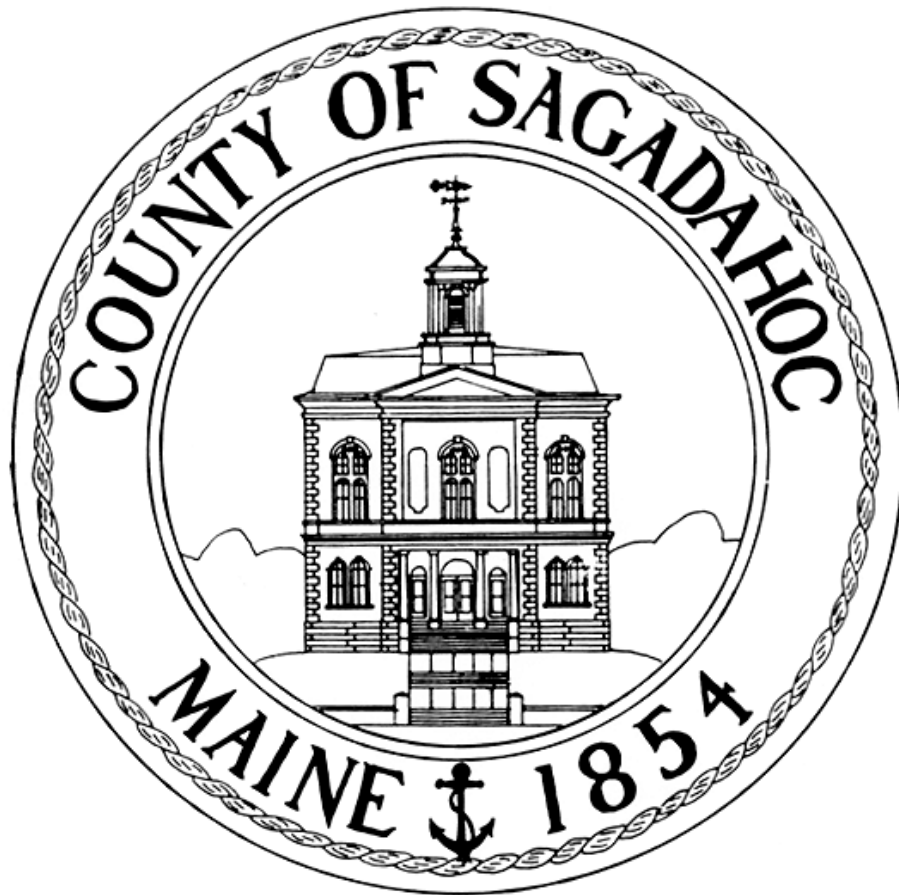


# COUNTY OF SAGADAHOC, MAINE



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016**

**COUNTY OF SAGadahoc, MAINE**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2016**

---

**Table of Contents**

	<u>Statement</u>	<u>Page</u>
<b>INTRODUCTORY SECTION</b>		
List of Elected and Appointed Officials		1
<b>FINANCIAL SECTION</b>		
Independent Auditor's Report		5-7
Management's Discussion and Analysis		8-16
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	19
Statement of Activities	2	20
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	21
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	4	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5	23
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	6	24-25
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Correction Services	6A	26
Statement of Fiduciary Net Position - Agency Funds	7	27
Notes to Financial Statements		28-44
Required Supplementary Information:		
Schedule of County's Proportionate Share of the Net Pension Liability		45
Schedule of County Contributions		46
Retiree Healthcare Plan – Schedule of Funding Progress		47
Combining and Individual Fund Financial Statements:		
Other Governmental Funds:		
Combining Statement Revenues, Expenditures, and Changes in Fund Balances	A	51
Fiduciary Funds - Agency Funds:		
Combining Balance Sheet	B-1	55
Statement of Changes in Assets and Liabilities	B-2	56

**COUNTY OF SAGadahoc, MAINE**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2016**

---

**Table of Contents, Continued**

	<u>Table</u>	<u>Page</u>
<b>STATISTICAL SECTION</b>		
Net Position by Component	1	59
Changes in Net Position	2	60
Fund Balances, Governmental Funds	3	61
Changes in Fund Balances, Governmental Funds	4	62
Program Revenues by Function/Program	5	63
Assessed Value of Taxable Property	6	64
Governmental Activities Tax Revenue by Source	7	65
Principal Property Taxpayers/Total Tax Levy	8	66
Ratios of Outstanding Debt by Type	9	67
Legal Debt Margin Information	10	68
Demographic and Economic Statistics	11	69
Full-time Equivalent County Employees by Function/Program	12	70

# **INTRODUCTORY SECTION**

**COUNTY OF SAGADAHOC, MAINE**  
**LIST OF ELECTED AND APPOINTED OFFICIALS**  
**June 30, 2016**

---

Elected Officials

Commissioner, District 1	Charles Crosby
Commissioner, District 2	Carol Grose
Commissioner, District 3	Lawrence M. Dawson
Treasurer	Jane Scease
Sheriff	Joel Merry
District Attorney	Geoffrey Rushlau
Registrar of Deeds	Lynn Moore
Probate Judge	Hon. John W. Voorhees
Register of Probate	Carolyn A. Bird

Appointed Officials

County Administrator	Pamela A. Hile
Communications Director	Brodie Hinckley
Emergency Management Director	Eric Sawyer

# **FINANCIAL SECTION**

## Independent Auditor's Report

Board of Commissioners  
County of Sagadahoc, Maine

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Sagadahoc, Maine as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***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, 2016, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and Correction Services for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

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

***Other Information***

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

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



Board of Commissioners  
County of Sagadahoc, Maine

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2016 on our consideration of the County of Sagadahoc, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Sagadahoc, Maine's internal control over financial reporting and compliance.



November 30, 2016  
South Portland, Maine

**COUNTY OF SAGADAHOC, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2016**

---

By preparing a Management's Discussion and Analysis (MD&A), the County offers the readers of these financial statements a narrative overview of the financial activities of the County for the fiscal year that ended on June 30, 2016. County management hopes the explanations below will provide an opportunity for readers to gain a greater understanding of Sagadahoc County's finances as a whole.

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

**FINANCIAL HIGHLIGHTS**

**NET POSITION**

- **COUNTY'S NET POSITION:** The assets and deferred outflows of resources of the County of Sagadahoc exceeded its liabilities and deferred inflows of resources by \$3,573,827 at the close of the most recent fiscal year. (Statement 1) This net position is purposed as follows:

Net investment in capital assets	\$ 2,457,267
Restricted	349,565
Unrestricted	<u>766,995</u>
Net Position	\$ 3,573,827

- **CHANGE IN NET POSITION:** As of June 30, 2015, the County's restated net position was \$3,797,587 and at the end of the current year, the County's net position was \$3,573,827, a decrease in net position in the amount of \$223,760 (Statement 2).

**FUND BALANCES**

- **END OF YEAR GOVERNMENTAL FUNDS.** Governmental funds include the General Fund, Correction Services Fund, Capital Projects Fund, and other miscellaneous funds further described in the audit. On June 30, 2016, the end of year fund balance for the County of Sagadahoc's governmental funds was \$2,963,804 (Statement 3) which was an increase of \$340,260 from the fund balance of the governmental funds at the close of the prior year (Statement 4).
- **UNASSIGNED FUND BALANCE (GENERAL FUND).** The General Fund unassigned fund balance of \$1,513,686 equals 51%, of the total fund balance of the governmental funds of \$2,963,804 (Statement 3). The General Fund unassigned fund balance of \$1,513,686 equals approximately 26% of the County's total General Fund expenditures of \$5,739,214 (Statement 4), and 17% of the General and Correction Services Funds expenditures and transfers of \$8,765,616.

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

---

- **CORRECTION SERVICES FUND.** As required by State law associated with the 2008 Unified Corrections legislation, the County's financial audit was required to account for corrections revenues and expenditures separately from non-corrections-related revenues and expenditures. As of June 30, 2016, the Correction Services Fund balance was \$197,245.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide financial statements**

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

**Fund Financial Statements**

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

**Governmental Funds**

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

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

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

---

The County of Sagadahoc maintains twenty-one 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 Correction Services Fund, each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund and Correction Services Fund. Budgetary comparison statements have been provided to demonstrate compliance with this budget.

**Fiduciary Funds**

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

**Notes to the Financial Statements**

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

**GOVERNMENT-WIDE NET POSITION**  
**(ALL GOVERNMENTAL ACTIVITIES – Statements 1 & 2)**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County of Sagadahoc, assets and deferred outflows from all governmental activities exceeded liabilities and deferred inflows by \$3,573,827 at the close of the most recent fiscal year (Statements 1 and 2).

A large portion of the value of the County's net position, (\$2,457,267 or 69% of the total net position amount of \$3,573,827), reflects the County's investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding (there was \$266,382 of debt outstanding on these assets at the end of the year). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The County has net position in the amount of \$349,565 (10%) that is restricted and cannot be used to meet the government's ongoing obligations. The County's unrestricted net position, \$766,995 (Statement 1) or 21% of the total net position of \$3,573,827 may be used to meet the government's ongoing obligations.

The County's net position decreased by \$223,760 during the fiscal year (Statements 1 and 2).

