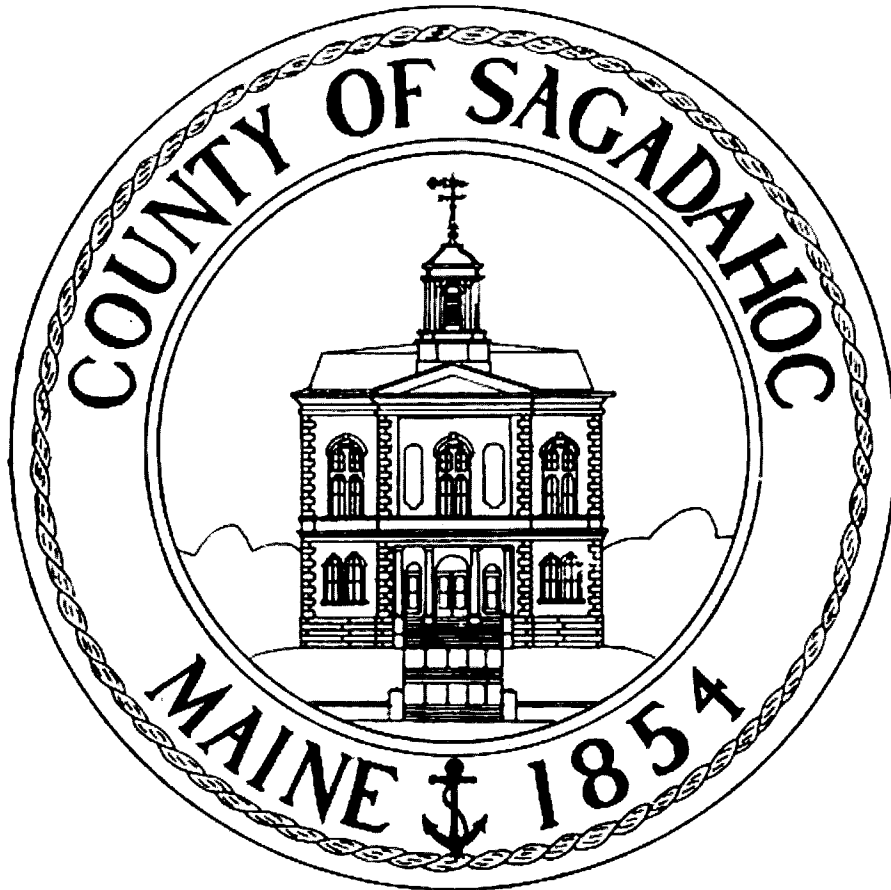


COUNTY OF SAGADAHOC, MAINE



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

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

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ROBIN DAYTON
DEPUTY TO THE
ADMINISTRATOR
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Fax: (207) 443-8213

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

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

- **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

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

	<u>2013</u>	<u>2014</u>
ASSETS		
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>
LIABILITIES		
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>
NET POSITION		
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>
Change in net position	\$ (221,633)	(71,299)

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 & 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
Total revenue	5,675,268	2,810,515	263,370	8,749,153

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

Expenditures

	<u>General Fund</u>	<u>Corrections</u>	<u>Capital & 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).

<u>General Fund</u>	<u>2013</u>	<u>2014</u>
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
EXCESS OF GENERAL FUND REVENUES OVER EXPENDITURES	\$ 20,042	84,690

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

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.

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

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

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
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.

