

COUNTY OF SAGADAHOC, MAINE
Comprehensive Annual Financial Report
Year ended June 30, 2008

Prepared by:
County of Sagadahoc
Department of Administration

COUNTY OF SAGadahoc, MAINE
Comprehensive Annual Financial Report
For the Year Ended June 30, 2008

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INTRODUCTORY SECTION

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COUNTY OF SAGadahoc, MAINE
LIST OF ELECTED AND APPOINTED OFFICIALS

June 30, 2008

Elected Officials

| | |
|--------------------------|--------------------------------|
| Commissioner, District 1 | Alan J. Houston, Chair |
| Commissioner, District 2 | Crispin H. Connery, Vice Chair |
| Commissioner, District 3 | Lawrence M. Dawson |
| Sheriff | Mark A. Westrum |
| District Attorney | Geoffrey Rushlau |
| Registrar of Deeds | Barbara J. Trott |
| Probate Judge | Hon. John W. Voorhees |
| Register of Probate | Joan M. Atwood |

Appointed Officials

| | |
|-------------------------------|------------------------|
| County Administrator | Pamela S. Corrigan |
| Finance Director | Denise M. Deveaux |
| Communications Director | Phyllis Gamache-Jensen |
| Emergency Management Director | Misty D. Green |

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FINANCIAL SECTION

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Independent Auditor's Report

Board of Commissioners
County of Sagadahoc, Maine:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Sagadahoc, Maine as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Sagadahoc, Maine's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Sagadahoc, Maine, as of June 30, 2008, and respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2008 on our consideration of the County of Sagadahoc, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Board of Commissioners
County of Sagadahoc, Maine

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 fund exhibits listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.



August 29, 2008
South Portland, Maine

County of Sagadahoc

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2008

As management of the County of Sagadahoc, we offer readers of the County of Sagadahoc's financial statements this narrative overview and analysis of the financial activities of the County of Sagadahoc for the fiscal year ended June 30, 2008.

This discussion and analysis of Sagadahoc County's financial performance provides an overall review of the financial statements for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the financial performance as a whole. This analysis should be reviewed to gain a greater understanding of Sagadahoc County and the governmental units that create the entire operating entity.

The financial statements of Sagadahoc County reflect the offices of County Administration, Register of Probate, Register of Deeds, Sheriff, Transport, Communications, Emergency Management, District Attorney, and various grant programs administered by these offices.

Financial Highlights

- The assets of the County of Sagadahoc exceeded its liabilities at the close of the most recent fiscal year by \$5,181,173 (*net assets*). Of this amount, \$1,805,291 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$487,930. A large portion of this is the result of revenues of \$194,083 greater than was anticipated and \$290,513 less expenditures than budgeted.
- As of the close of the current fiscal year, the County of Sagadahoc's governmental funds reported combined ending fund balances of \$2,927,954, an increase of \$156,072 in comparison with the prior year. Approximately 91% of this total amount, \$2,665,917, is available for spending at the government's discretion (*unreserved, undesignated fund balance*).
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$1,822,802, or 22.91 percent of total general fund expenditures.

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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County of Sagadahoc's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements include only the County of Sagadahoc, known as the *primary government*.

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

finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds, and fiduciary funds.

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

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

The County of Sagadahoc maintains twelve 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 and the building maintenance fund, both of which are considered to be a major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor 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. A budgetary comparison statement has been provided for the general fund 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, the Registrar of Probate and the Register of Deeds. 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

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County of Sagadahoc, assets exceeded liabilities by \$5,181,173 at the close of the most recent fiscal year.

By far the largest portion of the County's net assets, \$2,470,534 or 47.68%, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. 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.

An additional portion, \$905,348 or 17.47% of the County's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$1,805,291 or 34.84%, may be used to meet the government's ongoing obligations.

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental activities.

The County's net assets increased by \$487,930 during the fiscal year. The majority of this change is an increase in unrestricted net assets.

County of Sagadahoc's Net Assets, as Restated
Governmental Activities

| | <u>2008</u> | <u>2007</u> |
|---|------------------|------------------|
| Current and other assets | \$3,309,214 | \$2,982,702 |
| Capital assets | <u>2,470,534</u> | <u>2,326,568</u> |
| Total assets | <u>5,779,748</u> | <u>5,309,270</u> |
| Long-term liabilities outstanding | 217,315 | 400,781 |
| Other liabilities | <u>381,260</u> | <u>215,246</u> |
| Total liabilities | <u>598,575</u> | <u>616,027</u> |
| Net assets | | |
| Invested in capital assets, net of related debt | 2,470,534 | 2,130,423 |
| Restricted | 905,348 | 646,011 |
| Unrestricted | <u>1,805,291</u> | <u>1,916,809</u> |
| Total net assets | \$5,181,173 | \$4,693,243 |

County of Sagadahoc's Change in Net Assets, as Restated
Governmental Activities

| | <u>2008</u> | <u>2007</u> |
|---|--------------------|--------------------|
| Revenues | | |
| Program revenues | | |
| Charges for services | \$500,337 | \$563,227 |
| Operating grants and contributions | 602,234 | 501,334 |
| Capital grants and contributions | - | 119,292 |
| General revenues | | |
| Property taxes | 7,232,233 | 8,121,370 |
| Jail returned surplus | 246,124 | - |
| Unrestricted interest income | <u>172,913</u> | <u>268,547</u> |
| Total revenues | <u>7,651,270</u> | <u>9,573,770</u> |
| Expenses | | |
| General government | 1,875,286 | 1,728,328 |
| Public safety | 6,114,336 | 6,754,408 |
| Capital outlay | 15,476 | 29,818 |
| Miscellaneous | 254,258 | 264,012 |
| Interest on long-term debt | <u>6,555</u> | <u>19,128</u> |
| Total expenses | <u>8,265,911</u> | <u>8,795,694</u> |
| Increase in net assets | 487,930 | 778,076 |
| Net assets beginning of year, as restated | <u>4,693,243</u> | <u>3,915,167</u> |
| Net assets end of year | <u>\$5,181,173</u> | <u>\$4,693,243</u> |

During the fiscal year ended June 30, 2008, the fund balances of the governmental funds increased by \$156,072 from \$2,771,882 at June 30, 2007 to \$2,927,954 at June 30, 2008.

| | |
|--------------------------|------------------|
| Total Revenues | \$8,753,841 |
| Total Expenditures | <u>8,597,770</u> |
| Increase in fund balance | <u>\$156,071</u> |

Total County revenue, for the fiscal year ended June 30, 2008, was \$8,753,841. The revenue was derived from the following sources:

| | |
|--------------------------------------|--------------------|
| County tax assessments | \$7,232,232 |
| Fees | 401,343 |
| Grants and intergovernmental revenue | 501,270 |
| Charges for services | 89,381 |
| Investment income | 424,779 |
| Other | <u>104,836</u> |
| Total Revenue | <u>\$8,753,841</u> |

County revenue of \$8,753,841 represents a decrease of \$819,929 over the prior fiscal year. Revenue from county tax assessments to municipalities stayed the same as prior year.

Total County expenditures, for the fiscal year ended June 30, 2008, were \$8,597,770 representing a decrease of \$566,990 from the prior fiscal year ended June 30, 2007. Minor increases and decreases in other expenditures make up the balance of the decrease.

Financial Analysis of the Government's Funds

As noted earlier, the County of Sagadahoc uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County of Sagadahoc's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$2,927,954. Approximately 91% of this total; amount, \$2,665,917, constitutes unreserved fund balance. The remainder of fund balance, \$262,037, is reserved to indicate that it is not available for new spending because it has been committed for emergencies.

General Fund. The general fund is the chief operating fund of the County of Sagadahoc. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1,822,802, while total fund balance reached \$2,084,839. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 22.91% of total general fund expenditures, while total fund balance represents 26.20% of that same amount.

The fund equity at June 30, 2008, consists of the following;

| | |
|------------------------------|---------------------|
| Assets: | |
| Cash | \$2,376,632 |
| Receivables | 69,692 |
| Other assets | <u>19,775</u> |
| Total assets | 2,466,099 |
| Liabilities: | |
| Accounts payable | 304,079 |
| Other liabilities | <u>77,181</u> |
| Total liabilities | <u>381,260</u> |
| Fund equity at June 30, 2008 | <u>\$ 2,084,839</u> |

Not all of the County's net assets are unrestricted and available for future use. State statutes require that the County set aside assets in a contingency account in an amount not to exceed 4% of the annual budget. The contingency fund may be used at the discretion of the County Commissioners for emergency purposes. State statutes also allow the Commissioners to appropriate net assets for capital expenditures and other expenditures to be made in future years. Balances budgeted in the general fund for special revenues, which are primarily grants and restricted reserves, and balances budgeted for capital projects, which are used for capital expenditures, have been transferred from the general fund into their appropriate funds. A portion of these funds are restricted while the remaining net assets are unrestricted and available for use at the discretion of the County Commissioners.

The general fund net assets of \$2,084,839 at June 30, 2008, consist of the following:

| | |
|--------------------------|--------------------|
| Reserved for contingency | \$262,037 |
| Unrestricted | <u>1,822,802</u> |
| Total fund balances | <u>\$2,084,839</u> |

Building Maintenance Fund. The building maintenance fund is a governmental fund used for major construction and reconstruction of the Sagadahoc County Courthouse. As of the end of the current fiscal year, this fund reported an ending fund balance of \$479,696. 100% of this amount constitutes unreserved, undesignated fund balance reported in capital projects funds. The fund balance increased during the year by \$263,103 due to projects to renovate the bell tower and exterior of the county courthouse that were completed shortly after year end.

