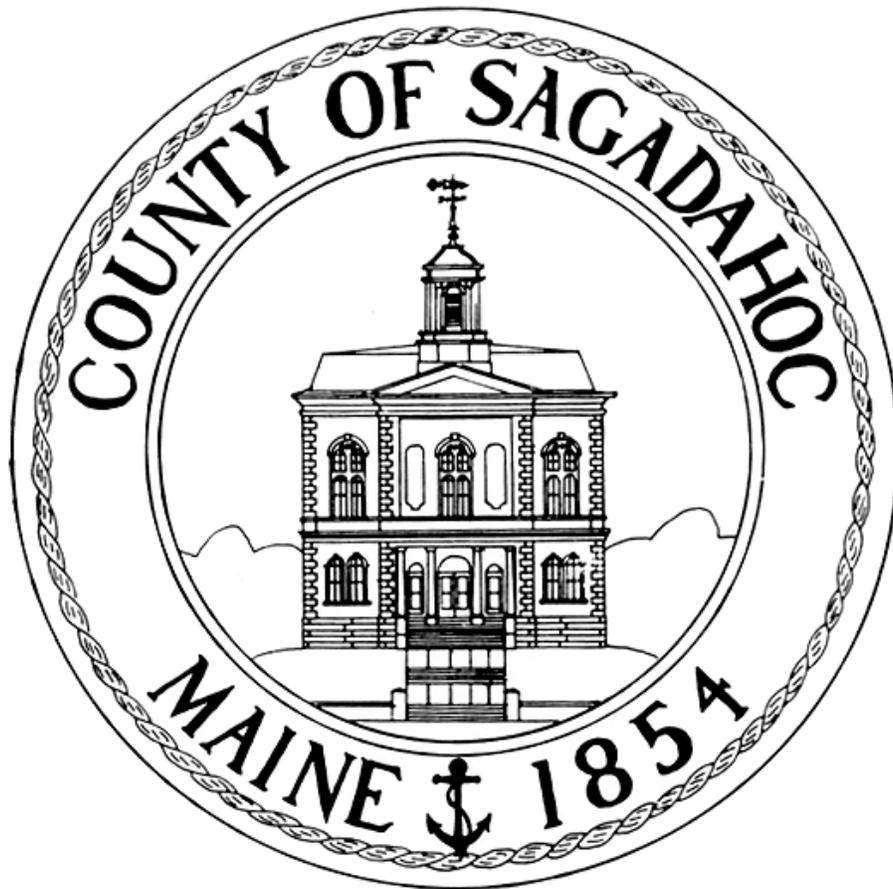


COUNTY OF SAGadahoc, MAINE



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

COUNTY OF SAGadahoc, MAINE
Comprehensive Annual Financial Report
For the Year Ended June 30, 2017

Table of Contents

	<u>Statement</u>	<u>Page</u>
INTRODUCTORY SECTION		
List of Elected and Appointed Officials		1
FINANCIAL SECTION		
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
Budget and Actual - Correction Services	6A	26
Statement of Fiduciary Net Position - Agency Funds	7	27
Notes to Basic 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, 2017

Table of Contents, Continued

	<u>Table</u>	<u>Page</u>
STATISTICAL SECTION		
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, 2017

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	Jonathan Liberman
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	Sarah Bennett
Finance Manager	Clarice Proctor

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, 2017, 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, 2017, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and Correction Services Fund 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 October 16, 2017 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.

A handwritten signature in black ink, reading "Raymond Newton Ouellette". The signature is written in a cursive style with a large initial 'R'.

October 16, 2017
South Portland, Maine

COUNTY OF SAGADAHOC, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

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, 2017. 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 \$3,518,570 at the close of the most recent fiscal year. (Statement 1) This net position is purposed as follows:

Net investment in capital assets	\$ 2,272,310
Restricted	384,885
Unrestricted	<u>861,375</u>
Net Position	\$ 3,518,570

- **CHANGE IN NET POSITION:** As of June 30, 2016, the County's net position was \$3,573,827 and at the end of the current year, the County's net position was \$3,518,570, a decrease in net position in the amount of \$55,257 (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, 2017, the end of year fund balance for the County of Sagadahoc's governmental funds was \$3,428,376 (Statement 3) which was an increase of \$464,572 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 \$1,825,825 equals 53%, of the total fund balance of the governmental funds of \$3,428,376 (Statement 3). The General Fund unassigned fund balance of \$1,825,825 equals approximately 32% of the County's total General Fund expenditures of \$5,639,064 (Statement 4), and 21% of the General and Correction Services Funds expenditures and transfers of \$8,719,507.

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, 2017, the Correction Services Fund balance was \$251,804.

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 \$3,518,570 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, (\$2,272,310 or 65% of the total net position amount of \$3,518,570), 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 \$217,981 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 \$384,885 (11%) that is restricted and cannot be used to meet the government's ongoing obligations. The County's unrestricted net position, \$861,375 (Statement 1) or 24% of the total net position of \$3,518,570 may be used to meet the government's ongoing obligations.

The County's net position decreased by \$55,257 during the fiscal year (Statements 1 and 2).

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

Statement of Net Position

	<u>2017</u>	<u>2016</u>
ASSETS		
Current and other assets	\$3,788,921	3,354,832
Capital assets	2,490,291	2,723,649
<u>Total assets</u>	<u>6,279,212</u>	<u>6,078,481</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	1,243,201	440,270
<u>Total deferred outflows of resources</u>	<u>1,243,201</u>	<u>440,270</u>
LIABILITIES		
Noncurrent liabilities outstanding	3,490,168	2,278,726
Other liabilities	366,192	397,945
<u>Total liabilities</u>	<u>3,856,360</u>	<u>2,676,671</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	147,483	268,253
<u>Total deferred inflows of resources</u>	<u>147,483</u>	<u>268,253</u>
NET POSITION		
Net investment in capital assets	2,272,310	2,457,267
Restricted	384,885	349,565
Unrestricted	861,375	766,995
<u>Total net position</u>	<u>\$3,518,570</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, 2017 amounts to \$2,272,310 (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 \$184,957, or 8% of the total net capital assets.