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

---

**Statement of Net Position**

	<b><u>2015 (Restated)</u></b>	<b><u>2016</u></b>
<b>ASSETS</b>		
Current and other assets	\$ 3,074,406	3,354,832
Capital assets	2,922,677	2,723,649
<u>Total assets</u>	<u>5,997,083</u>	<u>6,078,481</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to pensions	283,150	440,270
<u>Total deferred outflows of resources</u>	<u>283,150</u>	<u>440,270</u>
<b>LIABILITIES</b>		
Noncurrent liabilities outstanding	1,379,486	2,278,726
Other liabilities	450,862	397,945
<u>Total liabilities</u>	<u>1,830,348</u>	<u>2,676,671</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to pensions	652,298	268,253
<u>Total deferred inflows of resources</u>	<u>652,298</u>	<u>268,253</u>
<b>NET POSITION</b>		
Net investment in capital assets	2,610,110	2,457,267
Restricted	267,081	349,565
Unrestricted	920,396	766,995
<u>Total net position</u>	<u>\$3,797,587</u>	<u>3,573,827</u>

**Capital Assets**

The County of Sagadahoc's net investment in capital assets for its governmental activities as of June 30, 2016 amounts to \$2,457,267 (net of accumulated depreciation and related debt). This investment in capital assets includes land, improvements, buildings, machinery and equipment and vehicles. The total decrease in the County's net investment in capital assets for the current fiscal year was \$152,843, or 6% of the total net capital assets.

Significant capital asset additions during the year included two new Dodge Durango vehicles for the Sheriff's Department, improvements to the structure of the 33 Court Street building, and the purchase of new Spillman Software for the Communications Department. The only capital asset disposed during the year was a Dodge Charger, which was traded in for the new vehicles purchased.

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

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

Total County revenue for the fiscal year ended June 30, 2016 was \$9,304,942 (\$6,122,275 in General Fund; \$2,969,719 for Corrections; \$212,948 Other Funds). The revenue was derived from the following sources:

**Revenues**

	General <u>Fund</u>	Corrections Services <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Total</u>
County tax assessments	\$ 5,540,186	2,657,105	-	8,197,291
Fees	414,354	-	-	414,354
Grants and intergovernmental	97,469	312,614	134,272	544,355
Charges for services	35,538	-	76,393	111,931
Interest	21,807	-	743	22,550
Other	12,921	-	1,540	14,461
Total revenues	<u>6,122,275</u>	<u>2,969,719</u>	<u>212,948</u>	<u>9,304,942</u>

**Expenditures**

	General <u>Fund</u>	Corrections Services <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Total</u>
General government	\$ 2,358,378	-	131,316	2,489,694
Public safety	2,453,898	-	102,115	2,556,013
Corrections	-	2,887,465	-	2,887,465
Debt service - Jail bond	865,750	-	-	865,750
Debt service - Courthouse	61,188	-	-	61,188
Capital outlay	-	-	104,572	104,572
Total expenditures	<u>5,739,214</u>	<u>2,887,465</u>	<u>338,003</u>	<u>8,964,682</u>

**GENERAL FUND**

In FY 2015-2016, the County collected revenue for the General Fund in the amount of \$6,122,275, which is \$163,591 more than the revenue in FY 2014-2015. The amount of revenue collected by the County through tax assessments to municipalities for general operations, \$5,540,186, increased by \$133,170 from FY 2014-2015. The balance of the increase is related to increases in charges for services and from investment income.

Total County General Fund expenditures for the fiscal year ended June 30, 2016 were \$5,739,214 compared to \$5,728,957 in the prior year, a relatively small overall increase of \$10,257. A \$65,000 increase in public safety expenditures in FY 2016 was offset by savings in general government and debt service expenses.

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

<b><u>General Fund</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>
Total revenues	\$ 5,958,684	6,122,275
Increase in revenues compared to prior year	283,416	163,591
Total expenditures for non-corrections services	5,728,957	5,739,214
Increase in expenditures compared to prior year	138,379	10,257
<b>EXCESS OF GENERAL FUND REVENUES OVER EXPENDITURES</b>	<b>\$ 229,727</b>	<b>383,061</b>

During the fiscal year ended June 30, 2016, the General Fund balance increased by \$244,124 on a GAAP basis (increase was \$99,792 on a budgetary basis) compared to the prior year. The difference between budgetary basis and GAAP basis represent amounts expended from reserves.

Fund balance - General Fund, beginning of year	\$ 2,236,396
Fund balance - General Fund, end of year	<u>2,480,520</u>
Net change in fund balance - General Fund	\$ 244,124

**General Fund Balance**

At the end of the current fiscal year, the total amount of the General Fund balance was \$2,480,520 which was made up of \$321,349 committed, \$399,237 assigned, \$246,248 nonspendable, and \$1,513,686 unassigned (Statement 3). State statute permits the Sagadahoc County Commissioners to set aside assets in a Contingency Reserve account in an amount not to exceed 4% of the annual budget. The Emergency Contingency Reserve Fund may be used at the discretion of the County Commissioners for emergency purposes. The Emergency Contingency, currently set at \$100,000, is part of the committed fund balance.

**CORRECTION SERVICES FUND**

In FY 2015-2016, the County collected correction services fund revenue in the amount of \$2,969,719 which is \$158,963 higher than the revenues collected in FY 2014-2015. The amount of revenue collected by the County through tax assessments to municipalities for correction services operations, \$2,657,105, has not increased from FY 2014-2015.

Total County Correction Services Fund expenditures for the fiscal year ended June 30, 2016 were \$2,887,465. See Statement 6A and detail below. Total County Correction Services Fund expenditures for the current year were \$36,085 higher than the total County Correction Services Fund expenditures for the prior year.

<b><u>Correction Services Fund Revenues</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>
Total revenues for Correction Services	\$ 2,810,756	2,969,719
Increase in revenues compared to prior year	241	158,963
Total expenditures for Correction-related Services	2,851,380	2,887,465
Increase (decrease) in expenditures compared to prior year	36,056	36,085
<b>EXCESS (DEFICIENCY) OF CORRECTION FUND REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ (40,624)</b>	<b>82,254</b>

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

---

During the fiscal year ended June 30, 2016, the Correction Services Fund balance increased by \$82,254 compared to the prior year.

Fund balance - Corrections, beginning of year	\$ 114,991
<u>Fund balance - Corrections, end of year</u>	<u>197,245</u>
Net change in fund balance - Corrections	\$ 82,254

**OTHER GOVERNMENTAL FUNDS**

State statutes allow the Commissioners to appropriate amounts for expenditures to be made in future years for capital expenditures. These resources are reported in a capital project fund. Other Governmental Funds consist of special revenue funds, which are resources provided to the County from outside source(s) to be used for a specific purposes such as records preservation or victim advocate activities. The details of these fund balances can be viewed on Statement A of the financial audit.

**DEBT ADMINISTRATION**

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

In 2001, Sagadahoc County partnered with Lincoln County to form a multi-county jail authority. The Lincoln and Sagadahoc Multicounty Jail Authority sold revenue bonds totaling \$24,600,000 in June 2005. The County of Sagadahoc guaranteed the repayment of one-half of these bonds or \$12,300,000. This is a twenty-year note at an average interest rate of 4.13%. The County's share of the remaining balance at June 30, 2016 is \$6,190,000 (see Overlapping Debt footnote).

**CORRECTIONS FUND**

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

The 2008 Statewide Unified Corrections System law requires each County to raise through property taxes a specified amount for corrections-related functions. Counties are prohibited from raising property taxes any more, or any less, for corrections-related expenses. For Sagadahoc, the specified amount (commonly referred to as the County's "CAP") was initially \$2,295,849. The CAP is an integral part of the new system and was designed to shield property taxpayers from post 2008 increases in corrections-related expenses. The State appointed Board of Corrections, with the assistance of State financial analysis, established the individual County CAPs based on the amount each County budgeted for corrections-related expenses as of March 2008. The new system requires the State of Maine to fund the difference between each County's CAP and the net approved expenses for each County's Corrections related activities. When establishing the CAPs, the Board of Corrections failed to recognize the uniqueness of the relationship between Lincoln and Sagadahoc Counties that partnered to construct and operate the Two Bridges Regional Jail (TBRJ). The Jail Consolidation legislation is silent as to the effect of the Statewide Consolidation upon the previously established cost sharing agreement between Lincoln and Sagadahoc Counties. Because the two Counties differ in their interpretation regarding the impact of the Jail Consolidation legislation on the TBRJ Cost Sharing Agreement, Lincoln County withheld approximately \$130,000 in operations funding due to TBRJ. The Board of Corrections asked the two counties to reach an agreement with regard to who would pay to TBRJ from Corrections surplus to help fund an end of year \$130,000 deficit in the



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

---

TBRJ operations budget. The Lincoln County Commissioners voted not to contribute any Corrections surplus to TBRJ. Sagadahoc County Commissioners voted to contribute \$83,871 to help fund TBRJ's shortfall. In 2010-2011, the legislature voted to change the cost sharing agreement, and Lincoln County and Sagadahoc County now each pay 50% of the TBRJ operations budget. Therefore, commencing January 1, 2012, Sagadahoc County's CAP increased to \$2,657,105.

In addition to the CAP funds raised through taxes, Sagadahoc County receives Community Corrections Act (CCA) funds from the State. For budget year 2015-2016, Sagadahoc County received \$158,542 in CCA funds, which were dedicated to Adult Alternative Sentencing Programs. The County also received \$154,072 from the State Department of Corrections.

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

Correction funds in the amount of \$2,887,465 (Statement 6A) were expended as follows:

Two Bridges Regional Jail Assessment for Operations	\$ 2,516,487
County Services for Prisoner Transport	294,490
Adult Alternative Sentencing Programs	<u>76,488</u>
Total Expenditures	2,887,465
Total Revenues	2,969,719
Less Expenditures	<u>2,887,465</u>
End of Year Corrections surplus	\$ 82,254

When combined with the fund balance at the beginning of the year, the fund balance as of June 30, 2016 is \$197,245.