Other Governmental Funds. Other governmental funds consist of special revenue and capital projects funds. In total, their fund balances equal \$363,419, an increase of \$38,372 from the previous year. Detailed information on these funds can be found following the notes to the financial statements.

Capital Asset and Debt Administration

Capital Assets. The County of Sagadahoc's investment in capital assets for its governmental activities as of June 30, 2008 amounts to \$2,470,534 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, machinery and equipment and vehicles. The total increase in the County's investment in capital assets for the current fiscal year was \$143,966 or 5.82% of total capital assets.

Debt.

The County used lease financing to acquire equipment and software for the Communications center and Registry of Deeds management systems. This debt was paid in full therefore the present value of lease obligations is \$0.

In fiscal year ending June 30, 2005, it was decided that the County would not renew a five-year lease for space the County was leasing for the Sheriff's Department but to move the department back to the Court House. This decision prompted the Commissioners to enter into a Municipal Lease, which will be amortized over seven years. The total amount borrowed for the building renovations was \$300,000. The principal and interest payment for each year is \$50,375. The Commissioners voted to pay this debt in full early November given the County's available cash balance at the time.

In 2001, the County partnered with Lincoln County to form a multi-county jail authority. The Counties entered into a cost sharing agreement, and Sagadahoc County will be obligated to share operating and capital costs. 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 interest rate of 4.13%. The County's remaining balance is \$11,470,000.

Economic Factors and Next Year's Budgets and Rates

According to State statute, the County Commissioners shall use any unencumbered surplus funds in excess of 20% of the amount to be raised by taxation in the following fiscal year to reduce the tax levy in that year. During the current fiscal year, fund balances in the general fund decreased by \$145,404 to produce an unreserved, undesignated fund balance of \$1,822,802. Twenty percent of the estimated tax of \$7,232,232 is \$1,446,446 which required the Commissioners to apply at least \$376,356 to offset expenditures in fiscal year 2009. The Commissioners voted to apply \$514,145 from surplus toward the budget for fiscal year 2009.

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 Finance Director, 752 High Street, Bath, Maine, 04530.

BASIC FINANCIAL STATEMENTS

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COUNTY OF SAGADAHOC, MAINE
Statement of Net Assets
June 30, 2008

| | 2008 |
|---|--------------|
| ASSETS | |
| Cash and cash equivalents | \$ 3,198,474 |
| Receivables | |
| Accounts | 72,012 |
| Intergovernmental | 38,728 |
| Capital assets not being depreciated: | |
| Land | 62,198 |
| Capital assets (net of accumulated depreciation): | |
| Buildings | 1,468,436 |
| Improvements other than buildings | 27,137 |
| Machinery and equipment | 582,493 |
| Vehicles | 330,270 |
| Total assets | 5,779,748 |
| LIABILITIES | |
| Accounts payable and other current liabilities | 381,260 |
| Noncurrent liabilities: | |
| Due within one year | 217,315 |
| Total liabilities | 598,575 |
| NET ASSETS | |
| Invested in capital assets, net of related debt | 2,470,534 |
| Restricted for: | |
| Emergencies | 262,037 |
| Special purposes | 643,311 |
| Unrestricted | 1,805,291 |
| Total net assets | \$ 5,181,173 |

The notes to the financial statements are an integral part of this statement.

COUNTY OF SAGadahoc, MAINE
Statement of Activities
For the Year Ended June 30, 2008

| | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Assets | |
|--|------------------|-------------------------|--|--|--|---------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Total |
| Primary government: | | | | | | |
| Governmental activities: | | | | | | |
| General government | \$ 1,875,286 | \$ 401,343 | \$ 61,718 | \$ - | \$ (1,412,225) | \$ (1,412,225) |
| Public safety | 6,114,336 | 69,609 | 472,928 | - | (5,571,799) | (5,571,799) |
| Capital outlay | 15,476 | - | - | - | (15,476) | (15,476) |
| Miscellaneous | 254,258 | 29,385 | 67,588 | - | (157,285) | (157,285) |
| Interest on long-term debt | 6,555 | - | - | - | (6,555) | (6,555) |
| Total governmental activities | <u>8,265,911</u> | <u>500,337</u> | <u>602,234</u> | <u>-</u> | <u>(7,163,340)</u> | <u>(7,163,340)</u> |
| Total primary government | <u>8,265,911</u> | <u>500,337</u> | <u>602,234</u> | <u>-</u> | <u>(7,163,340)</u> | <u>(7,163,340)</u> |
| General revenues: | | | | | | |
| Tax assessments | | | | | 7,232,233 | 7,232,233 |
| Jail returned surplus from Multi County Jail | | | | | 246,124 | 246,124 |
| Unrestricted investment earnings | | | | | 172,913 | 172,913 |
| Total general revenues | | | | | <u>7,651,270</u> | <u>7,651,270</u> |
| Changes in net assets | | | | | 487,930 | 487,930 |
| Net assets - beginning | | | | | 4,693,243 | 4,693,243 |
| Net assets - ending | | | | | <u>\$ 5,181,173</u> | <u>\$ 5,181,173</u> |

The notes to the financial statements are an integral part of this statement.

COUNTY OF SAGadahoc, MAINE
Balance Sheet
Governmental Funds
June 30, 2008

| | <u>General Fund</u> | <u>Building Maintenance Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|--|---|---|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 2,376,632 | \$ 493,405 | \$ 328,437 | \$ 3,198,474 |
| Receivables (net of allowance for uncollectibles): | | | | |
| Accounts and prepaid items | 69,692 | - | 2,320 | 72,012 |
| Intergovernmental | - | - | 38,728 | 38,728 |
| Due from other funds | 19,775 | - | 25,450 | 45,225 |
| Total assets | <u>\$ 2,466,099</u> | <u>\$ 493,405</u> | <u>\$ 394,935</u> | <u>\$ 3,354,439</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 304,079 | \$ - | \$ - | \$ 304,079 |
| Accrued wages and benefits payable | 77,181 | - | - | 77,181 |
| Due to other funds | - | 13,709 | 31,516 | 45,225 |
| Total liabilities | <u>381,260</u> | <u>13,709</u> | <u>31,516</u> | <u>426,485</u> |
| Fund balances: | | | | |
| Reserved: | | | | |
| Contingency | 262,037 | - | - | 262,037 |
| Unreserved: | | | | |
| Undesignated reported in: | | | | |
| General fund | 1,822,802 | - | - | 1,822,802 |
| Special revenue funds | - | - | 163,615 | 163,615 |
| Capital projects funds | - | 479,696 | 199,804 | 679,500 |
| Total fund balances | <u>2,084,839</u> | <u>479,696</u> | <u>363,419</u> | <u>2,927,954</u> |
| Total liabilities and fund balances | <u>\$ 2,466,099</u> | <u>\$ 493,405</u> | <u>\$ 394,935</u> | |

Amounts reported for governmental activities in the statement of net assets are different because:

| | |
|--|---------------------|
| Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds. | 2,470,534 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | <u>(217,315)</u> |
| Net assets of governmental activities | <u>\$ 5,181,173</u> |

The notes to the financial statements are an integral part of this statement.

COUNTY OF SAGADAHOC
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

| | <u>General Fund</u> | <u>Building Maintenance Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|--|---|---|
| REVENUES | | | | |
| Taxes | \$ 7,232,232 | \$ - | \$ - | \$ 7,232,232 |
| Fees | 401,343 | - | - | 401,343 |
| Intergovernmental | 345,798 | - | 155,472 | 501,270 |
| Charges for services | 69,609 | - | 19,772 | 89,381 |
| Interest | 152,678 | 19,592 | 6,385 | 178,655 |
| Other | 96,973 | - | 253,987 | 350,960 |
| Total revenues | <u>8,298,633</u> | <u>19,592</u> | <u>435,616</u> | <u>8,753,841</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 1,785,419 | - | - | 1,785,419 |
| Public safety | 4,944,468 | - | - | 4,944,468 |
| Miscellaneous | - | - | 254,258 | 254,258 |
| Debt service: | | | | |
| Principal | 734,005 | - | - | 734,005 |
| Interest | 491,543 | - | - | 491,543 |
| Capital outlay | - | 166,593 | 221,484 | 388,077 |
| Total expenditures | <u>7,955,435</u> | <u>166,593</u> | <u>475,742</u> | <u>8,597,770</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>343,198</u> | <u>(147,001)</u> | <u>(40,126)</u> | <u>156,071</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers from other funds | - | 410,104 | 78,498 | 488,602 |
| Transfers to other funds | (488,602) | - | - | (488,602) |
| Total other financing sources and (uses) | <u>(488,602)</u> | <u>410,104</u> | <u>78,498</u> | <u>-</u> |
| Net changes in fund balances | (145,404) | 263,103 | 38,372 | 156,071 |
| Fund balances, beginning of year | <u>2,230,243</u> | <u>216,593</u> | <u>325,047</u> | <u>2,771,883</u> |
| Fund balances, end of year | <u>\$ 2,084,839</u> | <u>\$ 479,696</u> | <u>\$ 363,419</u> | <u>\$ 2,927,954</u> |

The notes to the financial statements are an integral part of this statement.