Significant capital asset additions during the year included a new Dodge Durango, Dodge Charger and Ford Interceptor vehicles for the Sheriff's Department, and the purchase of new Spillman Software for the Communications Department. The only capital assets disposed of during the year was a 2005 Chevy Colorado and 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, 2017 was \$9,316,741 (\$6,181,390 in General Fund; \$2,932,063 for Corrections; \$203,288 Other Funds). The revenue was derived from the following sources:

	<u>General Fund</u>	<u>Corrections Services Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<u>Revenues</u>				
County tax assessments	\$ 5,528,689	2,657,105	-	8,185,794
Fees	432,393	-	-	432,393
Grants and intergovernmental	64,539	272,962	133,610	471,111
Charges for services	111,759	-	69,188	180,947
Interest	22,747	-	490	23,237
Other	21,263	1,996	-	23,259
Total revenues	\$ 6,181,390	2,932,063	203,288	9,316,741
<u>Expenditures</u>				
General government	\$ 2,245,681	-	124,061	2,369,742
Public safety	2,451,896	-	101,780	2,553,676
Corrections	-	2,877,504	-	2,877,504
Debt service - Jail bond	880,300	-	-	880,300
Debt service - Courthouse	61,187	-	-	61,187
Capital outlay	-	-	109,760	109,760
Total expenditures	\$ 5,639,064	2,877,504	335,601	8,852,169

GENERAL FUND

In FY 2016-2017, the County collected revenue for the General Fund in the amount of \$6,181,390, which is \$59,115 more than the revenue in FY 2015-2016. The amount of revenue collected by the County through tax assessments to municipalities for general operations, \$5,528,689, decreased by \$11,497 from FY 2015-2016.

Total County General Fund expenditures for the fiscal year ended June 30, 2017 were \$5,639,064 compared to \$5,739,214 in the prior year, an overall decrease of \$100,150.

<u>General Fund</u>	<u>2017</u>	<u>2016</u>
Total revenues	\$6,181,390	6,122,275
Increase in revenues compared to prior year	59,115	163,591
Total expenditures for non-corrections services	5,639,064	5,739,214
Decrease in expenditures compared to prior year	100,150	10,257
EXCESS OF GENERAL FUND REVENUES OVER EXPENDITURES	\$ 542,326	383,061

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

During the fiscal year ended June 30, 2017, the General Fund balance increased by \$339,387 on a GAAP basis (decrease of \$18,863 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	\$ 2,480,520
Fund balance - General Fund, end of year	<u>2,819,907</u>
Net change in fund balance - General Fund	\$ 339,387

General Fund Balance

At the end of the current fiscal year, the total amount of the General Fund balance was \$2,819,907 which was made up of \$664,363 committed, \$292,846 assigned, \$36,873 non-spendable, and \$1,825,825 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 2016-2017, the County collected correction services fund revenue in the amount of \$2,932,063 which is \$37,656 lower than the revenues collected in FY 2015-2016. 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 2015-2016.

Total County Correction Services Fund expenditures for the fiscal year ended June 30, 2017 were \$2,877,504. See Statement 6A and detail below. Total County Correction Services Fund expenditures for the current year were \$9,961 lower than the total County Correction Services Fund expenditures for the prior year.

<u>Correction Services Fund Revenues</u>	<u>2017</u>	<u>2016</u>
Total revenues for Correction Services	\$2,932,063	2,969,719
Decrease in revenues compared to prior year	37,656	158,963
Total expenditures for Correction-related Services	2,877,504	2,887,465
Increase (decrease) in expenditures compared to prior year	(9,961)	36,085
EXCESS (DEFICIENCY) OF CORRECTION FUND REVENUES OVER (UNDER) EXPENDITURES	\$ 54,559	82,254

During the fiscal year ended June 30, 2017, the Correction Services Fund balance increased by \$54,559 compared to the prior year.

Fund balance - Corrections, beginning of year	\$ 197,245
Fund balance - Corrections, end of year	<u>251,804</u>
Net change in fund balance - Corrections	\$ 54,559

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, 2017 is \$5,560,000 (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 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.

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

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 \$272,962 in CCA funds, which were dedicated to Adult Alternative Sentencing Programs.

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

Correction funds in the amount of \$ 2,877,504 (Statement 6A) were expended as follows:

Two Bridges Regional Jail Assessment for Operations	\$2,476,175
County Services for Prisoner Transport	305,480
Adult Alternative Sentencing Programs	95,849
Total Expenditures	2,877,504
Total Revenues	2,932,063
Less Expenditures	2,877,504
End of Year Corrections surplus	54,559

When combined with the fund balance at the beginning of the year, the fund balance as of June 30, 2017 is \$251,804.

Looking Forward

- The combined budgets for FY 2017-18 equal \$9,534,826, which is an increase of 1.0% when compared to the current fiscal year combined budgets of \$9,439,758; however, without the inclusion of the TBRJ state funding, the increase is \$120,568 (1.3%). A further breakdown indicates the following:

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Reserve</u>	<u>Jail</u>	<u>Combined</u>
2017-18	\$ 5,512,642	914,913	175,666	2,931,605	9,534,826
<u>2016-17</u>	<u>5,349,180</u>	<u>941,863</u>	<u>191,610</u>	<u>2,957,105</u>	<u>9,439,758</u>
Increase (decrease) \$	163,462	(26,950)	(15,944)	(25,500)	95,068

- The amount to be raised through taxes has increased by \$236,643 (2.9%), from \$8,185,529 in FY 2016-17 to \$8,422,172 in FY 2017-18, which is attributable primarily to a decrease of \$124,083 in the amount available from reserve funds to offset the tax levy; however, the unassigned fund balance as of June 30, 2017 has increased from 18.47% to 22.3% of the net tax assessments. Statutorily, any amount over 20% must be used to reduce the levy, which will slightly increase the amount of surplus available to apply to the 2018 tax levy. Offsetting this increase somewhat is the use of a more realistic estimate of revenues and expenditures, which limits the excess funds available at the end of the fiscal year.