**Looking Forward**

- The combined budgets for FY 2016-17 equal \$9,439,758, which is an increase of 5.7% when compared to the current fiscal year combined budgets of \$8,934,094; however, without the inclusion of the TBRJ state funding, the increase is \$205,664 (2.3%). A further breakdown indicates the following:

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Reserve</u>	<u>Jail</u>	<u>Combined</u>
2016-17	\$ 5,349,180	941,863	191,610	2,957,105	9,439,758
<u>2015-16</u>	<u>5,224,201</u>	<u>927,313</u>	<u>125,475</u>	<u>2,657,105</u>	<u>8,934,094</u>
Increase (decrease)	\$ 124,979	14,550	66,135	300,000	505,664

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

---

- The amount to be raised through taxes has decreased by \$11,762 (-0.14%), from \$8,197,291 in FY 2015-16 to \$8,185,529 in FY 2016-17, which is attributable primarily to an increase in the amount available from reserve funds to offset the tax levy. The unassigned fund balance increased from 18% of the tax assessments to 20.4%. Statutorily, any amount over 20% must be used to reduce the levy. When combined with the excess over the 15% budgeted operating reserve, this left a balance of \$399,237 to apply to the offset (an increase of 48.7%). It is critical to note, however, that the unassigned fund balance as of June 30, 2016 has **dropped** to 18.47%. This will significantly reduce the amount of reserves available for use in FY 2017-18. The use of a more realistic estimate of revenues and expenditures also works to limit the excess funds available at the end of the fiscal year.
- Costs associated with the operation of the TBRJ, including debt service, represent approximately 38% of the entire FY 2016-17 County budget (excluding the state revenue “pass-through”). As the debt service payments must be raised in *addition* to the legislatively set CAP, both Lincoln and Sagadahoc Counties are bearing a significant burden. On average, our inmates make up less than 50% of the prison population, with the remainder coming primarily from other counties; however, Lincoln and Sagadahoc must pay 100% of the debt. Compounding this inequity is the fact that recent legislation significantly changed the distribution of state funding. Fortunately, Two Bridges was able to contract with Waldo, Oxford, and Kennebec Counties to house some of their inmates and thus should have adequate revenue to sustain operations through the end of the current fiscal year. This is *not* a permanent solution, and further legislative remedies will be essential in the upcoming session.
- Although there is finally a suggestion of economic recovery taking place, it is more important than ever to clearly distinguish between “wants and needs”. There are definitely some “needs” that have been growing throughout the past several years, and those must be carefully evaluated and addressed; however, it is imperative that we continue to keep any new/non-essential spending in check. The Commissioners, Budget Advisory Committee, and staff will be keenly mindful of this potential during the FY 2017-18 budget process. In addition, the County will continue to explore ways in which it can facilitate and/or provide services that will result in savings to its communities.

**Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**

**COUNTY OF SAGadahoc, MAINE**  
**Statement of Net Position**  
**June 30, 2016**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,988,489
Accounts receivable	120,095
Prepaid items	246,248
Capital assets not being depreciated	62,198
Capital assets (net of accumulated depreciation)	2,661,451
Total assets	6,078,481
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources related to pensions	440,270
Total deferred outflows of resources	440,270
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	391,028
Accrued interest	6,917
Noncurrent liabilities:	
Due within one year	48,402
Due in more than one year	2,230,324
Total liabilities	2,676,671
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources related to pensions	268,253
Total deferred inflows of resources	268,253
<b>NET POSITION</b>	
Net investment in capital assets	2,457,267
Restricted	349,565
Unrestricted	766,995
<b>Total net position</b>	<b>\$ 3,573,827</b>

*See accompanying notes to financial statements.*

**COUNTY OF SAGADAHOC, MAINE**  
**Statement of Activities**  
**For the Year Ended June 30, 2016**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government
					Total Governmental Activities
<b>Primary government:</b>					
Governmental activities:					
General government	\$ 3,008,886	490,747	34,666	-	(2,483,473)
Public safety	2,690,226	35,538	193,233	-	(2,461,455)
Correction services	3,754,162	-	312,614	-	(3,441,548)
Capital maintenance	46,134	-	-	3,842	(42,292.00)
Interest on long-term debt	21,920	-	-	-	(21,920)
Total governmental activities	9,521,328	526,285	540,513	3,842	(8,450,688)
<b>Total primary government</b>	<b>\$ 9,521,328</b>	<b>526,285</b>	<b>540,513</b>	<b>3,842</b>	<b>(8,450,688)</b>
General revenues:					
Tax assessments					8,197,291
Miscellaneous					14,461
Unrestricted investment earnings					22,550
Loss on disposal of assets					(7,374)
Total general revenues and loss on disposal of assets					8,226,928
Changes in net position					(223,760)
Net position - beginning, restated					3,797,587
<b>Net position - ending</b>				<b>\$</b>	<b>3,573,827</b>

**COUNTY OF SAGADAHOC, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2016**

	General Fund	Correction Services Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	2,883,489	-	105,000	2,988,489
Accounts receivable	117,294	-	2,801	120,095
Prepaid expenditures	246,248	-	-	246,248
Due from other funds	-	197,245	178,238	375,483
<b>Total assets</b>	<b>3,247,031</b>	<b>197,245</b>	<b>286,039</b>	<b>3,730,315</b>

**LIABILITIES AND FUND BALANCES**

## Liabilities:

Accounts payable	346,757	-	-	346,757
Accrued wages and benefits payable	44,271	-	-	44,271
Due to other funds	375,483	-	-	375,483
<b>Total liabilities</b>	<b>766,511</b>	<b>-</b>	<b>-</b>	<b>766,511</b>

## Fund balances:

Nonspendable	246,248	-	-	246,248
Restricted	-	197,245	152,320	349,565
Committed	321,349	-	150,730	472,079
Assigned to 2016-17 budget	399,237	-	-	399,237
Unassigned	1,513,686	-	(17,011)	1,496,675
<b>Total fund balances</b>	<b>2,480,520</b>	<b>197,245</b>	<b>286,039</b>	<b>2,963,804</b>

**Total liabilities and fund balances**                    **\$**                    **3,247,031**                    **197,245**                    **286,039**

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

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.

2,723,649

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Accrued compensated absences

(240,054)

Accrued interest

(6,917)

Capital lease payable

(266,382)

Other post employment benefits

(132,671)

Net pension liability, including deferred inflows and outflows of resources

(1,467,602)

**Net position of governmental activities**

**\$ 3,573,827**

*See accompanying notes to financial statements.*

**COUNTY OF SAGadahoc, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2016**

	General Fund	Correction Services Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 5,540,186	2,657,105	-	8,197,291
Fees	414,354	-	-	414,354
Intergovernmental	97,469	312,614	134,272	544,355
Charges for services	35,538	-	76,393	111,931
Interest	21,807	-	743	22,550
Other	12,921	-	1,540	14,461
<b>Total revenues</b>	<b>6,122,275</b>	<b>2,969,719</b>	<b>212,948</b>	<b>9,304,942</b>
Expenditures:				
Current:				
General government	2,358,378	-	131,316	2,489,694
Public safety	2,453,898	-	102,115	2,556,013
Correction services and transport	-	2,887,465	-	2,887,465
Debt service (Jail Authority):				
Principal	600,000	-	-	600,000
Interest	265,750	-	-	265,750
Debt service (Courthouse):				
Principal	46,185	-	-	46,185
Interest	15,003	-	-	15,003
Capital outlay	-	-	104,572	104,572
<b>Total expenditures</b>	<b>5,739,214</b>	<b>2,887,465</b>	<b>338,003</b>	<b>8,964,682</b>
Excess (deficiency) of revenues over (under) expenditures	383,061	82,254	(125,055)	340,260
Other financing sources (uses):				
Transfers from other funds	1,830	-	140,767	142,597
Transfers to other funds	(140,767)	-	(1,830)	(142,597)
<b>Total other financing sources (uses)</b>	<b>(138,937)</b>	<b>-</b>	<b>138,937</b>	<b>-</b>
Net changes in fund balances	244,124	82,254	13,882	340,260
Fund balances, beginning of year	2,236,396	114,991	272,157	2,623,544
<b>Fund balances, end of year</b>	<b>\$ 2,480,520</b>	<b>197,245</b>	<b>286,039</b>	<b>2,963,804</b>

*See accompanying notes to financial statements.*

**COUNTY OF SAGadahoc, MAINE**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2016**

---

Net change in fund balances - total governmental funds	\$	340,260
--	----	---------

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$327,538) and loss on disposal of assets (\$7,374) exceeded capital outlay (\$135,884). (199,028)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the amount of capital lease principal repayments. 46,185

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes:

Change in the net pension liability with related deferred inflows and outflows		(330,730)
Change in other post employment benefits		(66,466)
Change in accrued compensated absences		(7,064)
Change in accrued interest		(6,917)

---

<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>(223,760)</b>
--	-----------	------------------

*See accompanying notes to financial statements.*



**COUNTY OF SAGadahoc, MAINE**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2016**

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Taxes:				
Tax assessments	\$ 5,540,186	5,540,186	5,540,186	-
Total taxes	5,540,186	5,540,186	5,540,186	-
Fees:				
District attorney	4,500	4,500	8,424	3,924
Register of deeds	278,500	278,500	330,958	52,458
Register of probate	60,000	60,000	74,972	14,972
Total fees	343,000	343,000	414,354	71,354
Intergovernmental:				
Emergency management agency	101,750	101,750	97,469	(4,281)
Total intergovernmental	101,750	101,750	97,469	(4,281)
Charges for services:				
Sheriff's department	6,000	6,000	35,538	29,538
Total charges for services	6,000	6,000	35,538	29,538
Interest earned	5,000	5,000	21,807	16,807
Other revenues:				
Miscellaneous	10,030	10,030	12,921	2,891
Total other revenues	10,030	10,030	12,921	2,891
Total revenues	6,005,966	6,005,966	6,122,275	116,309