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, 2008

| | | |
|--|----|---------|
| Net change in fund balances - total governmental funds | \$ | 156,071 |
|--|----|---------|

Amounts reported for governmental activities in the statement of activities are different because:

| | | |
|---|--|---------|
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$372,601) exceeded depreciation expense (\$228,635) in the current period. | | 143,966 |
|---|--|---------|

The statement of activities reports losses arising from the disposal of existing capital assets. Losses on disposal of capital assets do not appear in the governmental funds. Thus, the change in net assets differs from the change in fund balance.

| | | |
|--|--|---------|
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, interest is expended when paid in the governmental funds, but accrued in the statement of activities. This is the amount of the net repayments of principal on capital leases (\$225,861), plus the reduction in accrued interest (\$4,427). | | 230,288 |
|--|--|---------|

| | | |
|---|--|----------|
| 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. | | (42,395) |
|---|--|----------|

| | | |
|---|----|---------|
| Change in net assets of governmental activities | \$ | 487,930 |
|---|----|---------|

The notes to the financial statements are an integral part of this statement.

COUNTY OF SAGADAHOC, MAINE
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2008

| | <u>Original Budget</u> | <u>Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------|------------------|-------------------------|---------------------|---|
| REVENUES | | | | | |
| Taxes: | | | | | |
| Tax assessments | \$ 7,232,232 | \$ - | \$ 7,232,232 | \$ 7,232,232 | \$ - |
| Total taxes | <u>7,232,232</u> | <u>-</u> | <u>7,232,232</u> | <u>7,232,232</u> | <u>-</u> |
| Fees: | | | | | |
| District attorney | 310 | - | 310 | 869 | 559 |
| Register of deeds | 319,500 | - | 319,500 | 325,240 | 5,740 |
| Register of probate | 57,000 | - | 57,000 | 75,234 | 18,234 |
| Total fees | <u>376,810</u> | <u>-</u> | <u>376,810</u> | <u>401,343</u> | <u>24,533</u> |
| Intergovernmental: | | | | | |
| Federal: | | | | | |
| Emergency management agency | 34,225 | - | 34,225 | 35,129 | 904 |
| State: | | | | | |
| Community corrections | 118,735 | - | 118,735 | 121,859 | 3,124 |
| Community corrections programs | 29,684 | - | 29,684 | 30,465 | 781 |
| Jail surcharge fund | 23,000 | - | 23,000 | 31,370 | 8,370 |
| Witness fees | 3,000 | - | 3,000 | 1,975 | (1,025) |
| Lincoln & Sagadahoc Multi-county Jail Authority | - | - | - | 125,000 | 125,000 |
| Total intergovernmental | <u>208,644</u> | <u>-</u> | <u>208,644</u> | <u>345,798</u> | <u>137,154</u> |
| Charges for services: | | | | | |
| Civil process | 61,600 | - | 61,600 | 67,746 | 6,146 |
| Sheriff's department | 750 | - | 750 | 1,863 | 1,113 |
| Total charges for services | <u>62,350</u> | <u>-</u> | <u>62,350</u> | <u>69,609</u> | <u>7,259</u> |
| Interest earned | 175,000 | - | 175,000 | 152,678 | (22,322) |
| Other revenues: | | | | | |
| Alternative programs | | | | | |
| OUI program | 37,514 | - | 37,514 | 59,588 | 22,074 |
| Armory rental | 12,000 | - | 12,000 | 8,000 | (4,000) |
| Reimbursements and refunds | | | | | |
| Sheriff's department | - | - | - | 15,889 | 15,889 |
| Insurance | - | - | - | 7,082 | 7,082 |
| Miscellaneous | - | - | - | 6,064 | 6,064 |
| District attorney restitution | - | - | - | 350 | 350 |
| Total other revenues | <u>49,514</u> | <u>-</u> | <u>49,514</u> | <u>96,973</u> | <u>47,459</u> |
| Total revenues | <u>\$ 8,104,550</u> | <u>\$ -</u> | <u>\$ 8,104,550</u> | <u>\$ 8,298,633</u> | <u>\$ 194,083</u> |

COUNTY OF SAGadahoc, MAINE
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2008

| | <u>Original Budget</u> | <u>Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------|------------------|-------------------------|---------------------|---|
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government: | | | | | |
| Superior Court | \$ 5,075 | \$ - | \$ 5,075 | \$ 2,046 | \$ 3,029 |
| District attorney | 114,007 | - | 114,007 | 113,097 | 910 |
| Administration | 323,597 | 35,000 | 358,597 | 351,073 | 7,524 |
| Buildings | 189,257 | 2,000 | 191,257 | 181,414 | 9,843 |
| Register of deeds | 167,484 | - | 167,484 | 157,938 | 9,546 |
| Register of probate | 125,914 | 3,500 | 129,414 | 126,361 | 3,053 |
| Employee benefits | 863,895 | (54,000) | 809,895 | 733,478 | 76,417 |
| Program grants | 37,210 | - | 37,210 | 37,210 | - |
| Insurance | 88,925 | - | 88,925 | 82,802 | 6,123 |
| Total general government | <u>1,915,364</u> | <u>(13,500)</u> | <u>1,901,864</u> | <u>1,785,419</u> | <u>116,445</u> |
| Public Safety: | | | | | |
| Emergency management agency | 70,528 | - | 70,528 | 68,168 | 2,360 |
| Jail | 2,343,584 | - | 2,343,584 | 2,254,996 | 88,588 |
| Transport | 367,217 | - | 367,217 | 320,880 | 46,337 |
| Corrections alternatives | 224,052 | - | 224,052 | 245,726 | (21,674) |
| Sheriff's department | 1,260,634 | - | 1,260,634 | 1,236,020 | 24,614 |
| Civil process | 66,510 | 13,000 | 79,510 | 78,703 | 807 |
| Communications | 772,869 | - | 772,869 | 739,975 | 32,894 |
| Total public safety | <u>5,105,394</u> | <u>13,000</u> | <u>5,118,394</u> | <u>4,944,468</u> | <u>173,926</u> |
| Debt service: | | | | | |
| Principal | 734,005 | - | 734,005 | 734,005 | - |
| Interest | 491,185 | 500 | 491,685 | 491,543 | 142 |
| Total debt service | <u>1,225,190</u> | <u>500</u> | <u>1,225,690</u> | <u>1,225,548</u> | <u>142</u> |
| Total expenditures | <u>8,245,948</u> | <u>-</u> | <u>8,245,948</u> | <u>7,955,435</u> | <u>290,513</u> |
| Excess (deficiency) of revenues over (under) expenditures: | (141,398) | - | (141,398) | 343,198 | 484,596 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers to other funds - special revenue | (61,000) | - | (61,000) | (61,000) | - |
| Transfers to other funds - capital projects | (427,602) | - | (427,602) | (427,602) | - |
| Total other financing sources and (uses) | <u>(488,602)</u> | <u>-</u> | <u>(488,602)</u> | <u>(488,602)</u> | <u>-</u> |
| Net changes in fund balances | <u>\$ (630,000)</u> | <u>\$ -</u> | <u>\$ (630,000)</u> | <u>\$ (145,404)</u> | <u>\$ 484,596</u> |
| Fund balance, beginning of year | | | | 2,230,243 | |
| Fund balance, end of year | | | | <u>\$ 2,084,839</u> | |

The notes to the financial statements are an integral part of this statement.

COUNTY OF SAGADAHOC, MAINE
Statement of Fiduciary Net Assets
Agency Funds
June 30, 2008

| | <u>Agency Funds</u> |
|---------------------------|-------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 93,371 |
| Total assets | <u>\$ 93,371</u> |
| LIABILITIES | |
| Accounts payable | \$ 9,807 |
| Due to other governments | 83,564 |
| Total liabilities | <u>\$ 93,371</u> |

The notes to the financial statements are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A. Reporting Entity**

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period and soon enough thereafter to pay liabilities of the current period. The County considers all revenues available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments are recorded only when payment is due.

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 *building maintenance fund* accounts for projects that restore and renovate the courthouse.

Additionally, the government reports the following fund types:

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

The *capital projects funds* account for the acquisition of capital assets or construction of major capital projects not being financed by other funds.

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, Registry of Deeds and Registry of Probate all maintain agency funds.

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

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

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

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

D. Assets, Liabilities and Net Assets

1. Deposits and Investments

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

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

2. Receivables and Payables

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

Receivables are shown net of allowances for uncollectibles as necessary.

3. Capital Assets

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

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

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

4. Compensated Absences

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

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

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 incurred in the government-wide financial statements.

5. Long-term Obligations

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

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

6. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

7. Use of Estimates

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets.

One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(217,315) difference are as follows:

| | |
|--|--------------|
| Compensated absences | \$ (217,315) |
| Net adjustment to decrease fund balance – total governmental funds to arrive at net assets – governmental activities | \$ (217,315) |

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – Total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.”

The details of this \$143,966 difference are as follows:

| | |
|--|------------------|
| Capital outlay | \$ 372,601 |
| Depreciation expense | <u>(228,635)</u> |
| Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities | \$ 143,966 |

Another element of that reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The details of this \$230,288 difference are as follows:

| | |
|--|--------------|
| Principal repayments: | |
| General obligation debt | \$ 225,861 |
| Accrued Interest | <u>4,427</u> |
| Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities | \$ 230,288 |

Another element of that reconciliation states that “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.” The details of this \$(42,395) difference are as follows:

| | |
|---|--------------------|
| Compensated absences | <u>\$ (42,395)</u> |
| Net adjustments to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities | \$ (42,395) |

III. 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 2008 budget were held on May 7, 2007 and May 9, 2007. The County Commissioners approved the budget on June 30, 2007. Sagadahoc County by law assesses taxes to the ten municipalities in its jurisdiction to be apportioned based on the last state valuation. The 2008 tax commitment of \$7,232,232 was assessed August 16, 2007. Assessments were due September 1, 2007 with interest at 12% payable on November 1, 2007.