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

- Costs associated with the operation of the TBRJ, including debt service, represent approximately 38% of the entire FY 2017-18 County budget. As the debt service payments must be raised in *addition* to the legislatively set CAP, both Lincoln and Sagadahoc Counties are bearing a significant burden. 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 and Oxford Counties to house 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 2018-19 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, 2017

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 3,699,348
Accounts receivable	52,700
Prepaid expenses	36,873
Capital assets not being depreciated	62,198
Capital assets (net of accumulated depreciation)	2,428,093
Total assets	6,279,212
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	1,243,201
Total deferred outflows of resources	1,243,201
LIABILITIES	
Accounts payable and other current liabilities	360,545
Accrued interest	5,647
Noncurrent liabilities:	
Due within one year	50,725
Due in more than one year	3,439,443
Total liabilities	3,856,360
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	147,483
Total deferred inflows of resources	147,483
NET POSITION	
Net investment in capital assets	2,272,310
Restricted	384,885
Unrestricted	861,375
Total net position	\$ 3,518,570

See accompanying notes to basic financial statements.

COUNTY OF SAGADAHOC, MAINE
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government
					Total Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 2,821,414	501,581	37,461	-	(2,282,372)
Public safety	2,782,193	111,759	160,688	-	(2,509,746)
Correction services	3,756,876	-	272,962	-	(3,483,914)
Interest on long-term debt	11,516	-	-	-	(11,516)
Total governmental activities	9,371,999	613,340	471,111	-	(8,287,548)
Total primary government	\$ 9,371,999	613,340	471,111	-	(8,287,548)
General revenues:					
Tax assessments					8,185,794
Miscellaneous					23,260
Unrestricted investment earnings					23,237
Total general revenues					8,232,291
Changes in net position					(55,257)
Net position - beginning					3,573,827
Net position - ending				\$	3,518,570

See accompanying notes to basic financial statements.

COUNTY OF SAGADAHOC, MAINE
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	Correction Services Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,624,250	-	75,098	3,699,348
Accounts receivable	49,356	-	3,344	52,700
Prepaid expenditures	36,873	-	-	36,873
Due from other funds	-	251,804	278,223	530,027
Total assets	3,710,479	251,804	356,665	4,318,948

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	299,977	-	-	299,977
Accrued wages and benefits payable	60,568	-	-	60,568
Due to other funds	530,027	-	-	530,027
Total liabilities	890,572	-	-	890,572

Fund balances:

Nonspendable	36,873	-	-	36,873
Restricted	-	251,804	133,081	384,885
Committed	664,363	-	232,580	896,943
Assigned	292,846	-	-	292,846
Unassigned	1,825,825	-	(8,996)	1,816,829
Total fund balances	2,819,907	251,804	356,665	3,428,376

Total liabilities and fund balances \$ **3,710,479** **251,804** **356,665**

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.	2,490,291
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Accrued compensated absences	(247,250)
Accrued interest	(5,647)
Capital lease payable	(217,981)
Other post employment benefits	(199,400)
Net pension liability, including deferred inflows and outflows of resources	(1,729,819)

Net position of governmental activities \$ **3,518,570**

See accompanying notes to basic financial statements.

COUNTY OF SAGadahoc, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	General Fund	Correction Services Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 5,528,689	2,657,105	-	8,185,794
Fees	432,393	-	-	432,393
Intergovernmental	64,539	272,962	133,610	471,111
Charges for services	111,759	-	69,188	180,947
Interest	22,747	-	490	23,237
Other	21,263	1,996	-	23,259
Total revenues	6,181,390	2,932,063	203,288	9,316,741
Expenditures:				
Current:				
General government	2,245,681	-	124,061	2,369,742
Public safety	2,451,896	-	101,780	2,553,676
Correction services and transport	-	2,877,504	-	2,877,504
Debt service (Jail Authority):				
Principal	630,000	-	-	630,000
Interest	250,300	-	-	250,300
Debt service (Courthouse):				
Principal	48,401	-	-	48,401
Interest	12,786	-	-	12,786
Capital outlay	-	-	109,760	109,760
Total expenditures	5,639,064	2,877,504	335,601	8,852,169
Excess (deficiency) of revenues over (under) expenditures	542,326	54,559	(132,313)	464,572
Other financing sources (uses):				
Transfers from other funds	-	-	202,939	202,939
Transfers to other funds	(202,939)	-	-	(202,939)
Total other financing sources (uses)	(202,939)	-	202,939	-
Net changes in fund balances	339,387	54,559	70,626	464,572
Fund balances, beginning of year	2,480,520	197,245	286,039	2,963,804
Fund balances, end of year	\$ 2,819,907	251,804	356,665	3,428,376

See accompanying notes to basic 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, 2017

Net change in fund balances - total governmental funds	\$	464,572
--	----	---------

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 (\$358,211) and loss on disposal of assets (\$3,880) exceeded capital outlay (\$128,733). (233,358)

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. 48,401

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		(262,217)
Change in other post employment benefits		(66,729)
Change in accrued compensated absences		(7,196)
Change in accrued interest		1,270

Change in net position of governmental activities	\$	(55,257)
--	-----------	-----------------