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

- 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

	Governmental Activities
ASSETS	
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
LIABILITIES	
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
NET POSITION	
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 Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government
					Total Governmental Activities
Primary government:					
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)
Total primary government	\$ 8,820,452	480,678	371,486	-	(7,968,288)
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
Net position - ending				\$	5,085,065

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

	General Fund	Correction Services Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
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
Total assets	\$ 2,850,009	155,615	133,314	181,526	3,320,464
LIABILITIES AND FUND BALANCES					
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
Total liabilities	705,485	-	-	580	706,065
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
Total fund balances	2,144,524	155,615	133,314	180,946	2,614,399
Total liabilities and fund balances	\$ 2,850,009	155,615	133,314	181,526	
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)
Net position of governmental activities					\$ 5,085,065

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 Fund	Correction Services Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
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
Total revenues	5,675,268	2,810,515	-	263,370	8,749,153
Expenditures:					
Current:					
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
Debt service (Jail Authority):					
Principal	615,000	-	-	-	615,000
Interest	335,213	-	-	-	335,213
Debt service (Courthouse):					
Principal	42,051	-	-	-	42,051
Interest	19,137	-	-	-	19,137
Capital outlay	-	-	159,976	-	159,976
Total expenditures	5,590,578	2,815,324	159,976	245,221	8,811,099
Excess (deficiency) of revenues over (under) expenditures	84,690	(4,809)	(159,976)	18,149	(61,946)
Other funding sources (uses):					
Transfers from other funds	-	-	170,175	13,854	184,029
Transfers to other funds	(184,029)	-	-	-	(184,029)
Total other financing sources and (uses)	(184,029)	-	170,175	13,854	-
Net changes in fund balances	(99,339)	(4,809)	10,199	32,003	(61,946)
Fund balances, beginning of year	2,243,863	160,424	123,115	148,943	2,676,345
Fund balances, end of year	\$ 2,144,524	155,615	133,314	180,946	2,614,399

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

Net change in fund balances - total governmental funds	\$	(61,946)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which 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

Change in net position of governmental activities	\$	(71,299)
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See accompanying notes to financial statements.

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

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
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 Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
EXPENDITURES				
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 over (under) expenditures	(287,224)	(287,224)	103,315	390,539
OTHER FINANCING SOURCES (USES)				
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 - 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 - GAAP basis	-	-	(99,339)	(99,339)
Fund balance, beginning of year			2,243,863	
Fund balance, end of year			\$ 2,144,524	

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 Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
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
EXPENDITURES				
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	
Fund balance, end of year			\$ 155,615	

See accompanying notes to financial statements.

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

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 13,196
Total assets	13,196
LIABILITIES	
Accounts payable	4,876
Due to other governments	8,320
Total liabilities	\$ 13,196

See accompanying notes to financial statements.

COUNTY OF SAGADAHOC, MAINE
Notes to Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- *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.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

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

CASH AND CASH EQUIVALENTS

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
Total	\$ 2,655,550

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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
Total	\$ 469,915	469,915

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

Interfund transfers in (out):

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>
Transfers in	\$ -	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 <u>07/01/13</u>	<u>Additions</u>	<u>Deletions</u>	Balance <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
Total capital assets being depreciated	5,842,160	271,644	(173,841)	5,939,963
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)
Total accumulated depreciation	(2,805,892)	(299,746)	138,080	(2,967,558)
 Total capital assets being depreciated, net	 3,036,268	 (28,102)	 (35,761)	 2,972,405
 Total capital assets, net	 \$ 3,098,466	 (28,102)	 (35,761)	 3,034,603

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

General government	\$ 126,100
Public safety	173,646
Total depreciation expense	\$ 299,746

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

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> <u>ended</u> <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
Totals	\$ 356,636	71,680	428,316

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> <u>outstanding</u>	<u>Percent</u> <u>Applicable</u> <u>to County</u>	<u>County's</u> <u>share</u> <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

RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters 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.

JOINT VENTURE

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

DEFINED BENEFIT PENSION PLANS

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.