**COUNTY OF SAGADAHOC, MAINE**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2016**

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>EXPENDITURES</b>				
Current:				
General government:				
District attorney	188,913	188,913	184,823	4,090
Administration	471,658	471,658	429,430	42,228
Buildings	172,689	172,689	154,122	18,567
Register of deeds	150,968	150,968	138,529	12,439
Register of probate	143,902	143,902	141,439	2,463
Employee benefits	1,349,142	1,349,142	1,319,094	30,048
Insurance	78,446	78,446	74,773	3,673
Program grants	42,160	42,160	42,160	-
Total general government	2,597,878	2,597,878	2,484,370	113,508
Public safety:				
Emergency Management Agency	161,361	161,361	143,777	17,584
Sheriff's department	1,444,811	1,444,811	1,376,072	68,739
Civil process	30,223	30,223	27,596	2,627
Communications	961,034	961,034	906,453	54,581
Total public safety	2,597,429	2,597,429	2,453,898	143,531
Debt service:				
Principal (Jail Authority)	600,000	600,000	600,000	-
Interest (Jail Authority)	266,125	266,125	265,750	375
Principal (Courthouse)	46,185	46,185	46,185	-
Interest (Courthouse)	15,003	15,003	15,003	-
Total debt service	927,313	927,313	926,938	375
Total expenditures	6,122,620	6,122,620	5,865,206	257,414
Excess (deficiency) of revenues over (under) expenditures	(116,654)	(116,654)	257,069	373,723
<b>OTHER FINANCING SOURCES (USES)</b>				
Budgeted use of surplus	268,503	268,503	-	(268,503)
Budgeted transfers to reserves	(17,000)	(17,000)	(18,340)	(1,340)
Transfers from other funds - special revenue	-	-	1,830	1,830
Transfers to other funds - special revenue	(9,374)	(9,374)	(9,374)	-
Transfers to other funds - capital projects	(125,475)	(125,475)	(131,393)	(5,918)
Total other financing sources and (uses)	116,654	116,654	(157,277)	(273,931)
Net changes in fund balance - budgetary basis	-	-	99,792	99,792
Reconciliation from budgetary to GAAP basis:				
Net activity in reserve accounts			144,332	
Net changes in fund balance - GAAP basis	-	-	244,124	244,124
Fund balance, beginning of year			2,236,396	
<b>Fund balance, end of year</b>			<b>\$ 2,480,520</b>	

*See accompanying notes to financial statements.*

**COUNTY OF SAGadahoc, MAINE**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**Correction Services**  
**For the Year Ended June 30, 2016**

	Correction Services			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Taxes:				
Tax assessments	\$ 2,657,105	2,657,105	2,657,105	-
Total taxes	2,657,105	2,657,105	2,657,105	-
Intergovernmental:				
Community corrections / home release	154,957	154,957	158,542	3,585
State Department of Corrections	-	-	154,072	154,072
Total intergovernmental	154,957	154,957	312,614	157,657
Total revenues	2,812,062	2,812,062	2,969,719	157,657
<b>EXPENDITURES</b>				
Current:				
Operations - Two Bridges Jail	2,368,676	2,368,676	2,516,487	(147,811)
Transport programs	310,386	310,386	294,490	15,896
Adult programs	133,000	133,000	76,488	56,512
Total expenditures	2,812,062	2,812,062	2,887,465	(75,403)
Net changes in fund balance	-	-	82,254	82,254
Fund balance, beginning of year			114,991	
<b>Fund balance, end of year</b>			<b>\$ 197,245</b>	

*See accompanying notes to financial statements.*

**COUNTY OF SAGadahoc, MAINE**  
**Statement of Fiduciary Net Position**  
**Agency Funds**  
**June 30, 2016**

	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,947
<b>Total assets</b>	<b>4,947</b>
<b>LIABILITIES</b>	
Accounts payable	4,611
Due to other governments	336
<b>Total liabilities</b>	<b>\$ 4,947</b>

*See accompanying notes to financial statements.*

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

---

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

---

**A. Reporting Entity**

The County of Sagadahoc (the “County”) established on April 4, 1854, is located in the coastal region of Maine and covers an area of 250 square miles with a population of 35,149. The County was organized under the Board of Commissioners form of government and provides the following services to its citizens: law enforcement, judicial, registers of deeds and probate, emergency management and administration.

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit was made based on criteria set forth in GAAP. The criteria used define the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit’s board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of these criteria and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based upon the application of these criteria, it has been determined that the County has no component units.

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

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

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

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

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

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

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

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

---

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

---

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

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

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

The County reports the following major governmental funds:

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

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

Additionally, the government reports the following fund types:

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

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

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

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

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

---

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

---

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance**

**1. Deposits**

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.

**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 advances". All other outstanding balances between funds are reported as "due to/from other funds".

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

**3. Prepaid Expenditures**

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

**4. Capital Assets**

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

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

Buildings	40 years
Improvements other than buildings	20 years
Vehicles	5-10 years
Machinery and equipment	5-10 years

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

---

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

---

**5. Deferred Inflows and Outflows of Resources**

In addition to assets and liabilities, the statement of net position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The governmental activities have deferred outflows and inflows that relate to the net pension liability, which include the County's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension liability in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between County contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period.

**6. Compensated Absences**

Under terms of personnel policies and union contracts, vacation and sick leave are granted in varying amounts according to length of service and is accrued ratably over the year. Sick time is not paid unless an employee is ill, or retires in good standing. Accrued vacation and sick leave are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation or retirement.

**7. Long-term Obligations**

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

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

**8. Fund Equity**

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

- *Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
- *Restricted* – resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or; b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – resources which are subject to limitations the government imposes on itself at its highest level of decision making authority, and that remain binding unless removed in the same manner. The Board of Commissioners is the highest level of decision-making authority for the government that can commit fund balance.



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

---

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

---

- *Assigned* – resources that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* – resources which have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

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

**9. 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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.

**10. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Maine Public Employees Retirement System Consolidated Plan for Participating Local Districts (PLD Plan) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**11. Comparative Data/Reclassifications**

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

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

---

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 2016 budget were held in May. The County Commissioners approved the budget on June 9, 2015. Sagadahoc County by law assesses taxes to the ten municipalities in its jurisdiction to be apportioned based on the last state valuation. The 2016 tax commitment of \$8,197,291 was assessed in August, 2015. Assessments were due September 1, 2015 with interest at 7% payable on November 1, 2015.

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

**B. Fund Balances**

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

Reserved for Emergencies - State statutes provide for the establishment of a contingency account, in an amount not to exceed 4% of the annual budget, to be used at the discretion of the County Commissioners for emergency purposes. At the end of the fiscal year, an amount sufficient to restore the account may be transferred from the General Fund's unassigned fund balance. At June 30, 2016, the contingent account balance was \$100,000 and was carried as committed fund balance.

Unrestricted, unassigned - State law provides that remaining unencumbered surplus funds in excess of 20% of the amount to be raised by taxation shall be used to reduce the tax levy. The County's unrestricted, unassigned fund balance at June 30, 2016 was \$1,513,686, which represents 18.47% of the fiscal year 2016 assessments raised of \$8,197,291.

**C. Excess of Expenditures over Appropriations**

For the year ended June 30, 2016, expenditures exceeded appropriations in the following department:

Correction Services Fund:  
Operations – Two Bridges Jail                      \$ 147,811

These expenditures were offset by additional funding received from the State of Maine Department of Corrections.

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

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

**D. Deficit Fund Balances**

The following funds had deficits at June 30, 2016:

OUI Emphasis Grant	\$ 2,903
Byrne Grant	4,997
Ride Grant	2,891
Homeland Security FY 14	6,220

These deficits will be funded with future revenues anticipated in 2016-2017.

DEPOSITS

*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, 2016, the County reported deposits of \$2,993,436 with bank balances of \$3,224,547. 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, as this amount was covered by F.D.I.C. or additional collateral.

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

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

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

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

Governmental activities	\$ 2,988,489
Agency funds	4,947
<b>Total</b>	<b>\$ 2,993,436</b>

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2016, is as follows:

	<u>Due from</u>	<u>Due to</u>	<u>Transfers in (out)</u>
General fund	\$ -	375,483	(138,937)
Correction services fund	197,245	-	-
Other governmental funds	178,238	-	138,937
<b>Total</b>	<b>\$ 375,483</b>	<b>375,483</b>	<b>-</b>

The outstanding balances between funds result from all cash being recorded in the general fund.