See accompanying notes to basic 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, 2017

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Taxes:				
Tax assessments	\$ 5,528,424	5,528,424	5,528,689	265
Total taxes	5,528,424	5,528,424	5,528,689	265
Fees:				
District attorney	5,000	5,000	8,906	3,906
Register of deeds	280,000	280,000	355,014	75,014
Register of probate	60,000	60,000	68,473	8,473
Total fees	345,000	345,000	432,393	87,393
Intergovernmental:				
Emergency management agency	105,692	105,692	64,539	(41,153)
Total intergovernmental	105,692	105,692	64,539	(41,153)
Charges for services:				
Sheriff's department	83,500	83,500	111,759	28,259
Total charges for services	83,500	83,500	111,759	28,259
Interest earned	13,500	13,500	22,747	9,247
Other revenues:				
Miscellaneous	7,300	7,300	21,263	13,963
Total other revenues	7,300	7,300	21,263	13,963
Total revenues	6,083,416	6,083,416	6,181,390	97,974

COUNTY OF SAGadahoc, MAINE
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2017

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
EXPENDITURES				
Current:				
General government:				
District attorney	\$ 217,864	217,864	214,677	3,187
Administration	492,286	492,286	465,976	26,310
Buildings	178,272	178,272	171,016	7,256
Register of deeds	156,426	156,426	147,725	8,701
Register of probate	153,601	153,601	145,746	7,855
Employee benefits	1,366,694	1,366,694	1,329,445	37,249
Insurance	78,238	78,238	74,291	3,947
Program grants	43,855	43,855	43,855	-
Total general government	2,687,236	2,687,236	2,592,731	94,505
Public safety:				
Emergency Management Agency	168,323	168,323	127,958	40,365
Sheriff's department	1,447,444	1,447,444	1,389,324	58,120
Civil process	29,380	29,380	26,109	3,271
Communications	994,269	994,269	908,505	85,764
Total public safety	2,639,416	2,639,416	2,451,896	187,520
Debt service:				
Principal (Jail Authority)	630,000	630,000	630,000	-
Interest (Jail Authority)	250,675	250,675	250,300	375
Principal (Courthouse)	48,401	48,401	48,401	-
Interest (Courthouse)	12,786	12,786	12,786	-
Total debt service	941,862	941,862	941,487	375
Total expenditures	6,268,514	6,268,514	5,986,114	282,400
Excess (deficiency) of revenues over (under) expenditures	(185,098)	(185,098)	195,276	380,374
OTHER FINANCING SOURCES (USES)				
Budgeted use of surplus	399,237	399,237	-	(399,237)
Budgeted transfers to reserves	(11,200)	(11,200)	(11,200)	-
Transfers to other funds - special revenue	(11,329)	(11,329)	(11,329)	-
Transfers to other funds - capital projects	(191,610)	(191,610)	(191,610)	-
Total other financing sources and (uses)	185,098	185,098	(214,139)	(399,237)
Net changes in fund balance - budgetary basis	-	-	(18,863)	(18,863)
Reconciliation from budgetary to GAAP basis:				
Net activity in reserve accounts			358,250	
Net changes in fund balance - GAAP basis	-	-	339,387	339,387
Fund balance, beginning of year			2,480,520	
Fund balance, end of year			\$ 2,819,907	

See accompanying notes to basic 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, 2017

	Correction Services			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Taxes:				
Tax assessments	\$ 2,657,105	2,657,105	2,657,105	-
Total taxes	2,657,105	2,657,105	2,657,105	-
Intergovernmental:				
Community corrections / home release	288,000	288,000	272,962	(15,038)
Total intergovernmental	288,000	288,000	272,962	(15,038)
Other/miscellaneous	12,000	12,000	1,996	(10,004)
Total revenues	2,957,105	2,957,105	2,932,063	(25,042)
EXPENDITURES				
Current:				
Operations - Two Bridges Jail	2,497,156	2,497,156	2,476,175	20,981
Transport programs	329,949	329,949	305,480	24,469
Pre-trial services	130,000	130,000	95,849	34,151
Total expenditures	2,957,105	2,957,105	2,877,504	79,601
Net changes in fund balance	-	-	54,559	54,559
Fund balance, beginning of year			197,245	
Fund balance, end of year			\$ 251,804	

See accompanying notes to basic financial statements.

COUNTY OF SAGadahoc, MAINE
Statement of Fiduciary Net Position
Agency Funds
June 30, 2017

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 12,056
Total assets	12,056
LIABILITIES	
Accounts payable	4,683
Due to other governments	7,373
Total liabilities	\$ 12,056

See accompanying notes to basic 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 35,273. 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 the 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 throughout 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 2017 budget were held in May. The County Commissioners approved the budget on June 14, 2016. Sagadahoc County by law assesses taxes to the ten municipalities in its jurisdiction to be apportioned based on the last state valuation. The 2017 tax commitment of \$8,185,529 was assessed in August, 2016. Assessments were due September 1, 2016 with interest at 7% payable on November 1, 2016.

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, 2017, 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, 2017 was \$1,825,825, which represents 22.31% of the fiscal year 2017 assessments raised of \$8,185,529. The County will utilize a portion of the unassigned fund balance in future years to reduce the tax assessment, as required by State law.

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

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

C. Deficit Fund Balances

The following funds had deficits at June 30, 2017:

OUI Emphasis Grant	\$ 4,050
EUDL	528
Ride Grant	80
Speed Enforcement Grant	1,212
MEMA	3,126

These deficits will be funded with future revenues anticipated in 2017-2018.