There is no difference between the budgetary basis and generally accepted accounting principles (GAAP). The legal level of budgetary control is that level of expenditure authority that may not be exceeded or reassigned without the approval of the County Commissioners. Title 30-A, section 922 states that whenever any specific appropriation of a department or agency of county government is insufficient to pay the required expenditures for the statutory purposes for which the appropriation was made, the county commissioners may transfer an amount from any other specific line appropriation for the same department or agency to meet the expenditure, upon the written request of the department or agency. Transfers in the amount of \$108,000 were made as a result of this ruling and are included in the “Final Budget” amounts on the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund (Statement 6).

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.

At June 30, 2008, the following balances were restricted by third parties at June 30, 2008:

| | |
|---|-----------------------|
| Building maintenance | <u>\$ 479,696</u> |
| Special Revenue: | |
| District Attorney programs | 11,627 |
| Emergency Management Agency programs | 17,338 |
| Sheriff's programs | 15,094 |
| Special reserves | <u>119,556</u> |
| | 163,615 |
| Total restricted for special purposes | <u>\$ 643,311</u> |

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 undesignated fund balance. At June 30, 2008, the contingent account balance was \$262,037.

Unreserved, Undesignated:

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 unreserved, undesignated fund balance at June 30, 2008 was \$1,822,802. Of this balance, \$514,145 was used to reduce the 2008-09 tax levy leaving a balance of \$1,308,657, which is less than 20% of the amount to be raised by taxation.

IV. DETAILED NOTES ON ALL FUNDS**A. 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, 2008, the County reported deposits of \$3,291,845 with bank balances of \$3,349,710. The County's deposit policy for custodial credit risk calls for F.D.I.C. insured bank accounts. None of the County's total bank balance was exposed to custodial credit risk.

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

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

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

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

| | |
|-------------------------|---------------|
| Governmental activities | \$ 3,198,474 |
| Agency funds | <u>93,371</u> |
| | \$ 3,291,845 |

B. Accounts Receivables

Accounts Receivable consists of the following:

| | General Fund | Special Revenue |
|----------------------------|------------------|--------------------|
| Due from State of Maine | \$ 11,309 | \$ 13,060 |
| Due from other governments | 5,000 | 25,668 |
| Due from agency fund | 39,518 | - |
| Fees for services | 4,241 | 2,320 |
| All other | <u>9,624</u> | <u>-</u> |
| | <u>\$ 69,692</u> | <u>\$ 41,049</u> |

C. Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

| | Balance 07/01/07 | Additions | Deletions | Balance 06/30/08 |
|---|---------------------|-------------------|-------------|---------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 62,198 | \$ - | \$ - | \$ 62,198 |
| Capital assets being depreciated: | | | | |
| Building | 2,336,982 | 142,152 | - | 2,479,134 |
| Improvements other than buildings | 39,000 | - | - | 39,000 |
| Vehicles | 603,876 | 115,554 | (29,282) | 690,148 |
| Machinery and equipment | <u>1,052,056</u> | <u>114,895</u> | <u>-</u> | <u>1,166,951</u> |
| Total capital assets being depreciated | 4,031,914 | 372,601 | (29,282) | 4,375,233 |
| Less accumulated depreciation for: | | | | |
| Building | (951,961) | (58,737) | - | (1,010,698) |
| Improvements other than buildings | (9,913) | (1,950) | - | (11,863) |
| Vehicles | (327,851) | (61,309) | 29,282 | (359,878) |
| Machinery and equipment | <u>(477,819)</u> | <u>(106,639)</u> | <u>-</u> | <u>(584,458)</u> |
| Total accumulated depreciation | (1,767,544) | (228,635) | 29,171 | (1,966,897) |
| Total capital assets being depreciated, net | <u>2,264,370</u> | <u>143,966</u> | <u>-</u> | <u>2,408,336</u> |
| Total capital assets, net | <u>\$ 2,326,568</u> | <u>\$ 143,966</u> | <u>\$ -</u> | <u>\$ 2,470,534</u> |

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

| | |
|----------------------------|----------------|
| General government | \$ 83,591 |
| Public safety | <u>145,044</u> |
| Total depreciation expense | \$ 228,635 |

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2008, is as follows:

Due to/from other funds:

| <u>Receivable Fund</u> | | <u>Payable Fund</u> | |
|--------------------------|---------------|---------------------------|-----------|
| General fund | \$ 19,775 | Building maintenance fund | \$ 13,709 |
| Other governmental funds | <u>25,450</u> | Other governmental funds | 31,516 |
| | \$ 45,225 | General Fund | <u>-</u> |
| | | | \$ 45,225 |

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>Building Maintenance Fund</u> | <u>Other Governmental Funds</u> |
|-----------------|---------------------|----------------------------------|---------------------------------|
| General fund | \$(488,602) | \$ 410,104 | \$ 78,498 |
| Total transfers | \$(488,602) | \$ 410,104 | \$ 78,498 |

The \$488,602 transferred from the general fund to other governmental funds was amounts budgeted for various special revenue and capital projects. Of the \$78,498 transferred to the general fund from other governmental funds, \$61,000 was budgeted from special revenue accounts. The remaining \$17,498 consists of capital projects funds that were previously completed as well as \$410,104 from the building maintenance fund.

E. 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 three years, commencing on February 1, 2008. Rental expense for the year ended June 30, 2008 was \$250.

F. Long-term Debt

The following is a summary of capital lease transactions of the County for the year ended June 30, 2008:

| <u>Issuer</u> | <u>Balance 07/01/07</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance 06/30/08</u> | <u>Due Within One Year</u> |
|--|-------------------------|------------------|-------------------|-------------------------|----------------------------|
| IBM Corporation – Deeds Records Management System – Due 09/30/08 | \$ 6,856 | \$ - | \$ 6,856 | \$ - | \$ - |
| Banknorth – Leasehold Improvements County Courthouse/Sheriff's Department – Due 12/01/11 | <u>219,005</u> | <u>-</u> | <u>219,005</u> | <u>-</u> | <u>-</u> |
| Totals | <u>\$ 225,861</u> | <u>\$ -</u> | <u>\$ 225,861</u> | <u>\$ -</u> | <u>\$ -</u> |

The IBM Corporation agreements provide for the transfer of ownership of the records management systems to the County at the end of the lease terms. The Banknorth agreements provide that the County may purchase the equipment for one dollar at the end of the lease term. The amounts capitalized under these lease agreements were \$148,753 and \$300,000, respectively. The capital leases were paid in full in 2007-2008.

Changes in Long-Term Liabilities. Long-term liability activity for the year ended June 30, 2008, was as follows:

| | Balance <u>June 30, 2007</u> | <u>Additions</u> | <u>Deductions</u> | Balance <u>June 30, 2008</u> | Due Within <u>One Year</u> |
|----------------------|---------------------------------|------------------|---------------------|---------------------------------|-------------------------------|
| Capital leases | \$ 225,861 | - | (219,005) | - | - |
| Compensated absences | <u>174,920</u> | <u>42,395</u> | <u>-</u> | <u>217,315</u> | <u>217,315</u> |
| | <u>\$ 400,781</u> | <u>\$ 42,395</u> | <u>\$ (219,005)</u> | <u>\$ 217,315</u> | <u>\$ 217,315</u> |

The Lincoln and Sagadahoc Multicounty Jail Authority, a joint venture with Lincoln County, issued revenue bonds on June 1, 2005 in the amount of \$24,600,000. Although the bonds are in the name of the Jail Authority, the Sagadahoc County Commissioners have passed a resolution authorizing the guarantee by Sagadahoc County of a portion of the debt service in the amount of \$12,300,000.

V. OTHER INFORMATION

A. 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, 2008.

B. Joint Venture

The County of Sagadahoc entered into a joint venture with the County of Lincoln 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, 2008 was \$515,000.

Sagadahoc and Lincoln Counties entered into a cost sharing agreement which obligates Sagadahoc County to share in the operating and capital costs of the jail. The share of operating costs is a percentage based upon prisoner population from each County. For the fiscal year that ended June 30, 2007, Sagadahoc County's share was 49% for a total share of \$2,254,996.

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, 2007, which is the latest date available, is as follows:

| | |
|----------------------|---------------|
| Total assets | \$ 27,074,407 |
| Total liabilities | 24,724,436 |
| Net assets | 2,349,971 |
| Change in net assets | 2,054,383 |

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

C. Contingent Liabilities

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

Pending Lawsuits – During 2008, an incident occurred in which a lawsuit resulted. Currently, management feels insurance will cover any resulting liabilities.

D. Defined Benefit Pension Plans

For its participating full time County employees and elected officials the County of Sagadahoc contributes to the Consolidated Plan for Participating Local Districts (CPPLD) a cost-sharing multiple employer, defined benefit pension plan administrated 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.

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 2.8%. 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 4.0%. The law enforcement officer who falls under the special plan contributes 6.5% and the County contributes 5.3%. The contribution rates are determined actuarially.