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

---

**CAPITAL ASSETS**

---

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance <u>07/01/15</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>06/30/16</u>
Capital assets not being depreciated:				
<u>Land</u>	\$ 62,198	-	-	62,198
<u>Total capital assets not being depreciated</u>	<u>62,198</u>	<u>-</u>	<u>-</u>	<u>62,198</u>
Capital assets being depreciated:				
Buildings	3,770,979	16,306	-	3,787,285
Improvements other than buildings	39,000	-	-	39,000
Vehicles	630,610	46,734	(20,949)	656,395
<u>Machinery and equipment</u>	<u>1,638,347</u>	<u>72,844</u>	<u>-</u>	<u>1,711,191</u>
<u>Total capital assets being depreciated</u>	<u>6,078,936</u>	<u>135,884</u>	<u>(20,949)</u>	<u>6,193,871</u>
Less accumulated depreciation for:				
Buildings	(1,623,955)	(105,187)	-	(1,729,142)
Improvements other than buildings	(25,513)	(1,950)	-	(27,463)
Vehicles	(328,980)	(131,982)	13,575	(447,388)
<u>Machinery and equipment</u>	<u>(1,240,009)</u>	<u>(88,419)</u>	<u>-</u>	<u>(1,328,428)</u>
<u>Total accumulated depreciation</u>	<u>(3,218,457)</u>	<u>(327,538)</u>	<u>13,575</u>	<u>(3,532,420)</u>
 Total capital assets being depreciated, net	 2,860,479	 (191,654)	 (7,374)	 2,661,451
 <b><u>Total capital assets, net</u></b>	 <b><u>\$ 2,922,677</u></b>	 <b><u>(191,654)</u></b>	 <b><u>(7,374)</u></b>	 <b><u>2,723,649</u></b>

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

General government	\$ 125,085
<u>Public safety</u>	<u>202,453</u>
 <b><u>Total depreciation expense</u></b>	 <b><u>\$ 327,538</u></b>

---

**OPERATING LEASE**

---

The County has entered into a leasing agreement with the City of Bath to rent a portion of the basement at the old Bath Hospital for use by the Sheriff's Department for storage. The original lease term is for five years, commencing on February 1, 2011. During fiscal year 2017, the lease was extended for an additional three years with an option for renewing the agreement for one additional three-year term. Rental expense for the year ended June 30, 2016 was \$660. Future minimum rental payments under the terms of the agreement are as follows:

2017	\$ 660
2018	660
<u>2019</u>	<u>660</u>
 <b><u>Total</u></b>	 <b><u>\$ 1,980</u></b>

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

---

**LONG-TERM DEBT**

---

The following is a summary of long-term liability transactions of the County for the year ended June 30, 2016:

<u>Issuer</u>	<u>Balance</u> <u>07/01/15</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/16</u>	<u>Due within</u> <u>one year</u>
Courthouse renovations lease	\$ 312,567	-	46,185	266,382	48,402
Net pension liability	767,724	871,895	-	1,639,619	-
OPEB liability	66,205	92,592	26,126	132,671	-
Compensated absences	232,990	7,064	-	240,054	-
<b>Totals</b>	<b>\$ 1,379,486</b>	<b>971,551</b>	<b>72,311</b>	<b>2,278,726</b>	<b>48,402</b>

With respect to the lease, assets in the amount of \$500,000 have been capitalized and are recorded as buildings within capital assets in the statement of net position. Related accumulated depreciation was \$50,000 at June 30, 2016.

The annual principal and interest requirements to amortize general long-term debt outstanding (courthouse lease) as of June 30, 2016 are as follows:

<u>Year</u> <u>ended</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 48,402	12,786	61,188
2018	50,725	10,463	61,188
2019	53,160	8,028	61,188
2020	55,711	5,477	61,188
2021	58,384	2,804	61,188
<b>Totals</b>	<b>\$ 266,382</b>	<b>39,558</b>	<b>305,940</b>

---

**OVERLAPPING DEBT**

---

In addition to the debt noted above, the County is contingently responsible for the following debt as of June 30, 2016 (also see Joint Venture note below):

<u>Governmental Unit</u>	<u>Net debt</u> <u>outstanding</u>	<u>Percent</u> <u>Applicable</u> <u>to County</u>	<u>County's</u> <u>share</u> <u>of debt</u>
Lincoln and Sagadahoc Multicounty Jail Authority	\$ 12,380,000	50%	6,190,000

The debt of Lincoln and Sagadahoc Multicounty Jail Authority is paid through annual assessments to the County. The debt will be fully paid in 2026.

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

---

**JOINT VENTURE**

---

The County of Sagadahoc, Maine entered into a joint venture with the County of Lincoln, Maine in 2001 to form the Lincoln and Sagadahoc Multicounty Jail Authority (Jail Authority). The purpose of the Jail Authority was to construct, equip, maintain and operate a regional jail. Two Bridges Regional Jail was built and began accepting prisoners in December 2006. The Board of Directors consists of six public members, one from each Commissioner's district, four County Commissioner members, two from each County and two Sheriff members, one from each County. The Authority is a separate reporting entity and has not been included within the financial statements of the County.

The Jail Authority issued refunding bonds in the amount of \$14,920,000 in 2014. 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 \$7,460,000. Sagadahoc County's share for fiscal year ending June 30, 2016 was \$600,000 (principal) and \$265,750 (interest and fees). The outstanding balance of these bonds at June 30, 2016 is \$12,380,000. Sagadahoc County's portion of this balance amounts to \$6,190,000. Sagadahoc and Lincoln Counties share of the operating budget is capped legislatively. For the fiscal year that ended June 30, 2016, Sagadahoc County's share is \$2,657,105.

In addition to contributions from the two counties, Two Bridges Regional Jail receives revenues from the boarding of prisoners from outside the two supporting jurisdictions, from various grants and other miscellaneous revenue. Selected information for the year ended June 30, 2016 (unaudited) is as follows:

Total assets and deferred outflows	\$ 19,180,699
Total liabilities	13,681,000
Net position	5,002,192
Change in net position	374,191

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

---

**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, and natural disasters for which the County either carries commercial insurance, participates in a public entity risk pool, or is effectively self-insured. Currently, the County participates in several public entity and self-insured risk pools sponsored by the Maine County Commissioners Association Self-Funded Risk Management Pool. Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchased, the County is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2016.

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

RISK MANAGEMENT, CONTINUED

**Health Plan** - The County has established a self-insured health plan for eligible employees and retirees. A claims liability is reported for known claims in the General Fund (as part of accounts payable) and in the Statement of Net Position. All are considered due and payable. The County purchases excess stop loss insurance for claims that exceed \$40,000 per person, or \$693,000 in the aggregate (annually). The following summarizes the claim activity for the past two fiscal years ending June 30:

	<u>2016</u>	<u>2015</u>
Beginning balance, unpaid claims	\$ 61,092	-
Incurred claims	940,940	239,641
Claims paid (includes reinsurance)	(937,275)	(178,549)
<b><u>Ending balance, unpaid claims</u></b>	<b><u>\$ 64,757</u></b>	<b><u>61,092</u></b>

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

**General Information about the Pension Plan**

**Plan Description** - Employees of the County are provided with pensions through the Maine Public Employees Retirement System Consolidated Plan for Local Participating Districts (PLD Plan), a cost-sharing multiple-employer defined benefit pension plan, administered by the Maine Public Employees Retirement System (MPERS). Benefit terms are established in Maine statute. An advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Maine State Legislature to amend the terms. MPERS issues a publicly available financial report that can be obtained at [www.maineopers.org](http://www.maineopers.org).

**Benefits Provided** - The PLD Plan provides defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e. eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 (65 for new members to the PLD Plan on or after July 1, 2014). The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions.

**Contributions** - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. Employees are required to contribute 7.5% of their annual pay for the AC plan and 9.0% for the 3C plan.

The County's contractually required contribution rate for the year ended June 30, 2016 was 8.9%-11.4% of annual payroll depending on the plan (AC 8.9%, 3C 11.4%) actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$249,938 for the year ended June 30, 2016.

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

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED**

***Pension Liabilities, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions***

At June 30, 2016, the County reported a liability of \$1,639,619 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating local districts, actuarially determined. At June 30, 2015, the County's proportion was 0.5139%.

For the year ended June 30, 2016, the County recognized a pension expense of \$580,669. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	144,380
Changes of assumptions	144,899	-
Net difference between projected and actual earnings on pension plan investments	-	123,873
Changes in proportion and differences between County contributions and proportionate share of contributions	45,433	-
County contributions subsequent to the measurement date	249,938	-
<b>Total</b>	<b>\$ 440,270</b>	<b>268,253</b>

\$249,938 is reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2016	\$ (55,128)
2017	(55,128)
2018	(94,178)
2019	126,513



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

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED**

**Actuarial Assumptions** - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5%
Salary Increases	3.5% to 9.5% per year
Investment return	7.125% per annum, compounded annually
Cost of living benefit increases	2.55% per annum

Mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equities	20%	5.2%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real estate	10%	3.7%
Infrastructure	10%	4.0%
Hard assets	5%	4.8%
Fixed income	25%	0.7%
<b><u>Total</u></b>	<b><u>100%</u></b>	

**Discount Rate** - The discount rate used to measure the total pension liability was 7.125%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED**

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.125%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.125%) or 1 percentage-point higher (8.125%) than the current rate:

	1% Decrease <u>(6.125%)</u>	Current Discount Rate <u>(7.125%)</u>	1% Increase <u>(8.125%)</u>
County's proportionate share of the net pension liability	\$ 3,266,607	\$ 1,639,619	\$ 97,134

**Pension Plan Fiduciary Net Position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS financial report.

**Payables to the Pension Plan** - None as of June 30, 2016.

**DEFERRED COMPENSATION PLAN**

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

Participants who are not covered by the Maine Public Employees Retirement System are eligible for a County contribution. The contribution is a percentage of compensation and is determined by the County budget. For the year ended June 30, 2016, the County contributed 6% of compensation. Participants are fully vested with respect to the County's contributions after completing a probationary period. The County contributed \$15,147 for the year ended June 30, 2016 and employees contributed \$46,733 to the plan.