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, 2017, the County reported deposits of \$3,711,404 with bank balances of \$3,718,581. The County's deposit policy for custodial credit risk calls for F.D.I.C. insured bank accounts. \$636 of the County's total bank balance was exposed to custodial credit risk; the remaining 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	\$ 3,699,348
Agency funds	12,056
Total	\$ 3,711,404

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2017, is as follows:

	<u>Due from</u>	<u>Due to</u>	<u>Transfers in (out)</u>
General fund	\$ -	530,027	(202,939)
Correction services fund	251,804	-	-
Other governmental funds	278,223	-	202,939
Total	\$ 530,027	530,027	-

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, 2017 was as follows:

	Balance <u>07/01/16</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>06/30/17</u>
Capital assets not being depreciated:				
<u>Land</u>	\$ 62,198	-	-	62,198
Total capital assets not being depreciated	62,198	-	-	62,198
Capital assets being depreciated:				
Buildings	3,787,285	600	-	3,787,885
Improvements other than buildings	39,000	-	-	39,000
Vehicles	656,395	77,886	(41,009)	693,272
<u>Machinery and equipment</u>	<u>1,711,191</u>	<u>50,247</u>	<u>-</u>	<u>1,761,438</u>
Total capital assets being depreciated	6,193,871	128,733	(41,009)	6,281,595
Less accumulated depreciation for:				
Buildings	(1,729,142)	(107,258)	-	(1,836,400)
Improvements other than buildings	(27,463)	(1,950)	-	(29,413)
Vehicles	(447,388)	(137,195)	37,129	(547,454)
<u>Machinery and equipment</u>	<u>(1,328,427)</u>	<u>(111,808)</u>	<u>-</u>	<u>(1,440,235)</u>
Total accumulated depreciation	(3,532,420)	(358,211)	37,129	(3,853,502)
 Total capital assets being depreciated, net	 2,661,451	 (229,478)	 (3,880)	 2,428,093
 Total capital assets, net	 \$ 2,723,649	 (229,278)	 (3,880)	 2,490,291

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

General government	\$ 125,731
Public safety	232,480
 Total depreciation expense	 \$ 358,211

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, 2017 was \$660. Future minimum rental payments under the terms of the agreement are as follows:

2018	\$ 660
2019	660
<u>2020</u>	<u>165</u>
 Total	 \$ 1,485

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, 2017:

<u>Issuer</u>	<u>Balance</u> <u>07/01/16</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/17</u>	<u>Due within</u> <u>one year</u>
Courthouse renovations lease	\$ 266,382	-	48,401	217,981	50,725
Net pension liability	1,639,619	1,185,918	-	2,825,537	-
OPEB liability	132,671	66,729	-	199,400	-
Accrued compensated absences	240,054	7,196	-	247,250	-
Totals	\$ 2,278,726	1,259,843	48,401	3,490,168	50,725

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 \$62,500 at June 30, 2017.

The annual principal and interest requirements to amortize general long-term debt outstanding (courthouse lease) as of June 30, 2017 are as follows:

<u>Year</u> <u>ended</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 50,725	10,463	61,188
2019	53,160	8,028	61,188
2020	55,711	5,477	61,188
2021	58,385	2,804	61,189
Totals	\$ 217,981	26,772	244,753

OVERLAPPING DEBT

In addition to the debt noted above, the County is contingently responsible for the following debt as of June 30, 2017 (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	\$ 11,120,000	50%	5,560,000

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. The outstanding balance of these bonds at June 30, 2017 is \$11,120,000. Sagadahoc County's portion of this balance amounts to \$5,560,000. Sagadahoc and Lincoln Counties share of the operating budget is capped legislatively. For the fiscal year that ended June 30, 2017, 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, 2017 (unaudited) is as follows:

Total assets and deferred outflows	\$ 20,296,529
Total liabilities	13,665,927
Net position	6,255,137
Change in net position	1,252,945

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, 2017.

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>2017</u>	<u>2016</u>
Beginning balance, unpaid claims	\$ 64,757	61,092
Incurred claims	622,633	940,940
Claims paid (includes reinsurance)	(678,736)	(937,275)
<u>Ending balance, unpaid claims</u>	<u>\$ 8,654</u>	<u>64,757</u>

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.

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 8.0% of their annual pay for the AC plan and 9.5% for the 3C plan.

The County's contractually required contribution rate for the year ended June 30, 2017 was 9.5%-11.4% of annual payroll depending on the plan (AC 9.5%, 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 \$259,044 for the year ended June 30, 2017.

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, 2017, the County reported a liability of \$2,825,537 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016, the County's proportion was 0.5318%.

For the year ended June 30, 2017, the County recognized a pension expense of \$521,261. At June 30, 2017, 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	\$ -	147,483
Changes of assumptions	302,905	-
Net difference between projected and actual earnings on pension plan investments	609,576	-
Changes in proportion and differences between County contributions and proportionate share of contributions	71,676	-
County contributions subsequent to the measurement date	259,044	-
Total	\$ 1,243,201	147,483

\$259,044 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>	
2018	\$ 175,158
2019	134,957
2020	363,711
2021	162,848

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, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	2.75% to 9.00% per year
Investment return	6.875% per annum, compounded annually
Cost of living benefit increases	2.20% per annum

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table for males and females.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period June 30, 2012 to June 30, 2015.

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, 2016 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%	5.7%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real estate	10%	5.2%
Infrastructure	10%	5.3%
Hard assets	5%	5.0%
Fixed income	25%	2.9%
<u>Total</u>	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 6.875%. 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 County'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 6.875%, 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 (5.875%) or 1 percentage-point higher (7.875%) than the current rate:

	1% Decrease <u>(5.875%)</u>	Current Discount Rate <u>(6.875%)</u>	1% Increase <u>(7.875%)</u>
County's proportionate share of the net pension liability	\$ 4,689,882	\$ 2,825,537	\$ 1,070,322

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, 2017.