The contribution requirements of the Plan members and the County are established by and may be amended by the State Legislature. The amounts the County was required to contribute to the CPPLD for the years ended June 30, 2008, 2007, and 2006 were \$54,604, \$79,990, and \$70,799, respectively, less amounts from credits as noted below. All required contributions were made by the County.

The CPPLD retirement programs provide defined retirement benefits based on a member's average final compensation. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit or, in some cases, the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age is 60. The monthly benefit of members eligible to retire before normal retirement age by virtue of having at least 25 years of service is reduced by a statutorily prescribed factor for each year of age that a member is below his/her normal retirement age at retirement. Law enforcement personnel have special provisions that allow them to retire at any age, without a reduction in benefits, after 20 or 25 years of service depending on their individual date of hire.

The County rejoined the Maine Public Employees Retirement System effective July 1, 2002. The County's contribution rates included a joining rate in addition to the payroll rate until June 30, 2007. 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, 2007 the remaining balance is \$336,241. The County has used credits of \$49,601, \$45,180, and \$67,887 for the years ended June 30, 2008, 2007 and 2006, respectively, to reduce contributions to the CPPLD.

E. Deferred Compensation Plan

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

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

Participants who are not covered by The Maine Public Employees Retirement System are eligible for a County contribution. The contribution is a percentage of compensation and is determined by the County budget. For the year ended June 30, 2008, the County contributed between 3% and 6% of compensation. Participants are fully vested with respect to the County's contributions after completing a probationary period. The County contributed \$9,651 for the year ended June 30, 2008 and employees contributed \$36,970 to the plan.

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS**

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COUNTY OF SAGADAHOC, MAINE
Combining Balance Sheet
All Other Governmental Funds
June 30, 2008

| | <u>Nonmajor Special Revenue Funds</u> | <u>Nonmajor Capital Project Funds</u> | <u>Total Other Governmental Funds</u> |
|--------------------------------------|---|---|---|
| ASSETS | | | |
| Cash and cash equivalents | \$ 128,633 | \$ 199,804 | \$ 328,437 |
| Receivables: | | | |
| Accounts | 2,320 | - | 2,320 |
| Intergovernmental | 38,728 | - | 38,728 |
| Due from other funds | 25,450 | - | 25,450 |
| Total assets | <u>\$ 195,131</u> | <u>\$ 199,804</u> | <u>\$ 394,935</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Due to other funds | \$ 31,516 | \$ - | \$ 31,516 |
| Total liabilities | <u>31,516</u> | <u>-</u> | <u>31,516</u> |
| Fund balances: | | | |
| Unreserved: | | | |
| Unreserved, undesignated | 163,615 | 199,804 | 363,419 |
| Total fund balances | <u>163,615</u> | <u>199,804</u> | <u>363,419</u> |
| Total liabilities and fund balances | <u>\$ 195,131</u> | <u>\$ 199,804</u> | <u>\$ 394,935</u> |

COUNTY OF SAGADAHOC, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Other Governmental Funds
For the Year Ended June 30, 2008

| | Nonmajor Special Revenue Funds | Nonmajor Capital Project Funds | Total Other Governmental Funds |
|---|---|---|---|
| REVENUES | | | |
| Intergovernmental | \$ 155,472 | \$ - | \$ 155,472 |
| Charges for services | 19,772 | - | 19,772 |
| Interest | 6,385 | - | 6,385 |
| Other | <u>7,863</u> | <u>246,124</u> | <u>253,987</u> |
| Total revenues | <u>189,492</u> | <u>246,124</u> | <u>435,616</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Miscellaneous | 254,258 | - | 254,258 |
| Capital outlay | <u>-</u> | <u>221,484</u> | <u>221,484</u> |
| Total expenditures | <u>254,258</u> | <u>221,484</u> | <u>475,742</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(64,766)</u> | <u>24,640</u> | <u>(40,126)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer from other funds | 61,000 | 17,498 | 78,498 |
| Transfer to other funds | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>61,000</u> | <u>17,498</u> | <u>78,498</u> |
| Net changes in fund balances | (3,766) | 42,138 | 38,372 |
| Fund balances, beginning of year | <u>167,381</u> | <u>157,666</u> | <u>325,047</u> |
| Fund balances, end of year | <u>\$ 163,615</u> | <u>\$ 199,804</u> | <u>\$ 363,419</u> |

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.

District Attorney Programs

To account for grants that provides a victim witness advocate and a domestic violence investigator.

Emergency Management Agency Programs

To account for State and Federal grants for the purposes of homeland security, emergency disaster management and preparedness.

Sheriff's Programs

To account for various State and Federal grants for the purpose of highway safety, drug prevention, bullet proof vests and other similar programs.

Special Reserves

To account for State mandated fees collected for the purpose of preservation of records.

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COUNTY OF SAGADAHOC, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2008

| | <u>District Attorney Programs</u> | <u>EMA Programs</u> | <u>Sheriff's Programs</u> | <u>Special Reserves</u> | <u>Totals</u> |
|--------------------------------------|---------------------------------------|-------------------------|-------------------------------|-----------------------------|-------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ 4,789 | \$ 123,844 | \$ 128,633 |
| Receivables: | | | | | |
| Accounts | - | - | - | 2,320 | 2,320 |
| Intergovernmental | 2,270 | 1,245 | 35,213 | - | 38,728 |
| Due from other funds | 9,357 | 16,093 | - | - | 25,450 |
| Total assets | <u>\$ 11,627</u> | <u>\$ 17,338</u> | <u>\$ 40,002</u> | <u>\$ 126,164</u> | <u>\$ 195,131</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Due to other funds | - | - | 24,908 | 6,608 | 31,516 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>24,908</u> | <u>6,608</u> | <u>31,516</u> |
| Fund balances | | | | | |
| Unreserved: | | | | | |
| Unreserved, undesignated | 11,627 | 17,338 | 15,094 | 119,556 | 163,615 |
| Total fund balances | <u>11,627</u> | <u>17,338</u> | <u>15,094</u> | <u>119,556</u> | <u>163,615</u> |
| Total liabilities and fund balances | <u>\$ 11,627</u> | <u>\$ 17,338</u> | <u>\$ 40,002</u> | <u>\$ 126,164</u> | <u>\$ 195,131</u> |

COUNTY OF SAGadahoc, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2008

| | <u>District Attorney Programs</u> | <u>EMA Programs</u> | <u>Sheriff's Programs</u> | <u>Special Reserves</u> | <u>Totals</u> |
|--|---------------------------------------|-------------------------|-------------------------------|-----------------------------|-------------------|
| REVENUES | | | | | |
| Intergovernmental | \$ 35,250 | \$ 36,216 | \$ 84,006 | \$ - | \$ 155,472 |
| Charges for services | - | - | - | 19,772 | 19,772 |
| Interest | - | - | 220 | 6,165 | 6,385 |
| Other | - | 6,687 | - | 1,176 | 7,863 |
| Total revenues | <u>35,250</u> | <u>42,903</u> | <u>84,226</u> | <u>27,113</u> | <u>189,492</u> |
| EXPENDITURES | | | | | |
| Miscellaneous | <u>94,008</u> | <u>36,545</u> | <u>81,573</u> | <u>42,132</u> | <u>254,258</u> |
| Total expenditures | <u>94,008</u> | <u>36,545</u> | <u>81,573</u> | <u>42,132</u> | <u>254,258</u> |
| Excess (deficiency) of revenues over (under) expenditures | (58,758) | 6,358 | 2,653 | (15,019) | (64,766) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfer from other funds | 61,000 | - | - | - | 61,000 |
| Transfer to other funds | - | - | - | - | - |
| Total other financing sources and uses | <u>61,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>61,000</u> |
| Net changes in fund balances | 2,242 | 6,358 | 2,653 | (15,019) | (3,766) |
| Fund balances, beginning of year | <u>9,385</u> | <u>10,980</u> | <u>12,441</u> | <u>134,575</u> | <u>167,381</u> |
| Fund balances, end of year | <u>\$ 11,627</u> | <u>\$ 17,338</u> | <u>\$ 15,094</u> | <u>\$ 119,556</u> | <u>\$ 163,615</u> |

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities.

Capital Reserve

To account for funds transferred from completed projects that may be used by vote of the commissioners to supplement other capital projects.

Jail Reserve

To account for amount received that was set aside in a reserve account for possible future capital needs relating to the Jail.

Communications

To account for equipment necessary for emergency communications throughout the County.

Vehicle Replacement

To account for vehicles used by the Sheriff's Department, the Transport Department and the Emergency Management Agency.

Office Equipment

To account for purchases of office equipment that meets the criteria of capital assets.

Computer Equipment

To account for purchases of computer equipment that meets the criteria of capital assets.

