------------------|------------------------|--------------------------------------|------------------------|--|
| 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               | -                                       | 438,812              | -                                | 438,812                         | 35,293                | 26,983                       | 952,311,019            | 0.05%                                | 16.26                  | 0.05%  |
| 2013               | -                                       | 398,687              | -                                | 398,687                         | 35,293                | 28,370                       | 1,001,262,410          | 0.04%                                | 14.05                  | 0.04%  |
| 2014               | -                                       | 356,636              | -                                | 356,636                         | 35,293                | 28,122                       | 992,509,746            | 0.04%                                | 12.68                  | 0.03%  |

(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, 2014**

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:

|  |                              |
|--|------------------------------|
| State valuation                                | \$ 4,246,900,000             |
| Debt Limit - 15% of State Valuation            | 637,035,000                  |
| Less outstanding debt applicable to debt limit | <u>356,636</u>               |
| <b>Legal debt margin</b>                       | <b><u>\$ 636,678,364</u></b> |

|   | <u>2005</u>           | <u>2006</u>        | <u>2007</u>        | <u>2008</u>        | <u>2009</u>        | <u>2010</u>        | <u>2011</u>        | <u>2012</u>        | <u>2013</u>        | <u>2014</u>        |
|---|-----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Debt limit  | \$ 401,205,000        | 468,120,000        | 541,320,000        | 624,247,500        | 679,140,000        | 705,630,000        | 683,775,000        | 655,425,000        | 637,033,813        | 637,035,000        |
| Total debt applicable to limit                                      | 640,668               | 416,428            | 225,861            | -                  | 221,785            | 181,386            | -                  | 438,812            | 398,687            | 356,636            |
| <b>Legal debt margin</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>654,986,188</b> | <b>636,635,126</b> | <b>636,678,364</b> |
| Total debt applicable to the limit<br>as a percentage of debt limit | 0.16%                 | 0.09%              | 0.04%              | 0.00%              | 0.03%              | 0.03%              | 0.00%              | 0.07%              | 0.06%              | 0.06%              |

Table 11

**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> |
|--------------------|-----------------------|------------------------|---------------------------------------|------------------------------|
| 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%                        |
| 2013               | 35,293                | 1,001,262,410          | 28,370                                | 4.70%                        |
| 2014               | 35,293                | 992,509,746            | 28,122                                | 4.20%                        |

(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.

Table 12

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

| <u>Function</u>           | <u>Fiscal Year</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> | <u>2013</u> | <u>2014</u> |
| General government        |                    |             |             |             |             |             |             |             |             |             |
| Administration (a)        | 10                 | 10          | 9           | 8           | 8.5         | 9           | 9.5         | 9           | 9.5         | 9.5         |
| District Attorney         | 3                  | 3           | 3           | 3           | 4           | 4           | 4           | 4           | 4           | 3           |
| D. A. Grant Positions     | 2                  | 2           | 2           | 2           | 1           | 1           | 1           | 1           | 1           | 1           |
| Registrar of Deeds (c)    | 3.5                | 3.5         | 3.5         | 3.5         | 3           | 3           | 3           | 3           | 3           | 3.5         |
| Register of Probate       | 3.5                | 3.5         | 3.5         | 3.5         | 2.5         | 3.5         | 3.5         | 3.5         | 3.5         | 3           |
| Public safety             |                    |             |             |             |             |             |             |             |             |             |
| Sheriff                   | 16.5               | 16.5        | 20          | 20          | 21          | 21          | 21          | 22          | 21          | 21          |
| Sheriff Grant Positions   | -                  | -           | 1           | 1           | -           | -           | -           | -           | -           | -           |
| Transport/Corrections (d) | 11.5               | 11.5        | 8           | 8           | 5           | 4.5         | 5.5         | 4.5         | 5.5         | 4.5         |
| Communications (b)        | 14.5               | 14.5        | 14.5        | 14          | 15          | 15          | 16          | 16          | 16          | 16          |
| Emergency Management      | 1                  | 1           | 1.5         | 1.5         | 1.5         | 1.5         | 1.5         | 1.5         | 1.5         | 2           |
| <b>Total</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> | <b>65</b>   | <b>63.5</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.

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

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

(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.