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, 2017, 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 \$18,190 for the year ended June 30, 2017 and employees contributed \$96,274 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, 2017, the committed and assigned fund balances of the General Fund were made up of the following:

Committed:	
Contingency	\$ 100,000
Unfunded liability reserve	26,356
Unemployment reserve	45,753
Insurance deductible reserve	2,122
Fuel reserve	10,000
Insurance reserve fund	480,132
<u>Total committed</u>	<u>\$ 664,363</u>

Assigned:	
Surplus assigned to 2017-18 budget	\$ 275,154
Administrative contingency	15,236
Orthoimagery	2,456
<u>Total assigned</u>	<u>\$ 292,846</u>

As of June 30, 2017 and 2016, the committed fund balances of the Capital Project Fund were made up of the following:

	<u>2017</u>	<u>2016</u>
Minor projects	\$ -	3,842
Exterior maintenance	49,046	31,704
HVAC	16,877	11,877
Copiers and laser printers	330	330
Probate security	1,400	-
JusticeWeb Software	8,162	-
Elevator upgrade	22,000	16,000
EMA	26,014	2,074
Facilities vehicle	13,000	6,500
Communications	79,365	78,403
Sheriff's vehicles	16,386	-
<u>Total</u>	<u>\$ 232,580</u>	<u>150,730</u>

Additionally, all of the Correction Services Fund is restricted by the State of Maine for use for correction services. Other non-major special revenue funds have restricted fund balances for grants or specific programs totaling \$133,081.

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>	<u>\$ 132,671</u>
Annual required contribution (ARC):	
Normal cost	67,768
Interest on ARC	8,018
Amortization of unfunded	21,852
<u>Adjustment to ARC</u>	<u>(4,783)</u>
Annual required contribution (ARC)	92,855
<u>Actual contribution</u>	<u>(26,126)</u>
OPEB liability, end of year	\$ 199,400

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>	Percentage of <u>OPEB cost contributed</u>	<u>Net OPEB obligation</u>
2017	\$ 92,855	28%	199,400
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
<u>Actuarial value of plan assets</u>	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	\$ 630,373
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (annual payroll of active employees covered by the plan)	\$ 2,691,661
UAAL as a percentage of covered payroll	23.42%

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>2017*</u>	<u>2016*</u>	<u>2015*</u>
County's proportion of the net pension liability	0.5318%	0.5139%	0.4989%
County's proportionate share of the net pension liability	\$ 2,825,537	1,639,619	767,724
County's covered payroll	\$ 2,504,221	2,512,745	2,293,940
County's proportion share of the net pension liability as a percentage of its covered payroll	112.83%	65.25%	33.47%
Plan fiduciary net position as a percentage of of the total pension liability	81.61%	88.27%	94.10%

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

** Only three 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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$	259,044	249,938	197,462	171,793
Contributions in relation to the contractually required contribution		(259,044)	(249,938)	(197,462)	(171,793)
<u>Contribution deficiency (excess)</u>	\$	-	-	-	-
County's covered payroll	\$	2,504,221	2,512,745	2,293,940	2,106,405
Contributions as a percentage of covered payroll		10.34%	9.95%	8.61%	8.16%

* Only four years of information available.

Notes to Required Supplementary Information

Changes of benefit terms - None

Changes of Assumptions - The following are changes in actuarial assumptions used in the most recent valuation (6/30/16):

	<u>2016</u>	<u>2015</u>
Discount rate	6.875%	7.125%
Inflation rate	2.75%	3.5%
Salary increases	2.75% to 9.00%	3.50% to 9.50%
Cost of living increase	2.20%	2.55%
Long-term expected real rate of return on assets:		
US equities	5.7%	5.2%
Real estate	5.2%	3.7%
Infrastructure	5.3%	4.0%
Hard assets	5.0%	4.8%
Fixed income	2.9%	0.7%

In addition, mortality rates for the June 30, 2015 valuation were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA; for the June 30, 2016 valuation, the mortality rates were based on the RP2014 Total Data Set Healthy Annuitant Mortality Table.

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]
2017	7/1/2014	\$ -	630,373	630,373	0%	2,691,661	23.42%
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 three years available due to initial enrollment in plan starting in the 2015 fiscal year.

**COMBINING AND INDIVIDUAL FUND FINANCIAL
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, 2017

	Fund Balances (Deficits) Beginning of Year	Revenues			Expenditures	Fund Balances (Deficits) End of Year
		Inter- governmental	Other Revenues	Transfers		
Capital project funds	\$ 150,730	-	-	191,610	109,760	232,580
Special revenue funds:						
General:						
VOCA Grant	7,363	37,461	-	11,329	44,577	11,576
Deed Preservation Fund	83,178	-	20,709	-	28,031	75,856
Probate Preservation Fund	6,141	-	1,790	-	4,303	3,628
Civil Process	-	-	47,150	-	47,150	-
Sheriff grants and programs:						
Seatbelt Initiative Grant	421	18,060	-	-	14,900	3,581
OUI Emphasis Grant	(2,903)	17,538	-	-	18,685	(4,050)
Drug Seizure K-9 account	31,093	4,125	29	-	6,359	28,888
Byrne Grant	(4,997)	4,997	-	-	-	-
Electronic Monitoring Funds	3,674	-	-	-	-	3,674
EUDL	-	432	-	-	960	(528)
Ride Grant	(2,891)	24,804	-	-	21,993	(80)
Speed Enforcement Grant	843	4,400	-	-	6,455	(1,212)
EMA grants and programs:						
LEPC State	5,566	3,780	-	-	3,780	5,566
CRI	25	-	-	-	-	25
MEMA	2,179	-	-	-	5,305	(3,126)
Homeland Security FY 14	(6,220)	12,294	-	-	5,787	287
Homeland Security FY 15	11,837	5,719	-	-	17,556	-
Total special revenue funds	135,309	133,610	69,678	11,329	225,841	124,085
Total other governmental funds	\$ 286,039	133,610	69,678	202,939	335,601	356,665