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COUNTY OF SAGADAHOOC, MAINE
 Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2008

| | <u>Capital Reserve</u> | <u>Jail Reserve</u> | <u>Communications</u> | <u>Vehicle Replacement</u> | <u>Office Equipment</u> | <u>Computer Equipment</u> | <u>Totals</u> |
|-------------------------------------|------------------------|---------------------|-----------------------|----------------------------|-------------------------|---------------------------|---------------|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ - | \$ 127,011 | \$ 10,137 | \$ 44,338 | \$ 18,318 | \$ - | \$ 199,804 |
| Total assets | \$ - | \$ 127,011 | \$ 10,137 | \$ 44,338 | \$ 18,318 | \$ - | \$ 199,804 |
| FUND BALANCES | | | | | | | |
| Fund balances: | | | | | | | |
| Unreserved, undesignated | \$ - | \$ 127,011 | \$ 10,137 | \$ 44,338 | \$ 18,318 | \$ - | \$ 199,804 |
| Total fund balances | \$ - | \$ 127,011 | \$ 10,137 | \$ 44,338 | \$ 18,318 | \$ - | \$ 199,804 |
| Total liabilities and fund balances | \$ - | \$ 127,011 | \$ 10,137 | \$ 44,338 | \$ 18,318 | \$ - | \$ 199,804 |

COUNTY OF SAGADAHOC, MAINE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2008

| | <u>Capital Reserve</u> | <u>Jail Reserve</u> | <u>Communications</u> | <u>Vehicle Replacement</u> | <u>Office Equipment</u> | <u>Computer Equipment</u> | <u>Totals</u> |
|---|------------------------|---------------------|-----------------------|----------------------------|-------------------------|---------------------------|---------------|
| REVENUES | | | | | | | |
| Other | \$ - | \$ 246,124 | \$ - | \$ - | \$ - | \$ - | \$ 246,124 |
| Total revenues | - | 246,124 | - | - | - | - | 246,124 |
| EXPENDITURES | | | | | | | |
| Capital outlay | - | - | 53,901 | 102,008 | 45,062 | 20,513 | 221,484 |
| Total expenditures | - | - | 53,901 | 102,008 | 45,062 | 20,513 | 221,484 |
| Excess (deficiency) of revenues over (under) expenditures | - | 246,124 | (53,901) | (102,008) | (45,062) | (20,513) | 24,640 |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers (to) from other funds | (8,391) | (119,113) | 33,887 | 106,000 | 41,578 | (36,463) | 17,498 |
| Total other financing sources (uses) | (8,391) | (119,113) | 33,887 | 106,000 | 41,578 | (36,463) | 17,498 |
| Net changes in fund balances | (8,391) | 127,011 | (20,014) | 3,992 | (3,484) | (56,976) | 42,138 |
| Fund balances, beginning of year | 8,391 | - | 30,151 | 40,346 | 21,802 | 56,976 | 157,666 |
| Fund balances, end of year | \$ - | \$ 127,011 | \$ 10,137 | \$ 44,338 | \$ 18,318 | \$ - | \$ 199,804 |

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.

Registry of Deeds

To account for fees collected on behalf of other agencies.

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COUNTY OF SAGADAHOC
Statement of Changes in Assets and Liabilities
Fiduciary Funds
Agency Fund
For the Year Ended June 30, 2008

| | <u>Balance</u> <u>July 1, 2007</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>June 30,2008</u> |
|--------------------------|---------------------------------------|------------------|-------------------|---------------------------------------|
| ASSETS | | | | |
| Cash | \$ 74,622 | \$ 18,749 | \$ - | \$ 93,371 |
| Total assets | <u>\$ 74,622</u> | <u>\$ 18,749</u> | <u>\$ -</u> | <u>\$ 93,371</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 3,195 | \$ 6,612 | \$ - | \$ 9,807 |
| Due to other governments | 71,427 | 12,137 | - | 83,564 |
| Total liabilities | <u>\$ 74,622</u> | <u>\$ 18,749</u> | <u>\$ -</u> | <u>\$ 93,371</u> |

COUNTY OF SAGADAHOC
Combining Balance Sheet
Fiduciary Funds
Agency Fund
June 30, 2008

| | <u>D.A.'S</u> | | <u>Registry</u> | |
|--------------------------|--------------------|----------------|------------------|------------------|
| | <u>Restitution</u> | <u>Probate</u> | <u>of Deeds</u> | <u>Total</u> |
| ASSETS | | | | |
| Cash | \$ 9,807 | \$ 245 | \$ 83,319 | \$ 93,371 |
| Total assets | <u>\$ 9,807</u> | <u>\$ 245</u> | <u>\$ 83,319</u> | <u>\$ 93,371</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 9,807 | \$ - | \$ - | \$ 9,807 |
| Due to other governments | - | 245 | 83,319 | 83,564 |
| Total liabilities | <u>\$ 9,807</u> | <u>\$ 245</u> | <u>\$ 83,319</u> | <u>\$ 93,371</u> |

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.

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COUNTY OF SAGADAHOC, MAINE
Net Assets by Component
Last Four Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 2005 | 2006 | 2007 | 2008 |
| Governmental activities | | | | |
| Invested in capital assets, net of related debt | \$ 1,808,088 | \$ 2,284,714 | \$ 2,130,423 | \$ 2,470,534 |
| Restricted | 1,130,078 | 1,115,606 | 646,011 | 905,348 |
| Unrestricted | <u>879,526</u> | <u>1,003,812</u> | <u>1,916,809</u> | <u>1,805,291</u> |
| Total governmental activities net assets | <u>\$ 3,817,692</u> | <u>\$ 4,404,132</u> | <u>\$ 4,693,243</u> | <u>\$ 5,181,173</u> |

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

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

| | Fiscal Year | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2005 | 2006 | 2007 | 2008 |
| Expenses | | | | |
| Governmental activities: | | | | |
| General government | \$ 1,815,960 | \$ 1,520,594 | \$ 1,728,328 | \$ 1,875,286 |
| Public safety | 3,420,997 | 3,689,319 | 6,754,408 | 6,114,336 |
| Capital outlay | 313,499 | 339,596 | 29,818 | 15,476 |
| Miscellaneous | 209,244 | 364,317 | 264,012 | 254,258 |
| Interest on long-term debt | 34,551 | 18,224 | 19,128 | 6,555 |
| Total governmental activities expenses | <u>5,794,251</u> | <u>5,932,050</u> | <u>8,795,694</u> | <u>8,265,911</u> |
| Program Revenues | | | | |
| Governmental activities: | | | | |
| Charges for services | | | | |
| Registrar of Deeds | \$ 346,183 | \$ 379,582 | \$ 373,680 | \$ 325,240 |
| Other activities | 109,106 | 176,804 | 189,547 | 175,097 |
| Operating grants and contributions | 576,914 | 528,965 | 501,334 | 602,234 |
| Capital grants and contributions | 46,524 | 156,660 | 119,292 | - |
| Total governmental activities program revenues | <u>1,078,727</u> | <u>1,242,011</u> | <u>1,183,853</u> | <u>1,102,571</u> |
| Net (expense) revenue | | | | |
| Total governmental activities net expenses | <u>\$ (4,715,524)</u> | <u>\$ (4,690,039)</u> | <u>\$ (7,611,841)</u> | <u>\$ (7,163,340)</u> |
| General Revenues and Other Changes in Net Assets | | | | |
| Governmental activities: | | | | |
| Taxes | 4,508,954 | 5,247,887 | 8,121,370 | 7,232,233 |
| Jail Returned Surplus | | | | 246,124 |
| Unrestricted interest income | 65,767 | 28,592 | 268,547 | 172,913 |
| Total governmental activities | <u>4,574,721</u> | <u>5,276,479</u> | <u>8,389,917</u> | <u>7,651,270</u> |
| Change in Net Assets | | | | |
| Total governmental activities | <u>\$ (140,803)</u> | <u>\$ 586,440</u> | <u>\$ 778,076</u> | <u>\$ 487,930</u> |

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

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

| | Fiscal Year | | | | | | | | | |
|---|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 1999 | 2000 | 2001 | 2002(a) | 2003 | 2004 | 2005 | 2006(b) | 2007 | 2008 |
| General Fund: | | | | | | | | | | |
| Reserved | \$ 608,353 | \$ 739,400 | \$ 695,023 | \$ 800,526 | \$ 809,818 | \$ 861,211 | \$ 1,130,078 | \$ 367,669 | \$ 262,037 | \$ 262,037 |
| Unreserved | 627,479 | 256,484 | 815,468 | 1,403,253 | 1,562,349 | 1,313,442 | 1,068,555 | 1,247,266 | 1,968,205 | 1,822,802 |
| Total General Fund | \$ 1,235,832 | \$ 995,884 | \$ 1,510,491 | \$ 2,203,779 | \$ 2,372,167 | \$ 2,174,653 | \$ 2,198,633 | \$ 1,614,935 | \$ 2,230,242 | \$ 2,084,839 |
| All Other Governmental Funds: | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | - | - | - | - | - | - | - | 197,541 | 167,381 | 163,615 |
| Capital project funds | - | - | - | - | - | - | - | 550,396 | 374,259 | 679,500 |
| Total all other governmental funds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 747,937 | \$ 541,640 | \$ 843,115 |

(a) In the fiscal year 2002, the County changed its fiscal year from a calendar year to a fiscal year that runs from July 1 through June 30. The financial statements for 2002 were for the six month period from January 1, 2002 through June 30, 2002.

(b) Prior to the 2006 financial statements, all activity of Sagadahoc County was accounted for in the General Fund. In 2006 a special revenue fund and a capital projects fund were created to more accurately reflect the activities of the County.

