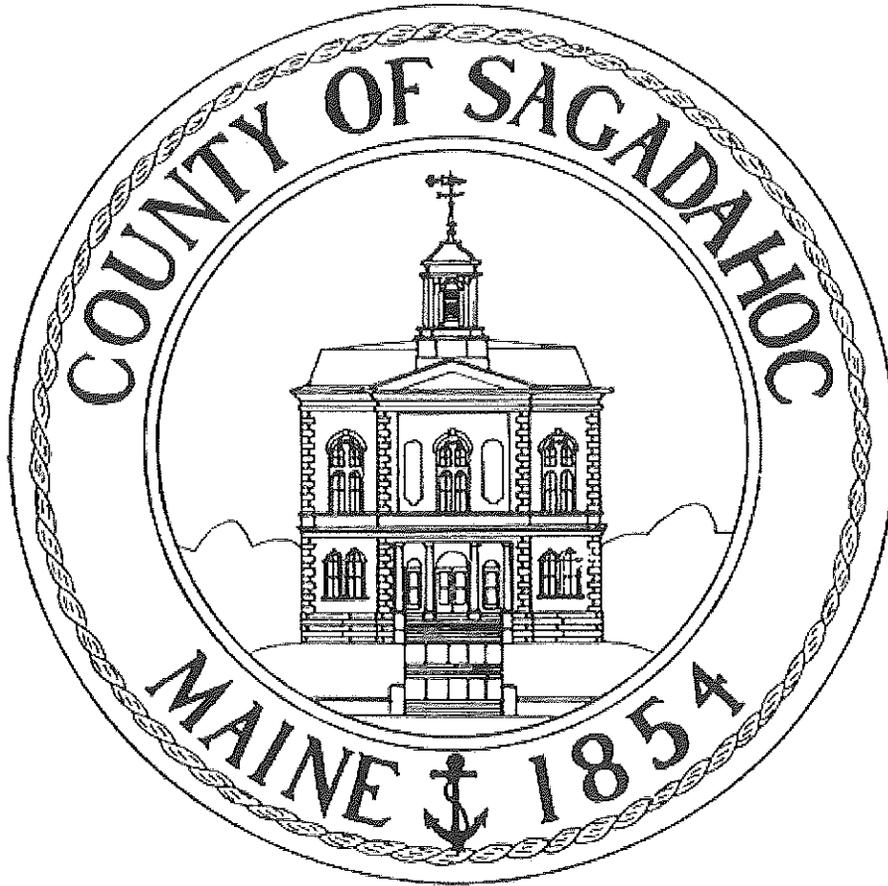


COUNTY OF SAGADAHOC, MAINE



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**



COUNTY OF SAGadahoc, MAINE
Comprehensive Annual Financial Report
For the Year Ended June 30, 2013