**CONTINGENT LIABILITIES**

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

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

**FUND BALANCES**

As of June 30, 2016, the committed and assigned fund balances of the General Fund were made up of the following:

Committed:	
Contingency	\$ 100,000
Unfunded liability reserve	36,723
Unemployment reserve	46,087
Insurance deductible reserve	2,894
Fuel reserve	10,000
Insurance reserve fund	125,645
<b>Total committed</b>	<b>\$ 321,349</b>

Assigned:	
Surplus assigned to 2016-17 budget	\$ 399,237
<b>Total assigned</b>	<b>\$ 399,237</b>

As of June 30, 2016 and 2015, the committed fund balances of the Capital Project Fund were made up of the following:

	<u>2016</u>	<u>2015</u>
Minor projects	\$ 3,842	-
Exterior maintenance	31,704	36,154
HVAC	11,877	6,877
Copiers and laser printers	330	330
Building safety, ADA and code	16,000	10,000
EMA vehicle	2,074	2,074
Facilities vehicle	6,500	-
Communications	78,403	59,149
Sheriff's vehicles	-	5,483
<b>Total</b>	<b>\$ 150,730</b>	<b>120,067</b>

Additionally, all of the Correction Services Fund is restricted by the State of Maine for use for correction services. Other non-major special revenue funds have restricted fund balances for grants or specific programs totaling \$152,320.

**PRIOR PERIOD ADJUSTMENT**

In the prior year, certain capital asset activity was omitted. Management elected to restate the prior year financials to include the additional amounts capitalized and the related depreciation. Adjustments to net position as of July 1, 2015 were as follows:

Net position, July 1, 2015, as previously reported	\$ 3,751,399
Adjustment to bring on assets and related depreciation	46,188
<b>Net position, July 1, 2015, as restated</b>	<b>\$ 3,797,587</b>

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

**OTHER POST EMPLOYMENT BENEFITS (OPEB)**

**Description of Plan:** In addition to providing pension benefits, the County provides health care benefits for certain retired employees. Eligibility to receive health care benefits follows the same requirements as MainePERS. Eligible retirees are required to pay 100% of the health insurance premiums to receive health benefit coverage.

**Retirees under 65:** These retirees will continue to receive health insurance coverage under the active plan.

**Retirees over 65:** Once a retiree reaches 65 or retires after the age of 65 they will be moved to a Medicare supplement policy.

**Funding Policy** - GASB Statement 45 does not mandate the prefunding of postemployment benefits liability. The County currently funds these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide postemployment benefits. The annual required contribution (ARC), an actuarial determined rate, represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed thirty years.

**Annual required contribution, annual OPEB cost and net OPEB obligation** - The end of the year net OPEB obligation and the annual required contribution (ARC) is determined as follows:

<u>OPEB liability, beginning of year</u>	\$ 66,205
Annual required contribution (ARC):	
Normal cost	67,768
Interest on ARC	5,359
Amortization of unfunded	21,852
<u>Adjustment to ARC</u>	<u>(2,387)</u>
Annual required contribution (ARC)	92,592
<u>Actual contribution</u>	<u>(26,126)</u>
OPEB liability, end of year	\$ 132,671

The government's annual OPEB cost, percentage of OPEB cost contributed, and net post-employment benefit obligation for the plan for the current and prior fiscal years ended is as follows:

	<u>Annual OPEB cost</u>	<u>Percentage of OPEB cost contributed</u>	<u>Net OPEB obligation</u>
2016	\$ 92,592	28%	132,671
2015	92,331	28%	66,205

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

**OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

*Funded status and funding progress.* As of July 1, 2014, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 630,373
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 630,373
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (annual payroll of active employees covered by the plan)	\$ 2,530,000
UAAL as a percentage of covered payroll	25%

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented immediately following the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

*Actuarial methods and assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plans (the plans as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial calculations of the OPEB plan reflect a long-term perspective. Consistent with this perspective, actuarial valuations use actuarial methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The ARC for the plan year was determined as part of the July 1, 2014 actuarial valuation using the following methods and assumptions:

Actuarial cost method:	Entry Age Normal (Alternative Measurement Method)
Amortization method:	Percentage of Projected Payroll
Remaining amortization period:	Open, 30 years
Discount rate:	4%
Projected salary increases:	4%
Healthcare cost trend rates:	Range from 7.80% (2015) to 5.00% (subsequent to 2025)

**COUNTY OF SAGADAHOC, MAINE**  
**Required Supplementary Information**

---

**Schedule of County's Proportionate Share of the Net Pension Liability**  
**Maine Public Employees Retirement System Consolidated Plan**

Last 10 Fiscal Years\*\*

	<u>2016*</u>	<u>2015*</u>
County's proportion of the net pension liability	0.5139%	0.4989%
County's proportionate share of the net pension liability	\$ 1,639,619	767,724
County's covered-employee payroll	\$ 2,512,745	2,293,940
County's proportion share of the net pension liability as a percentage of its covered-employee payroll	65.25%	33.47%
Plan fiduciary net position as a percentage of of the total pension liability	88.27%	94.10%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year.

\*\* Only two years of information available.

COUNTY OF SAGADAHOC, MAINE  
Required Supplementary Information, Continued

---

**Schedule of County Contributions**  
**Maine Public Employees Retirement System Consolidated Plan**

Last 10 Fiscal Years\*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 249,938	197,462	171,793
Contributions in relation to the contractually required contribution	(249,938)	(197,462)	(171,793)
<b><u>Contribution deficiency (excess)</u></b>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	2,512,745	2,293,940	2,106,405
Contributions as a percentage of covered- employee payroll	9.95%	8.61%	8.16%

\* Only three years of information available.

**Notes to Required Supplementary Information**

**Changes of benefit terms** - None

**Changes of assumptions** - The PLD Plan changed the discount rate from 7.25% in the 2014 valuation to 7.125% in the 2015 valuation. The PLD Plan also changed the cost of living benefits increase from 3.12% in the 2014 valuation to 2.55% in the 2015 valuation.

**COUNTY OF SAGadahoc, MAINE**  
**Required Supplementary Information, Continued**

---

**Retiree Healthcare Plan – Schedule of Funding Progress**

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a) /c]
2016	7/1/2014	\$ -	630,373	630,373	0%	2,233,874	28.22%
2015	7/1/2014	\$ -	630,373	630,373	0%	2,530,000	24.92%

*Note: Only two years available due to initial enrollment in plan starting in the 2015 fiscal year.*



## **COMBINING AND INDIVIDUAL FUND STATEMENTS**

## **NONMAJOR GOVERNMENTAL FUNDS**

### **OTHER GOVERNMENTAL FUNDS**

Other governmental funds include both capital project funds and special revenue funds. Capital project funds are used to account for resources that are restricted or committed to items of a capital nature. Special revenue funds are used to account for specific revenues that are legally restricted or committed to expenditure for particular purposes.

**COUNTY OF SAGadahoc, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Other Governmental Funds**  
**For the Year Ended June 30, 2016**

	Fund Balances Beginning of Year	Revenues			Expenditures	Fund Balances (Deficit) End of Year
		Inter- governmental	Other Revenues	Transfers		
Capital project funds	\$ 120,067	3,842	-	131,393	104,572	150,730
Special revenue funds:						
General:						
VOCA Grant	3,487	34,666	-	9,374	40,164	7,363
Deed Preservation Fund	98,724	-	19,608	-	35,154	83,178
Probate Preservation Fund	4,637	-	2,148	-	644	6,141
Civil Process	-	-	55,354	-	55,354	-
Sheriff grants and programs:						
Seatbelt Initiative Grant	-	5,551	-	-	5,130	421
OUI Emphasis Grant	-	5,847	-	-	8,750	(2,903)
Drug Seizure K-9 account	32,143	1,174	26	(1,830)	420	31,093
Byrne Grant	-	4,866	-	-	9,863	(4,997)
Electronic Monitoring Funds	3,916	-	-	-	242	3,674
EUDL	-	2,932	-	-	2,932	-
Ride Grant	-	5,821	-	-	8,712	(2,891)
Speed Enforcement Grant	-	2,000	-	-	1,157	843
EMA grants and programs:						
LEPC State	8,780	2,415	-	-	5,629	5,566
CRI	403	-	1,540	-	1,918	25
MEMA	-	3,607	-	-	1,428	2,179
Homeland Security FY 13	-	12,960	-	-	12,960	-
Homeland Security FY 14	-	17,820	-	-	24,040	(6,220)
Homeland Security FY 15	-	30,771	-	-	18,934	11,837
<b>Total special revenue funds</b>	<b>152,090</b>	<b>130,430</b>	<b>78,676</b>	<b>7,544</b>	<b>233,431</b>	<b>135,309</b>
<b>Total other governmental funds</b>	<b>\$ 272,157</b>	<b>134,272</b>	<b>78,676</b>	<b>138,937</b>	<b>338,003</b>	<b>286,039</b>

# **FIDUCIARY FUNDS**

## **FIDUCIARY FUNDS**

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

### **Agency Funds**

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

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

#### **Registry of Probate**

To account for fees collected on behalf of other agencies.