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

| | Fiscal Year | | | | | | | | | |
|---|-------------------|---------------------|-------------------|-------------------|-------------------|---------------------|------------------|-------------------|-------------------|-------------------|
| | 1999 | 2000 | 2001 | 2002(a) | 2003 | 2004 | 2005 | 2006(b) | 2007 | 2008 |
| Revenues | | | | | | | | | | |
| Taxes | \$ 2,410,027 | \$ 2,511,473 | \$ 3,857,538 | \$ 1,402,228 | \$ 4,456,920 | \$ 4,114,804 | \$ 4,508,954 | \$ 5,247,887 | \$ 8,121,370 | \$ 7,232,232 |
| Licenses, fees, and permits | 277,107 | 248,294 | 299,819 | 162,627 | 405,245 | 420,859 | 398,913 | 451,624 | 447,702 | 401,343 |
| Intergovernmental | 376,587 | 414,401 | 377,246 | 199,813 | 393,589 | 705,430 | 491,962 | 539,575 | 389,453 | 501,270 |
| Charges for services | 58,800 | 95,204 | 148,861 | 52,438 | 127,350 | 128,216 | 129,931 | 89,986 | 94,766 | 89,381 |
| Interest | 32,733 | 51,645 | 36,709 | 10,141 | 43,136 | 46,800 | 66,435 | 39,585 | 268,549 | 424,779 |
| Other | 38,955 | 57,247 | 55,201 | 36,046 | 77,078 | 92,086 | 57,253 | 149,832 | 251,930 | 104,836 |
| Total revenues | 3,194,209 | 3,378,264 | 4,775,374 | 1,863,293 | 5,503,318 | 5,508,195 | 5,653,448 | 6,518,489 | 9,573,770 | 8,753,841 |
| Expenditures | | | | | | | | | | |
| General government | 916,781 | 957,636 | 1,087,806 | 608,509 | 1,374,853 | 1,444,181 | 1,714,411 | 1,636,903 | 1,651,010 | 1,785,419 |
| Public safety | 1,920,857 | 2,319,665 | 2,712,341 | 1,360,361 | 2,973,522 | 3,320,473 | 3,662,618 | 3,829,004 | 6,592,799 | 4,944,468 |
| Miscellaneous | 85,665 | 131,840 | 100,516 | 39,315 | 97,247 | 120,402 | 125,208 | 364,317 | 264,012 | 254,258 |
| Debt service: | | | | | | | | | | |
| Principal | 60,000 | 60,000 | 60,000 | 63,852 | 604,100 | 376,731 | 178,694 | 156,200 | 191,811 | 734,005 |
| Interest | 34,140 | 30,000 | 25,800 | 18,710 | 39,210 | 33,120 | 39,227 | 28,229 | 18,427 | 491,543 |
| Capital outlay | 343,705 | 119,071 | 550,554 | 79,258 | 245,998 | 412,802 | 313,499 | 339,596 | 446,701 | 388,077 |
| Total expenditures | 3,361,148 | 3,618,212 | 4,537,017 | 2,170,005 | 5,334,930 | 5,707,709 | 6,033,657 | 6,354,249 | 9,164,760 | 8,597,770 |
| Excess (deficiency) of revenues over (under) expenditures | (166,939) | (239,948) | 238,357 | (306,712) | 168,388 | (199,514) | (380,209) | 164,240 | 409,010 | 156,071 |
| Other financing sources (uses) | | | | | | | | | | |
| Proceeds from borrowing | 160,753 | - | 276,250 | 1,000,000 | - | - | 404,188 | - | - | - |
| Transfer in | - | - | - | - | - | - | - | 193,375 | 492,920 | 488,602 |
| Transfer out | - | - | - | - | - | - | - | (193,375) | (492,920) | (488,602) |
| Sale of assets | - | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | 160,753 | - | 276,250 | 1,000,000 | - | - | 404,188 | - | - | - |
| Net change in fund balance | \$ (6,186) | \$ (239,948) | \$ 514,607 | \$ 693,288 | \$ 168,388 | \$ (199,514) | \$ 23,979 | \$ 164,240 | \$ 409,010 | \$ 156,071 |
| Debt service as a percentage of noncapital expenditures | 3.12% | 2.57% | 2.15% | 3.95% | 12.64% | 7.74% | 3.81% | 3.07% | 2.41% | 14.93% |

(a) In the fiscal year 2002, the County changed its fiscal year from a calendar year to a fiscal year that runs from July 1 through June 30. The financial statements for 2002 were for the six month period from January 1, 2002 through June 30, 2002.

(b) Prior to the 2006 financial statements, all activity of Sagadahoc County was accounted for in the General Fund. In 2006 a special revenue fund and a capital projects fund were created to more accurately reflect the activities of the County.

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

| | Fiscal Year | | | |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
| Function/Program | | | | |
| Governmental activities: | | | | |
| General government | \$ 585,021 | \$ 453,356 | \$ 619,110 | \$ 463,061 |
| Public safety | 493,706 | 399,512 | 535,884 | 542,537 |
| Capital outlay | - | 5,594 | - | - |
| Miscellaneous | - | 383,549 | 28,859 | 96,973 |
| Total governmental activities | <u>\$ 1,078,727</u> | <u>\$ 1,242,011</u> | <u>\$ 1,183,853</u> | <u>\$ 1,102,571</u> |

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

Prior to the 2006 financial statements, all activity of Sagadahoc County was accounted for in the General Fund. In 2006 a special revenue fund and a capital projects fund were created to more accurately reflect the activities of the County. The capital outlay and miscellaneous revenues are primarily the result of this change.

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

| <u>Fiscal Year</u> | <u>State Valuation (a)</u> | <u>County Tax</u> | <u>Total Direct Tax Value (b)</u> |
|--------------------|----------------------------|-------------------|-----------------------------------|
| 1999 | \$ 1,812,050,000 | \$ 410,027 | 1.3270 |
| 2000 | 1,860,350,000 | 2,511,473 | 1.3500 |
| 2001 | 1,961,700,000 | 3,857,538 | 1.9664 |
| 2002 (c) | 2,142,750,000 | 1,402,228 | 0.6544 |
| 2003 | 2,142,750,000 | 4,456,920 | 2.0800 |
| 2004 | 2,370,500,000 | 4,114,804 | 1.7358 |
| 2005 | 2,674,700,000 | 4,508,954 | 1.6858 |
| 2006 | 3,120,800,000 | 5,242,944 | 1.6800 |
| 2007 (d) | 3,608,800,000 | 8,120,000 | 2.2500 |
| 2008 | 4,161,650,000 | 7,232,232 | 1.7378 |

(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) In 2002, Sagadahoc County changed its fiscal year from a calendar year ending December 31 to a fiscal year ending June 30. Taxes were assessed for a six month period to cover the period from January 1, 2002 to June 30, 2002. Taxes were also assessed in 2002 for the 2002-2003 fiscal year that included July 1, 2002 to June 30, 2003.

(d) 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. Debt was issued 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.

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

| Fiscal Year | Direct Rate | Overlapping Rates | | | | | | | | | | Total |
|-------------|-------------|-------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| | | Arrowsic | Bath | Bowdoin | Bowdoinham | Georgetown | Phippsburg | Richmond | Topsham | West Bath | Woolwich | |
| 1999 | \$ 1.3270 | \$ 44,156 | \$ 644,385 | \$ 113,715 | \$ 139,118 | \$ 189,060 | \$ 284,753 | \$ 143,241 | \$ 499,880 | \$ 157,073 | \$ 194,646 | \$ 2,410,027 |
| 2000 | 1.3500 | 45,833 | 677,632 | 117,788 | 136,755 | 204,187 | 299,835 | 147,825 | 521,033 | 164,768 | 195,817 | 2,511,473 |
| 2001 | 1.9664 | 66,760 | 1,019,100 | 184,353 | 213,357 | 326,329 | 449,328 | 235,381 | 797,779 | 265,959 | 299,192 | 3,857,538 |
| 2002(a) | 0.6544 | 28,434 | 359,171 | 71,952 | 78,005 | 112,263 | 161,606 | 96,263 | 296,380 | 93,155 | 104,999 | 1,402,228 |
| 2003 | 2.0800 | 90,376 | 1,141,608 | 228,696 | 247,936 | 356,824 | 513,656 | 305,968 | 942,032 | 296,088 | 333,736 | 4,456,920 |
| 2004 | 1.7358 | 85,490 | 1,032,824 | 204,048 | 226,614 | 351,854 | 459,650 | 266,017 | 874,515 | 297,436 | 316,356 | 4,114,804 |
| 2005 | 1.6858 | 99,292 | 1,095,757 | 219,067 | 231,879 | 424,226 | 526,638 | 273,686 | 935,270 | 316,168 | 386,971 | 4,508,954 |
| 2006 | 1.6800 | 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(b) | 2.2500 | 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 | 1.7378 | 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 |

(a) In 2002, Sagadahoc County changed its fiscal year from a calendar year ending December 31 to a fiscal year ending June 30. Taxes were assessed for a six month period to cover the period from January 1, 2002 to June 30, 2002. Taxes were also assessed in 2002 for the 2002-2003 fiscal year that included July 1, 2002 to June 30, 2003.

(b) The large increase in the tax rate 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. Debt was issued 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.