DEFERRED COMPENSATION PLAN

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
<u>Total committed</u>	<u>\$ 187,896</u>

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

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	-
<u>Total</u>	<u>\$ 133,314</u>	<u>123,115</u>

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 Balance Beginning of year	Revenues			Transfers	Expenditures	Fund Balance End of year
		Inter- governmental	Other Revenues				
Grant or program:							
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	-	-	
Totals	\$ 148,943	175,423	87,947	13,854	245,221	180,946	

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 Restitution	Probate	Total
ASSETS			
Cash	\$ 4,876	8,320	13,196
Total assets	4,876	8,320	13,196
LIABILITIES			
Accounts payable	4,876	-	4,876
Due to other governments	-	8,320	8,320
Total liabilities	\$ 4,876	8,320	13,196

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

	Balance July 01, 2013	Additions	Deductions	Balance June 30, 2014
ASSETS				
Cash	\$ 9,923	3,273	-	13,196
Total assets	9,923	3,273	-	13,196
LIABILITIES				
Accounts payable	5,475	-	599	4,876
Due to other governments	4,448	3,872	-	8,320
Total liabilities	\$ 9,923	3,872	599	13,196

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.

Contents	Table
Financial Trends 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
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	6-8
Debt Capacity 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
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	11
Operating Information 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>
Governmental activities										
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
Total governmental activities net position	\$ 3,817,692	4,404,132	4,693,243	5,181,173	5,545,259	5,506,106	5,548,692	5,377,997	5,156,364	5,085,065

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
Expenses										
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
Total governmental activities expenses	5,794,251	5,932,050	8,795,694	8,265,911	8,217,631	8,174,996	8,233,531	8,326,474	8,679,806	8,820,452
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	-	-	-	-	-	-	-
Total governmental activities program revenues	1,078,727	1,242,011	1,183,853	1,102,571	984,090	766,914	818,332	810,248	810,015	852,164
Net (expense) revenue										
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)
General Revenues and Other Changes in Net Position										
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)	-
Total governmental activities	4,574,721	5,276,479	8,389,917	7,651,270	7,620,636	7,368,929	7,388,067	7,294,169	7,648,158	7,896,989
Change in net position of total governmental activities	\$ (140,803)	586,440	778,076	487,930	387,095	(39,153)	(27,132)	(222,057)	(221,633)	(71,299)

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
Total General Fund	\$ 2,198,633	1,614,935	2,230,242	2,084,839	2,597,641	2,630,679	2,540,789	2,350,903	2,243,863	2,144,524
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)
Total all other governmental funds	\$ -	747,937	541,640	843,115	676,165	650,634	696,776	431,647	432,482	469,875

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>
Revenues										
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
Total revenues	5,653,448	6,518,489	9,573,770	8,753,841	8,604,726	8,135,843	8,206,399	8,114,223	8,487,577	8,749,153
Expenditures										
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
Total expenditures	6,033,657	6,354,249	9,164,760	8,597,770	8,506,952	8,128,336	8,319,865	9,120,600	8,593,782	8,811,099
Excess (deficiency) of revenues over (under) expenditures	(380,209)	164,240	409,010	156,071	97,774	7,507	(113,466)	(1,006,377)	(106,205)	(61,946)
Other financing sources (uses)										
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)
Total other financing sources (uses)	404,188	-	-	-	250,000	-	-	500,000	-	-
Net change in fund balance	\$ 23,979	164,240	409,010	156,071	347,774	7,507	(113,466)	(506,377)	(106,205)	(61,946)
Debt service as a percentage of noncapital expenditures	3.81%	3.07%	2.41%	14.93%	13.99%	13.90%	15.02%	12.79%	12.24%	11.69%

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	-	-	-	-	-	-
Total governmental activities	\$1,078,727	1,242,011	1,183,853	1,102,571	984,090	766,914	818,332	810,248	810,015	852,164

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>
Legal debt margin	<u>\$ 636,678,364</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>
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
Legal debt margin	\$ 400,564,332	467,703,572	541,094,139	624,247,500	678,918,215	705,448,614	683,775,000	654,986,188	636,635,126	636,678,364
Total debt applicable to the limit 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.

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
Total	65.5	65.5	66	64.5	61.5	62.5	65	64.5	65	63.5

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.