**COUNTY OF SAGadahoc, MAINE**  
**Combining Balance Sheet**  
**Fiduciary Funds**  
**Agency Fund**  
**June 30, 2016**

	D.A.'s Restitution	Probate	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,611	336	4,947
<b>Total assets</b>	<b>4,611</b>	<b>336</b>	<b>4,947</b>
<b>LIABILITIES</b>			
Accounts payable	4,611	-	4,611
Due to other governments	-	336	336
<b>Total liabilities</b>	<b>\$ 4,611</b>	<b>336</b>	<b>4,947</b>

**COUNTY OF SAGadahoc, MAINE**  
**Statement of Changes in Assets and Liabilities**  
**Fiduciary Funds**  
**Agency Fund**  
**For the Year Ended June 30, 2016**

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<b>ASSETS</b>				
Cash and cash equivalents	\$ 13,352	132,715	141,120	4,947
<b>Total assets</b>	<b>13,352</b>	<b>132,715</b>	<b>141,120</b>	<b>4,947</b>
<b>LIABILITIES</b>				
Accounts payable	4,773	45,191	45,353	4,611
Due to other governments	8,579	87,524	95,767	336
<b>Total liabilities</b>	<b>\$ 13,352</b>	<b>132,715</b>	<b>141,120</b>	<b>4,947</b>

# STATISTICAL SECTION

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

<b>Contents</b>	<b>Table</b>
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 This schedule offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	11
Operating Information This schedule contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	12

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

**COUNTY OF SAGADAHOC, MAINE**  
**Net Position by Component**  
**Last Ten Fiscal Years**

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Governmental activities</b>										
Net investment in capital assets	\$ 2,130,423	2,470,534	2,477,508	2,429,043	2,542,592	2,808,934	2,699,779	2,677,967	2,563,922	2,457,267
Restricted	646,011	905,348	-	-	253,397	296,612	309,367	340,493	267,081	349,565
Unrestricted	1,916,809	1,805,291	3,067,751	3,077,063	2,752,703	2,272,451	2,147,218	716,240	920,396	766,995
<b>Total governmental activities net position</b>	<b>\$ 4,693,243</b>	<b>5,181,173</b>	<b>5,545,259</b>	<b>5,506,106</b>	<b>5,548,692</b>	<b>5,377,997</b>	<b>5,156,364</b>	<b>3,734,700</b>	<b>3,751,399</b>	<b>3,573,827</b>

## Notes:

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



**COUNTY OF SAGADAHOC, MAINE**  
**Changes in Net Position**  
**Last Ten Fiscal Years**

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Expenses</b>										
Governmental activities:										
General government	\$ 1,728,328	1,875,286	2,031,993	2,077,203	2,257,044	2,203,184	2,367,471	2,279,449	2,429,107	3,008,886
Public safety	6,754,408	6,114,336	5,886,499	3,389,464	3,425,656	3,337,450	3,264,488	3,466,246	2,887,843	2,690,226
Correction services	-	-	-	2,416,673	2,364,845	2,591,729	2,781,073	2,810,399	3,656,786	3,754,162
Capital maintenance	29,818	15,476	-	84,058	23,648	13,691	232,833	-	-	46,134
Miscellaneous	264,012	254,258	284,176	203,003	150,662	180,420	12,878	245,221	-	-
Interest on long-term debt	19,128	6,555	14,963	4,595	11,676	-	21,063	19,137	17,119	21,920
<b>Total governmental activities expenses</b>	<b>8,795,694</b>	<b>8,265,911</b>	<b>8,217,631</b>	<b>8,174,996</b>	<b>8,233,531</b>	<b>8,326,474</b>	<b>8,679,806</b>	<b>8,820,452</b>	<b>8,990,855</b>	<b>9,521,328</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services	\$ 563,227	500,337	477,189	469,742	479,110	460,994	500,188	480,678	515,121	526,285
Operating grants and contributions	501,334	602,234	506,901	297,172	339,222	349,254	309,827	371,486	389,807	540,513
Capital grants and contributions	119,292	-	-	-	-	-	-	-	-	3,842
<b>Total governmental activities program revenues</b>	<b>1,183,853</b>	<b>1,102,571</b>	<b>984,090</b>	<b>766,914</b>	<b>818,332</b>	<b>810,248</b>	<b>810,015</b>	<b>852,164</b>	<b>904,928</b>	<b>1,070,640</b>
<b>Net (expense) revenue</b>										
Total governmental activities net expenses	\$ (7,611,841)	(7,163,340)	(7,233,541)	(7,408,082)	(7,415,199)	(7,516,226)	(7,869,791)	(7,968,288)	(8,085,927)	(8,450,688)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Tax assessments	\$ 8,121,370	7,232,233	7,232,232	7,232,232	7,232,232	7,232,232	7,608,238	7,842,074	8,064,121	8,197,291
Jail returned surplus	-	246,124	265,860	-	-	-	-	-	-	-
Miscellaneous	-	-	55,218	108,191	147,261	62,915	61,402	46,688	47,936	14,461
Unrestricted interest income	268,547	172,913	67,326	28,506	8,574	8,828	7,922	8,227	12,144	22,550
Loss on disposal of assets	-	-	-	-	-	(9,806)	(29,404)	-	(21,575)	(7,374)
<b>Total governmental activities</b>	<b>8,389,917</b>	<b>7,651,270</b>	<b>7,620,636</b>	<b>7,368,929</b>	<b>7,388,067</b>	<b>7,294,169</b>	<b>7,648,158</b>	<b>7,896,989</b>	<b>8,102,626</b>	<b>8,226,928</b>
<b>Change in net position of governmental activities</b>	<b>\$ 778,076</b>	<b>487,930</b>	<b>387,095</b>	<b>(39,153)</b>	<b>(27,132)</b>	<b>(222,057)</b>	<b>(221,633)</b>	<b>(71,299)</b>	<b>16,699</b>	<b>(223,760)</b>

## Notes:

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

**COUNTY OF SAGADAHOC, MAINE**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund:										
Nonspendable	\$ -	-	-	-	-	92,995	123,559	148,122	37,374	246,248
Committed	262,037	262,037	262,037	262,037	252,073	217,707	188,221	187,896	261,952	321,349
Assigned	-	-	-	-	761,764	512,576	447,799	341,320	268,503	399,237
Unassigned	1,968,205	1,822,802	2,335,604	2,368,642	1,526,952	1,527,625	1,484,284	1,467,186	1,668,567	1,513,686
<b>Total General Fund</b>	<b>2,230,242</b>	<b>2,084,839</b>	<b>2,597,641</b>	<b>2,630,679</b>	<b>2,540,789</b>	<b>2,350,903</b>	<b>2,243,863</b>	<b>2,144,524</b>	<b>2,236,396</b>	<b>2,480,520</b>
All Other Governmental Funds:										
Restricted	167,381	163,615	153,912	212,771	345,419	296,612	309,367	340,493	267,081	349,565
Committed	374,259	679,500	522,253	437,863	351,357	135,035	123,115	133,314	120,067	150,730
Unassigned	-	-	-	-	-	-	-	(3,932)	-	(17,011)
<b>Total all other governmental funds</b>	<b>\$ 541,640</b>	<b>843,115</b>	<b>676,165</b>	<b>650,634</b>	<b>696,776</b>	<b>431,647</b>	<b>432,482</b>	<b>469,875</b>	<b>387,148</b>	<b>483,284</b>

Notes:  
Beginning in 2010, correction services were required to be reported separately.  
Governmental Accounting Standards Board Statement No. 54 was implemented in 2011. Prior years were restated making certain assumptions regarding restricted and committed amounts.

Table 4

**COUNTY OF SAGadahoc, MAINE**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Revenues</b>										
Taxes	\$ 8,121,370	7,232,232	7,232,232	7,232,232	7,232,232	7,232,232	7,608,238	7,842,074	8,064,121	8,197,291
Fees	447,702	401,343	353,189	389,262	406,522	359,064	401,625	384,616	419,912	414,354
Intergovernmental	389,453	501,270	681,713	379,177	439,012	408,962	364,271	395,983	425,245	544,355
Charges for services	94,766	89,381	95,622	80,480	72,588	8,053	5,659	9,181	94,219	111,931
Interest	268,549	424,779	78,653	28,506	8,574	8,828	7,922	8,227	12,144	22,550
Other	251,930	104,836	163,317	26,186	47,471	97,084	99,862	109,072	13,488	14,461
<b>Total revenues</b>	<b>9,573,770</b>	<b>8,753,841</b>	<b>8,604,726</b>	<b>8,135,843</b>	<b>8,206,399</b>	<b>8,114,223</b>	<b>8,487,577</b>	<b>8,749,153</b>	<b>9,029,129</b>	<b>9,304,942</b>
<b>Expenditures</b>										
General government	1,651,010	1,785,419	1,858,910	1,922,249	2,093,768	2,034,483	2,173,676	2,252,314	2,446,098	2,489,694
Public safety	6,592,799	4,944,468	4,720,489	2,255,871	2,279,863	2,269,712	2,242,957	2,326,863	2,621,687	2,556,013
Correction services and transport	-	-	-	2,416,673	2,360,817	2,592,194	2,779,555	2,815,324	2,767,634	2,887,465
Miscellaneous	264,012	254,258	284,176	203,003	150,662	338,346	232,833	245,221	-	-
Debt service (including Jail)	210,238	1,225,548	1,116,141	1,097,607	1,217,075	1,060,601	1,036,001	1,011,401	956,259	926,938
Capital outlay	446,701	388,077	527,236	232,933	217,680	825,264	128,760	159,976	220,277	104,572
<b>Total expenditures</b>	<b>9,164,760</b>	<b>8,597,770</b>	<b>8,506,952</b>	<b>8,128,336</b>	<b>8,319,865</b>	<b>9,120,600</b>	<b>8,593,782</b>	<b>8,811,099</b>	<b>9,011,955</b>	<b>8,964,682</b>
Excess (deficiency) of revenues over (under) expenditures	409,010	156,071	97,774	7,507	(113,466)	(1,006,377)	(106,205)	(61,946)	17,174	340,260
<b>Other financing sources (uses)</b>										
Proceeds from borrowing	-	-	250,000	-	-	500,000	-	-	-	-
Transfer in	492,920	488,602	118,754	173,187	123,063	134,121	106,598	184,029	146,601	142,597
Transfer out	(492,920)	(488,602)	(118,754)	(173,187)	(123,063)	(134,121)	(106,598)	(184,029)	(146,601)	(142,597)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>250,000</b>	<b>-</b>	<b>-</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ 409,010</b>	<b>156,071</b>	<b>347,774</b>	<b>7,507</b>	<b>(113,466)</b>	<b>(506,377)</b>	<b>(106,205)</b>	<b>(61,946)</b>	<b>17,174</b>	<b>340,260</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>2.41%</b>	<b>14.93%</b>	<b>13.99%</b>	<b>13.90%</b>	<b>15.02%</b>	<b>12.79%</b>	<b>12.24%</b>	<b>11.69%</b>	<b>10.88%</b>	<b>10.50%</b>