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, 2017

	D.A.'s Restitution	Probate	Total
ASSETS			
Cash and cash equivalents	\$ 4,683	7,373	12,056
Total assets	4,683	7,373	12,056
LIABILITIES			
Accounts payable	4,683	-	4,683
Due to other governments	-	7,373	7,373
Total liabilities	\$ 4,683	7,373	12,056

COUNTY OF SAGadahoc, MAINE
Statement of Changes in Assets and Liabilities
Fiduciary Funds
Agency Fund
For the Year Ended June 30, 2017

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2017
ASSETS				
Cash and cash equivalents	\$ 4,947	148,229	141,120	12,056
Total assets	4,947	148,229	141,120	12,056
LIABILITIES				
Accounts payable	4,611	45,425	45,353	4,683
Due to other governments	336	102,804	95,767	7,373
Total liabilities	\$ 4,947	148,229	141,120	12,056

STATISTICAL SECTION

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

Contents	Table
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	1-5
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	6-8
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	9-10
Demographic and Economic Information 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>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>	<u>2017</u>
Governmental activities										
Net investment in capital assets	\$ 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	2,272,310
Restricted	905,348	-	-	253,397	296,612	309,367	340,493	267,081	349,565	384,885
Unrestricted	1,805,291	3,067,751	3,077,063	2,752,703	2,272,451	2,147,218	716,240	920,396	766,995	861,375
Total governmental activities net position	\$ 5,181,173	5,545,259	5,506,106	5,548,692	5,377,997	5,156,364	3,734,700	3,751,399	3,573,827	3,518,570

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>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>	<u>2017</u>
Expenses										
Governmental activities:										
General government	\$ 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	2,821,414
Public safety	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	2,782,193
Correction services	-	-	2,416,673	2,364,845	2,591,729	2,781,073	2,810,399	3,656,786	3,754,162	3,756,876
Capital maintenance	15,476	-	84,058	23,648	13,691	232,833	-	-	46,134	-
Miscellaneous	254,258	284,176	203,003	150,662	180,420	12,878	245,221	-	-	-
Interest on long-term debt	6,555	14,963	4,595	11,676	-	21,063	19,137	17,119	21,920	11,516
Total governmental activities expenses	8,265,911	8,217,631	8,174,996	8,233,531	8,326,474	8,679,806	8,820,452	8,990,855	9,521,328	9,371,999
Program Revenues										
Governmental activities:										
Charges for services	\$ 500,337	477,189	469,742	479,110	460,994	500,188	480,678	515,121	526,285	613,340
Operating grants and contributions	602,234	506,901	297,172	339,222	349,254	309,827	371,486	389,807	540,513	471,111
Capital grants and contributions	-	-	-	-	-	-	-	-	3,842	-
Total governmental activities program revenues	1,102,571	984,090	766,914	818,332	810,248	810,015	852,164	904,928	1,070,640	1,084,451
Net (expense) revenue										
Total governmental activities net expenses	\$ (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)	(8,287,548)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Tax assessments	\$ 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	8,185,794
Jail returned surplus	246,124	265,860	-	-	-	-	-	-	-	-
Miscellaneous	-	55,218	108,191	147,261	62,915	61,402	46,688	47,936	14,461	23,260
Unrestricted interest income	172,913	67,326	28,506	8,574	8,828	7,922	8,227	12,144	22,550	23,237
Loss on disposal of assets	-	-	-	-	(9,806)	(29,404)	-	(21,575)	(7,374)	-
Total governmental activities	7,651,270	7,620,636	7,368,929	7,388,067	7,294,169	7,648,158	7,896,989	8,102,626	8,226,928	8,232,291
Change in net position of governmental activities	\$ 487,930	387,095	(39,153)	(27,132)	(222,057)	(221,633)	(71,299)	16,699	(223,760)	(55,257)

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>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>	<u>2017</u>
General Fund:										
Nonspendable	\$ -	-	-	-	92,995	123,559	148,122	37,374	246,248	36,873
Committed	262,037	262,037	262,037	252,073	217,707	188,221	187,896	261,952	321,349	664,363
Assigned	-	-	-	761,764	512,576	447,799	341,320	268,503	399,237	292,846
Unassigned	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	1,825,825
Total General Fund	2,084,839	2,597,641	2,630,679	2,540,789	2,350,903	2,243,863	2,144,524	2,236,396	2,480,520	2,819,907
All Other Governmental Funds:										
Restricted	163,615	153,912	212,771	345,419	296,612	309,367	340,493	267,081	349,565	384,885
Committed	679,500	522,253	437,863	351,357	135,035	123,115	133,314	120,067	150,730	232,580
Unassigned	-	-	-	-	-	-	(3,932)	-	(17,011)	(8,996)
Total all other governmental funds	\$ 843,115	676,165	650,634	696,776	431,647	432,482	469,875	387,148	483,284	608,469