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INTRODUCTORY SECTION

COUNTY OF SAGADAHOC, MAINE
LIST OF ELECTED AND APPOINTED OFFICIALS
June 30, 2013

Elected Officials

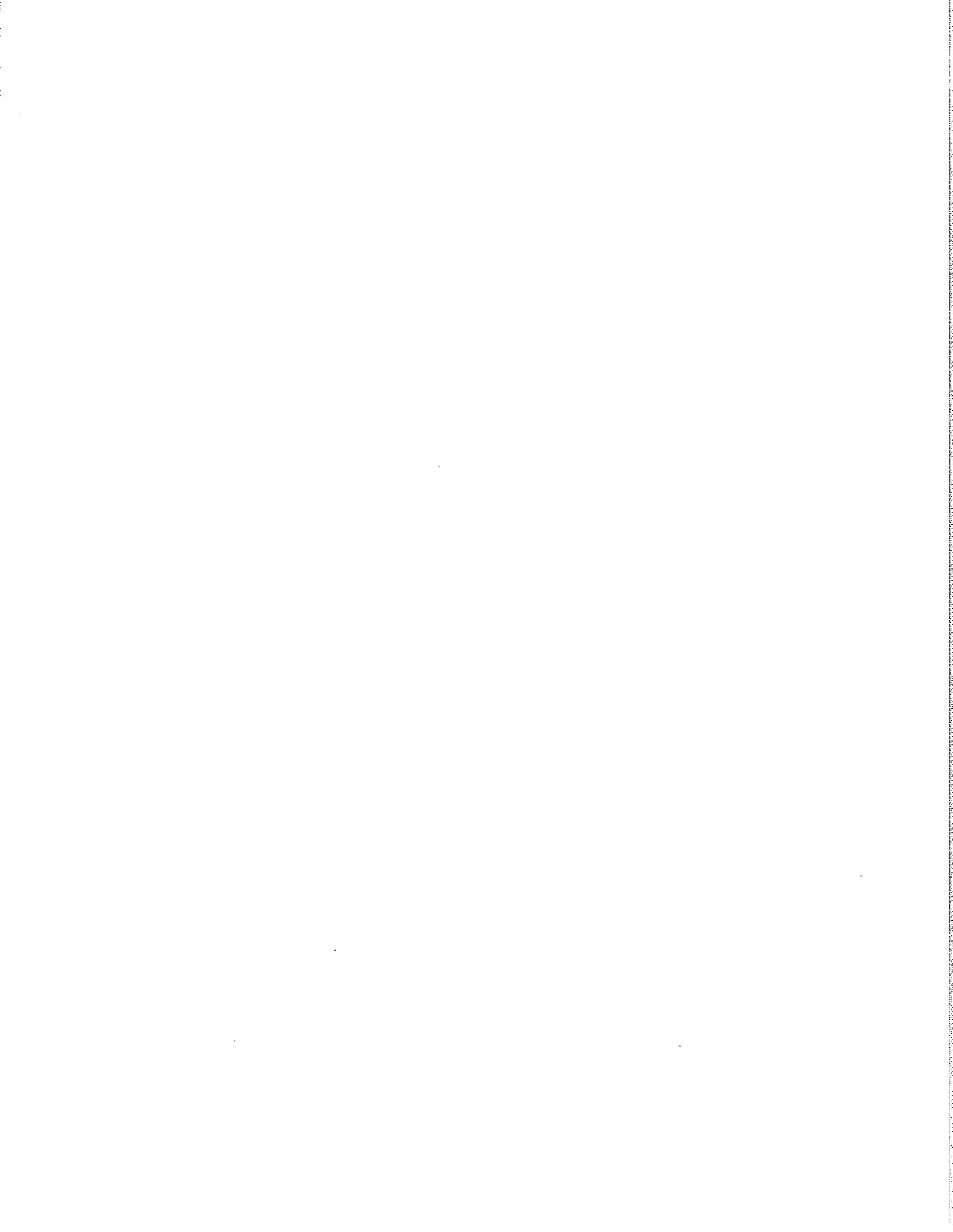
Commissioner, District 1	Charles Crosby
Commissioner, District 2	Carol Grose, Chair
Commissioner, District 3	Lawrence M. Dawson
Treasurer	Jane Scease
Sheriff	Joel Merry
District Attorney	Geoffrey Rushlau
Registrar of Deeds	Judith Stevens
Probate Judge	Hon. John W. Voorhees
Register of Probate	Joan M. Atwood

Appointed Officials

County Administrator	Pamela A. Hile
Communications Director	Brodie Hinckley
Emergency Management Director	Misty D. Mixon



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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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, 2013, and the respective changes in financial position and the respective budgetary comparison for the General Fund and Correction Services for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

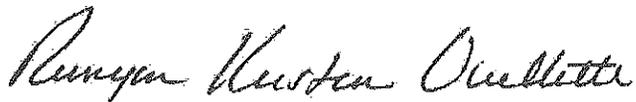
The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures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

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

Board of Commissioners
County of Sagadahoc, Maine

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2013 on our consideration of the County of Sagadahoc, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Sagadahoc, Maine's internal control over financial reporting and compliance.



November 1, 2013
South Portland, Maine

ADMINISTRATIVE OFFICES

CHARLES E. CROSBY, III
DISTRICT 1
BOWDOIN & TOPSHAM

CAROL GROSE
DISTRICT 2
BOWDOINHAM, GEORGETOWN, PHIPPSBURG
RICHMOND & WOOLWICH

LAWRENCE M. DAWSON
DISTRICT 3
ARROWSIC
BATH & WEST BATH

PAMELA HILE
COUNTY ADMINISTRATOR
administrator@sagcounty.com
Phone: (207) 443-8200
Fax: (207) 443-8213

ROBIN DAYTON
DEPUTY ADMINISTRATOR
rdayton@sagcounty.com
Phone: (207) 443-8202
Fax: (207) 443-8213

Management’s Discussion and Analysis
Fiscal Year Ended June 30, 2013

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, 2013. County management hopes the explanations below will provide an opportunity for readers to gain a greater understanding of Sagadahoc County’s finances as a whole.

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

FINANCIAL HIGHLIGHTS

NET POSITION

- **COUNTY’S NET POSITION:** The assets of the County of Sagadahoc exceeded its liabilities by \$5,156,364 at the close of the most recent fiscal year. (Statement 1) This net position is purposed as follows:

Net investment in capital assets	\$ 2,699,779
Restricted	309,367
<u>Unrestricted</u>	<u>2,147,218</u>
NET POSITION	\$ 5,156,364

- **CHANGE IN NET POSITION:** As of June 30, 2012, the County’s net position was \$5,377,997 and at the end of the current year, the County’s net position was \$5,156,364, a decrease in net position in the amount of \$221,633.