Table 8

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

| Taxpayer | 2008 | | | 1998 | | |
|------------|----------------------------------|------|--|----------------------------------|------|--|
| | State Taxable Assessed Valuation | Rank | Percentage of State Taxable Assessed Valuation | State Taxable Assessed Valuation | Rank | Percentage of Total Taxable Assessed Valuation |
| Bath | \$ 936,200,000 | 1 | 22.50% | \$ 484,000,000 | 1 | 26.97% |
| Topsham | 793,050,000 | 2 | 19.06% | 371,250,000 | 2 | 20.69% |
| Phippsburg | 564,300,000 | 3 | 13.56% | 212,600,000 | 3 | 11.85% |
| Georgetown | 490,200,000 | 4 | 11.78% | 147,300,000 | 4 | 8.21% |
| Woolwich | 318,400,000 | 5 | 7.65% | 142,700,000 | 5 | 7.95% |
| West Bath | 316,850,000 | 6 | 7.61% | 116,800,000 | 6 | 6.51% |
| Richmond | 236,300,000 | 7 | 5.68% | 104,250,000 | 7 | 5.81% |
| Bowdoinham | 229,900,000 | 8 | 5.52% | 100,400,000 | 8 | 5.59% |
| Bowdoin | 198,650,000 | 9 | 4.77% | 81,800,000 | 9 | 4.56% |
| Arrowsic | <u>77,800,000</u> | 10 | <u>1.87%</u> | <u>33,550,000</u> | 10 | <u>1.87%</u> |
| | <u>\$ 4,161,650,000</u> | | <u>100.00%</u> | <u>\$ 1,794,650,000</u> | | <u>100.00%</u> |

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

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

| <u>Fiscal Year</u> | <u>General Obligation Bonds</u> | <u>Capital Lease</u> | <u>Governmental Expense Bond</u> | <u>Total Primary Government</u> | <u>Population (a)</u> | <u>Per Capita Income (b)</u> | <u>Personal Income</u> | <u>Percentage of Personal Income</u> | <u>Per Capita</u> | <u>Percentage of Estimated State Taxable Value of Property (c)</u> |
|--------------------|---------------------------------|----------------------|----------------------------------|---------------------------------|-----------------------|------------------------------|------------------------|--------------------------------------|-------------------|--|
| 1999 | \$ 420,000 | \$ 153,780 | \$ - | \$ 573,780 | 33,535 | \$ 13,668 | \$ 458,356,380 | 0.13% | 41.98 | 0.03% |
| 2000 | 360,000 | 124,849 | - | 484,849 | 33,535 | 13,668 | 458,356,380 | 0.11% | 35.47 | 0.03% |
| 2001 | 300,000 | 315,349 | - | 615,349 | 35,214 | 19,533 | 687,835,062 | 0.09% | 31.50 | 0.03% |
| 2002 | 300,000 | 246,249 | 1,000,000 | 1,546,249 | 35,214 | 19,533 | 687,835,062 | 0.22% | 79.16 | 0.07% |
| 2003 | 240,000 | 156,614 | 455,900 | 852,514 | 35,214 | 19,533 | 687,835,062 | 0.12% | 43.64 | 0.04% |
| 2004 | 180,000 | 61,695 | 198,600 | 440,295 | 35,214 | 19,533 | 687,835,062 | 0.06% | 22.54 | 0.02% |
| 2005 | 120,000 | 358,268 | 162,400 | 640,668 | 35,214 | 19,533 | 687,835,062 | 0.09% | 32.80 | 0.02% |
| 2006 | 60,000 | 290,228 | 66,200 | 416,428 | 35,214 | 19,533 | 687,835,062 | 0.06% | 21.32 | 0.01% |
| 2007 | - | 225,861 | - | 225,861 | 35,214 | 19,533 | 687,835,062 | 0.03% | 11.56 | 0.01% |
| 2008 | - | - | - | - | 35,214 | 19,533 | 687,835,062 | 0.00% | - | 0.00% |

(a) For years 1998 through 2000, 1990 Census, U.S. Department of Commerce, Bureau of Census and for years 2001 through 2007, 2000 Census, U.S. Department of Commerce, Bureau of Census.

(b) For years 1998 through 2000, 1990 Census, U.S. Department of Commerce, Bureau of Census and for years 2001 through 2007, 2000 Census, U.S. Department of Commerce, Bureau of Census.

(c) See Table 6.

COUNTY OF SAGADAHOC, MAINE
Legal Debt Margin Information
June 30, 2008

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, based on a 2007 State Valuation of \$3,608,800,000, the County is in compliance with the total and categorical debt limits:

| Debt Limit by Category | | Maximum Percent Allowable | Maximum Allowable Amount | Principal Amount Outstanding | Legal Debt Margin |
|-------------------------|--|---------------------------|--------------------------|------------------------------|-------------------|
| Type of Debt | | | | | |
| School | | 10.00% | \$ 416,165,000 | \$ - | \$ 416,165,000 |
| Storm or Sanitary Sewer | | 7.50% | 312,123,750 | - | 312,123,750 |
| Municipal Airport | | 3.00% | 124,849,500 | - | 124,849,500 |
| Special District | | 7.50% | 312,123,750 | - | 312,123,750 |
| County | | | | | |
| Total Maximum Debt | | 15.00% | \$ 624,247,500 | \$ - | \$ 624,247,500 |

Legal Debt Margin Calculation for Fiscal Year 2008

| | |
|--|------------------|
| State Valuation | \$ 4,161,650,000 |
| Debt Limit - 15% of State Valuation | 624,247,500 |
| Less outstanding debt applicable to debt limit | - |
| Legal Debt Margin | \$ 624,247,500 |

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|--|----------------|----------------|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Debt limit | \$ 271,807,500 | \$ 279,052,500 | \$ 294,255,000 | \$3,214,125,000 | \$ 321,412,500 | \$ 355,575,000 | \$ 401,205,000 | \$ 468,120,000 | \$ 541,320,000 | \$ 624,247,500 |
| Total debt applicable to limit | 573,780 | 484,849 | 615,349 | 1,546,249 | 852,514 | 440,295 | 640,668 | 416,428 | 225,861 | - |
| Legal debt margin | \$ 271,233,720 | \$ 278,567,651 | \$ 293,639,651 | \$3,212,578,751 | \$ 320,559,986 | \$ 355,134,705 | \$ 400,564,332 | \$ 467,703,572 | \$ 541,094,139 | \$ 624,247,500 |
| Total debt applicable to the limit as a percentage of debt limit | 0.21% | 0.17% | 0.21% | 0.05% | 0.27% | 0.12% | 0.16% | 0.09% | 0.04% | 0.00% |

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

| Fiscal Year | Population (a) | Personal Income | Per Capita Personal Income (a) | Median Age (a) | Unemployment Rate (b) |
|--------------------|-----------------------|------------------------|---------------------------------------|-----------------------|------------------------------|
| 1999 | 33,535 | \$ 458,356,380 | 13,668 | 32.60 | 2.90% |
| 2000 | 33,535 | 458,356,380 | 13,668 | 32.60 | 2.60% |
| 2001 | 35,214 | 717,590,892 | 20,378 | 38.00 | 3.10% |
| 2002 | 35,214 | 717,590,892 | 20,378 | 38.00 | 3.50% |
| 2003 | 35,214 | 717,590,892 | 20,378 | 38.00 | 3.50% |
| 2004 | 35,214 | 717,590,892 | 20,378 | 38.00 | 3.90% |
| 2005 | 35,214 | 717,590,892 | 20,378 | 38.00 | 3.70% |
| 2006 | 35,214 | 717,590,892 | 20,378 | 38.00 | 4.30% |
| 2007 | 35,214 | 717,590,892 | 20,378 | 38.00 | 4.00% |
| 2008 | 35,214 | 717,590,892 | 20,378 | 38.00 | 4.00% |

(a) For years 1998 through 2000, 1990 Census, U.S. Department of Commerce, Bureau of Census and for years 2001 through 2007, 2000 Census, U.S. Department of Commerce, Bureau of Census.

(b) State of Maine Department of Labor, Division of Economic Analysis and Research . For years 1998 through 2002, the County's fiscal year corresponded to the calendar year, the same period as the data for unemployment. In fiscal year 2002, the County changed its fiscal year from a calendar year to a fiscal year that runs from July 1 through June 30. Unemployment data for those years is as of 12/31 prior to the fiscal year end.

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

| <u>Function</u> | <u>1999</u> | <u>2000</u> | <u>2001(b)</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005(c)</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|-------------------------|-------------|-------------|----------------|-------------|-------------|-------------|----------------|-------------|-------------|-------------|
| General government: | | | | | | | | | | |
| Administration (a) | 9 | 9 | 10 | 11 | 10.5 | 10.5 | 10 | 10 | 9 | 8 |
| District Attorney | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 3 |
| D. A. Grant Positions | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 |
| Registrar of Deeds | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 |
| Register of Probate | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 |
| Public safety: | | | | | | | | | | |
| Sheriff | 15.5 | 15.5 | 16.5 | 17.5 | 17.5 | 16.5 | 16.5 | 16.5 | 20 | 20 |
| Sheriff Grant Positions | 1 | 1 | 2 | 2 | 2 | 0 | 0 | 0 | 1 | 1 |
| Transport/Corrections | 7 | 7.5 | 8.5 | 7.5 | 9 | 11 | 11.5 | 11.5 | 8 | 8 |
| Communications | 5.5 | 5.5 | 10.5 | 10.5 | 10.5 | 10.5 | 14.5 | 14.5 | 14.5 | 14 |
| Emergency Management | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1.5 | 1.5 |
| Total | 48 | 48.5 | 58.5 | 59.5 | 60.5 | 61.5 | 65.5 | 65.5 | 66 | 64.5 |

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.

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

(b) In 2001 the Communications Center within the County Courthouse became a Public Safety Answering Point (PSAP) for dispatch throughout the County. This created the need for additional staff in the Communications Department.

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