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>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>	<u>2017</u>
Revenues										
Taxes	\$ 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	8,185,794
Fees	401,343	353,189	389,262	406,522	359,064	401,625	384,616	419,912	414,354	432,393
Intergovernmental	501,270	681,713	379,177	439,012	408,962	364,271	395,983	425,245	544,355	471,111
Charges for services	89,381	95,622	80,480	72,588	8,053	5,659	9,181	94,219	111,931	180,947
Interest	424,779	78,653	28,506	8,574	8,828	7,922	8,227	12,144	22,550	23,237
Other	104,836	163,317	26,186	47,471	97,084	99,862	109,072	13,488	14,461	23,259
Total revenues	8,753,841	8,604,726	8,135,843	8,206,399	8,114,223	8,487,577	8,749,153	9,029,129	9,304,942	9,316,741
Expenditures										
General government	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	2,369,742
Public safety	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	2,553,676
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	2,877,504
Miscellaneous	254,258	284,176	203,003	150,662	338,346	232,833	245,221	-	-	-
Debt service (including Jail)	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	941,487
Capital outlay	388,077	527,236	232,933	217,680	825,264	128,760	159,976	220,277	104,572	109,760
Total expenditures	8,597,770	8,506,952	8,128,336	8,319,865	9,120,600	8,593,782	8,811,099	9,011,955	8,964,682	8,852,169
Excess (deficiency) of revenues over (under) expenditures	156,071	97,774	7,507	(113,466)	(1,006,377)	(106,205)	(61,946)	17,174	340,260	464,572
Other financing sources (uses)										
Proceeds from borrowing	-	250,000	-	-	500,000	-	-	-	-	-
Transfer in	488,602	118,754	173,187	123,063	134,121	106,598	184,029	146,601	142,597	202,939
Transfer out	(488,602)	(118,754)	(173,187)	(123,063)	(134,121)	(106,598)	(184,029)	(146,601)	(142,597)	(202,939)
Total other financing sources (uses)	-	250,000	-	-	500,000	-	-	-	-	-
Net change in fund balance	\$ 156,071	347,774	7,507	(113,466)	(506,377)	(106,205)	(61,946)	17,174	340,260	464,572
Debt service as a percentage of noncapital expenditures	14.93%	13.99%	13.90%	15.02%	12.79%	12.24%	11.69%	10.88%	10.46%	10.79%

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

	Program Revenues by Fiscal Year									
	<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>	<u>2017</u>
Function/Program										
Governmental activities:										
General government	\$ 463,061	413,546	389,262	406,522	452,941	494,529	471,497	441,195	525,413	539,042
Public safety	542,537	570,544	225,195	259,237	204,773	161,451	227,257	310,082	228,771	272,447
Correction services	-	-	152,457	152,573	152,534	154,035	153,410	153,651	312,614	272,962
Capital maintenance	-	-	-	-	-	-	-	-	3,842	-
Miscellaneous	96,973	-	-	-	-	-	-	-	-	-
Total governmental activities	\$ 1,102,571	984,090	766,914	818,332	810,248	810,015	852,164	904,928	1,070,640	1,084,451

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

Year *	State Valuation (a)	County Tax	Total Direct Tax Value (b)
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
2017	4,507,750,000	8,422,172	1.8684

(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.

* 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>
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
2017	166,759	1,744,231	429,531	471,642	865,799	1,223,742	493,539	1,654,957	651,876	720,096	8,422,172

* - 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	2017			2008		
	State Taxable Assessed Valuation	Rank	Percentage of State Taxable Assessed Valuation	State Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Bath	\$ 933,650,000	1	20.71%	1,026,200,000	1	22.58%
Topsham	885,550,000	2	19.65%	829,050,000	2	18.24%
Phippsburg	654,950,000	3	14.53%	634,000,000	3	13.95%
Georgetown	463,500,000	4	10.28%	530,400,000	4	11.67%
Woolwich	385,400,000	5	8.55%	355,300,000	5	7.82%
West Bath	349,000,000	6	7.74%	349,100,000	6	7.68%
Richmond	263,900,000	7	5.85%	270,200,000	7	5.95%
Bowdoinham	252,400,000	8	5.60%	251,050,000	8	5.52%
Bowdoin	230,000,000	9	5.10%	212,500,000	9	4.68%
Arrowsic	89,400,000	10	1.98%	86,750,000	10	1.91%
	\$ 4,507,750,000		100.00%	4,544,550,000		100.00%

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>
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%
2017	-	217,981	-	217,981	35,273	30,062	1,060,376,926	0.02%	6.18	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, 2017

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 2017

State valuation	<u>\$ 4,507,750,000</u>
Debt Limit - 15% of State Valuation	676,162,500
Less outstanding debt applicable to debt limit	<u>217,981</u>
Legal debt margin	<u>\$ 675,944,519</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>	<u>2017</u>
Debt limit	\$ 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	676,162,500
Total debt applicable to limit	-	221,785	181,386	-	438,812	398,687	356,636	312,567	266,382	217,981
Legal debt margin	\$ 624,247,500	678,918,215	705,448,614	683,775,000	654,986,188	636,635,126	636,678,364	644,079,933	659,276,118	675,944,519
Total debt applicable to the limit as a percentage of debt limit	0.00%	0.03%	0.03%	0.00%	0.07%	0.06%	0.06%	0.05%	0.04%	0.03%

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>
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%
2017	35,273	1,060,376,926	30,062	2.90%

(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>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>	<u>2017</u>
General government:										
Administration (a)	8	8.5	9	9.5	9	9.5	9.5	9.5	9.5	9.5
District Attorney	3	4	4	4	4	4	3	3	4	4
D. A. Grant Positions	2	1	1	1	1	1	1	1	1	1
Registrar of Deeds (b)	3.5	3	3	3	3	3	3.5	3.5	3.5	3
Register of Probate	3.5	2.5	3.5	3.5	3.5	3.5	3	3	3	2.5
Public safety:										
Sheriff	20	21	21	21	22	21	21	22	21	21
Sheriff Grant Positions	1	-	-	-	-	-	-	-	1	1
Transport/Corrections	8	5	4.5	5.5	4.5	5.5	4.5	4.5	4	4
Communications	14	15	15	16	16	16	16	16	17	17
Emergency Management	1.5	1.5	1.5	1.5	1.5	1.5	2	2	2	2
Total	64.5	61.5	62.5	65	64.5	65	63.5	64.5	66	65

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.