**COUNTY OF SAGADAHOC, MAINE**  
**Program Revenues by Function/Program**  
**Last Ten Fiscal Years**

	Program Revenues by Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Function/Program</b>										
Governmental activities:										
General government	\$ 619,110	463,061	413,546	389,262	406,522	452,941	494,529	471,497	441,195	525,413
Public safety	535,884	542,537	570,544	225,195	259,237	204,773	161,451	227,257	310,082	228,771
Correction services	-	-	-	152,457	152,573	152,534	154,035	153,410	153,651	312,614
Capital maintenance	-	-	-	-	-	-	-	-	-	3,842
Miscellaneous	28,859	96,973	-	-	-	-	-	-	-	-
<b>Total governmental activities</b>	<b>\$ 1,183,853</b>	<b>1,102,571</b>	<b>984,090</b>	<b>766,914</b>	<b>818,332</b>	<b>810,248</b>	<b>810,015</b>	<b>852,164</b>	<b>904,928</b>	<b>1,070,640</b>

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

<u>Year *</u>	<u>State Valuation (a)</u>	<u>County Tax</u>	<u>Total Direct Tax Value (b)</u>
2007 (c) \$	3,608,800,000	8,120,000	2.2500
2008	4,161,650,000	7,232,232	1.7378
2009	4,527,600,000	7,232,232	1.5974
2010	4,704,200,000	7,232,232	1.5374
2011	4,558,500,000	7,232,232	1.5865
2012	4,369,500,000	7,608,238	1.7412
2013	4,249,550,000	7,842,074	1.8454
2014	4,246,900,000	8,063,859	1.8987
2015	4,295,950,000	8,197,291	1.9081
2016	4,396,950,000	8,185,529	1.8616

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

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

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

\* Year in which tax was committed.

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

<u>Year *</u>	<u>Arrowsic</u>	<u>Bath</u>	<u>Bowdoin</u>	<u>Bowdoinham</u>	<u>Georgetown</u>	<u>Phippsburg</u>	<u>Richmond</u>	<u>Topsham</u>	<u>West Bath</u>	<u>Woolwich</u>	<u>Total</u>
2007(a)	\$ 150,979	1,858,321	403,097	421,660	862,446	1,012,075	459,461	1,665,829	621,128	665,004	8,120,000
2008	135,203	1,626,955	345,220	399,527	851,882	980,656	410,649	1,378,185	550,631	553,324	7,232,232
2009	138,136	1,633,038	338,468	399,219	844,002	1,008,896	430,318	1,319,159	555,435	565,561	7,232,232
2010	151,154	1,516,599	357,272	411,514	809,287	994,432	459,247	1,402,330	558,328	572,069	7,232,232
2011	153,323	1,489,840	373,906	423,809	820,858	1,018,298	444,059	1,329,284	563,391	615,464	7,232,232
2012	155,969	1,575,666	393,346	427,583	856,688	1,080,370	457,255	1,402,198	607,898	651,265	7,608,238
2013	149,784	1,649,188	410,141	430,530	828,907	1,123,769	498,756	1,442,157	628,150	680,692	7,842,074
2014	161,277	1,674,864	417,708	442,706	890,250	1,181,355	499,959	1,486,976	624,949	683,815	8,063,859
2015	163,126	1,694,380	418,882	452,490	904,161	1,200,903	484,460	1,557,485	627,093	694,311	8,197,291
2016	166,985	1,671,485	419,917	460,845	889,767	1,181,172	485,402	1,583,900	626,193	699,863	8,185,529

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

\* - Year in which tax was committed.

Table 8

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

Taxpayer	2016			2007		
	State Taxable Assessed Valuation	Rank	Percentage of State Taxable Assessed Valuation	State Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Bath	\$ 897,900,000	1	20.42%	936,200,000	1	22.50%
Topsham	850,650,000	2	19.35%	793,050,000	2	19.06%
Phippsburg	634,250,000	3	14.42%	564,300,000	3	13.56%
Georgetown	478,000,000	4	10.87%	490,200,000	4	11.78%
Woolwich	376,100,000	5	8.55%	318,400,000	5	7.65%
West Bath	336,400,000	6	7.65%	316,850,000	6	7.61%
Richmond	260,750,000	7	5.93%	236,300,000	7	5.68%
Bowdoinham	247,600,000	8	5.63%	229,900,000	8	5.52%
Bowdoin	225,650,000	9	5.13%	198,650,000	9	4.77%
Arrowsic	89,650,000	10	2.04%	77,800,000	10	1.87%
	<b>\$ 4,396,950,000</b>		<b>100.00%</b>	<b>4,161,650,000</b>		<b>100.00%</b>

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

<u>Fiscal Year</u>	<u>General Obligation Bonds / Notes</u>	<u>Capital Lease</u>	<u>Governmental Expense Bond</u>	<u>Total Primary Government</u>	<u>Population (a)</u>	<u>Per Capita Income (a)</u>	<u>Personal Income</u>	<u>Percentage of Personal Income</u>	<u>Debt Per Capita</u>	<u>Percentage of Estimated State Taxable Value of Property</u>
2007	\$ -	225,861	-	225,861	35,214	19,533	717,590,892	0.03%	6.41	0.01%
2008	-	-	-	-	35,214	19,533	717,590,892	0.00%	-	0.00%
2009	-	221,785	-	221,785	35,214	19,533	717,590,892	0.03%	6.30	0.01%
2010	-	181,386	-	181,386	35,214	26,769	942,643,566	0.02%	5.15	0.03%
2011	-	-	-	-	35,293	26,769	944,758,317	0.00%	-	0.00%
2012	-	438,812	-	438,812	35,293	26,983	952,311,019	0.05%	12.43	0.05%
2013	-	398,687	-	398,687	35,293	28,370	1,001,262,410	0.04%	11.30	0.04%
2014	-	356,636	-	356,636	35,293	28,122	992,509,746	0.04%	10.11	0.03%
2015	-	312,567	-	312,567	35,045	28,829	1,010,312,305	0.03%	8.92	0.03%
2016	-	266,382	-	266,382	35,149	29,879	1,050,216,971	0.03%	7.58	0.01%

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

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



**COUNTY OF SAGADAHOC, MAINE**  
**Legal Debt Margin Information**  
**June 30, 2016**

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

**Legal Debt Margin Calculation for Fiscal Year 2016**

State valuation	<u>\$ 4,396,950,000</u>
Debt Limit - 15% of State Valuation	659,542,500
Less outstanding debt applicable to debt limit	<u>266,382</u>
<b>Legal debt margin</b>	<b><u>\$ 659,276,118</u></b>

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt limit	\$ 541,320,000	624,247,500	679,140,000	705,630,000	683,775,000	655,425,000	637,033,813	637,035,000	644,392,500	659,542,500
Total debt applicable to limit	225,861	-	221,785	181,386	-	438,812	398,687	356,636	312,567	266,382
<b>Legal debt margin</b>	<b>\$ 541,094,139</b>	<b>624,247,500</b>	<b>678,918,215</b>	<b>705,448,614</b>	<b>683,775,000</b>	<b>654,986,188</b>	<b>636,635,126</b>	<b>636,678,364</b>	<b>644,079,933</b>	<b>659,276,118</b>
Total debt applicable to the limit as a percentage of debt limit	0.04%	0.00%	0.03%	0.03%	0.00%	0.07%	0.06%	0.06%	0.05%	0.04%

Table 11

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

<u>Fiscal Year</u>	<u>Population (a)</u>	<u>Personal Income</u>	<u>Per Capita Personal Income (b)</u>	<u>Unemployment Rate (b)</u>
2007	35,214	\$ 717,590,892	20,378	4.00%
2008	35,214	717,590,892	20,378	4.00%
2009	35,214	717,590,892	20,378	7.00%
2010	35,214	942,643,566	26,769	7.00%
2011	35,293	944,758,317	26,769	7.00%
2012	35,293	952,311,019	26,983	6.50%
2013	35,293	1,001,262,410	28,370	4.70%
2014	35,293	992,509,746	28,122	4.20%
2015	35,045	1,010,312,305	28,829	4.70%
2016	35,149	1,050,216,971	29,879	3.50%

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

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

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

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

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General government:										
Administration (a)	9	8	8.5	9	9.5	9	9.5	9.5	9.5	9.5
District Attorney	3	3	4	4	4	4	4	3	3	4
D. A. Grant Positions	2	2	1	1	1	1	1	1	1	1
Registrar of Deeds (b)	3.5	3.5	3	3	3	3	3	3.5	3.5	3.5
Register of Probate	3.5	3.5	2.5	3.5	3.5	3.5	3.5	3	3	3
Public safety:										
Sheriff	20	20	21	21	21	22	21	21	22	21
Sheriff Grant Positions	1	1	-	-	-	-	-	-	-	1
Transport/Corrections (c)	8	8	5	4.5	5.5	4.5	5.5	4.5	4.5	4
Communications	14.5	14	15	15	16	16	16	16	16	17
Emergency Management	1.5	1.5	1.5	1.5	1.5	1.5	1.5	2	2	2
<b>Total</b>	<b>66</b>	<b>64.5</b>	<b>61.5</b>	<b>62.5</b>	<b>65</b>	<b>64.5</b>	<b>65</b>	<b>63.5</b>	<b>64.5</b>	<b>66</b>

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

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

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