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, 2013, the end of year balance for the County of Sagadahoc’s governmental funds was \$2,676,345 (Statement 3) which was a decrease of \$106,205 over 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 \$1,484,284 equals approximately 66% of the total fund balance of the governmental funds of \$2,243,863 (Statement 3). The General Fund unassigned fund balance of \$1,484,284 equals approximately 27% of the County's total General Fund expenditures of \$5,452,634 (Statement 4), and 18% of the General and Correction Services Funds expenditures and transfers of \$8,359,271.
- **CORRECTION SERVICES FUND.** As required by State law associated with the 2008 Unified Corrections legislation, beginning in FY 2009-2010, the County's financial audit must account for Corrections revenues and expenditures separately from non-corrections-related revenues and expenditures. As of June 30, 2013, the Correction Services Fund balance was \$160,424.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements

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

Fund Financial Statements

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

Governmental Funds

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

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

The County of Sagadahoc maintains over twenty individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, correction services fund and the capital improvement fund, all 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 the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County of Sagadahoc’s own programs. The County’s fiduciary fund is an agency fund consisting of funds held by the District Attorney and the Registrar of Probate. The accounting used for fiduciary funds is much like the government-wide financial statements.

Notes to the Financial Statements

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

GOVERNMENT-WIDE NET POSITION
(ALL GOVERNMENT FUNDS – Statements 1 & 2)

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the County of Sagadahoc, assets from all Governmental Funds exceeded liabilities by \$5,156,364 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, \$2,699,779 (Statement 1), or 52%, of the total net position amount of \$5,156,364, reflects the County’s investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. (Note: There was \$398,687 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 \$309,367 (6%) that is restricted and cannot be used to meet the government’s ongoing obligations. The County’s unrestricted net position, \$2,147,218 (Statement 1) or 42% of the total net position of \$5,156,364, may be used to meet the government’s ongoing obligations.

Assets invested in capital – land, buildings, machinery & equipment	\$ 2,699,779
Restricted	309,367
Unrestricted	<u>2,147,218</u>
Total amount of Government-wide net position	\$ 5,156,364

At the end of the current fiscal year, the County is able to report positive balances for the government as a whole, as well as for its separate governmental activities. The County's net position decreased by \$221,633 during the fiscal year (Statements 1 and 2).

Statement of Net Position

	<u>2012</u>	<u>2013</u>
ASSETS		
Current and other assets	\$ 3,048,414	2,838,859
Capital assets	3,247,746	3,098,466
<u>Total assets</u>	<u>6,296,160</u>	<u>5,937,325</u>
LIABILITIES		
Noncurrent liabilities outstanding	652,299	618,447
Other liabilities	265,864	162,514
<u>Total liabilities</u>	<u>918,163</u>	<u>780,961</u>
NET POSITION		
Net investment in capital assets	2,808,934	2,699,779
Restricted	167,773	309,367
Unrestricted	2,401,290	2,147,218
<u>Total net position</u>	<u>5,377,997</u>	<u>5,156,364</u>
<u>Change in net position</u>	<u>\$ (222,057)</u>	<u>\$ (221,633)</u>

Capital Assets

The County of Sagadahoc's net investment in capital assets for its governmental activities as of June 30, 2013 amounts to \$2,699,779 (net of accumulated debt). This investment in capital assets includes land, improvements, buildings, machinery and equipment and vehicles. The total decrease in the County's investment in capital assets for the current fiscal year was \$109,155, or 4% of the total capital assets. (See above 2013 Capital Assets of \$2,699,779 – 2012 Capital Assets of \$2,808,934 = \$(109,155).

REVENUES AND EXPENDITURES
(ALL GOVERNMENT FUNDS – Statements 4)

Revenue

Total County revenue, for the fiscal year ended June 30, 2013, was \$8,487,577 (\$5,472,676 in General Fund; \$2,811,140 for Corrections; \$203,761 Other Funds). The revenue was derived from the following sources:

	<u>General Fund</u>	<u>Corrections</u>	<u>Capital & Other Funds</u>	<u>Total</u>
County tax assessments	\$ 4,951,133	2,657,105	-	7,608,238
Fees	401,625	-	-	401,625
Grants and intergovernmental	77,128	154,035	133,108	364,271
Charges for services	5,659	-	-	5,659
Investment income	5,657	-	2,265	7,922
Other	31,474	-	68,388	99,862
<u>Total Revenue</u>	<u>5,472,676</u>	<u>2,811,140</u>	<u>203,761</u>	<u>8,487,577</u>

Expenditures

	<u>General Fund</u>	<u>Corrections</u>	<u>Capital & Other Funds</u>	<u>Total</u>
General government	\$ 2,173,676	-	-	2,173,676
Public safety	2,242,957	-	-	2,242,957
Corrections	-	2,779,555	-	2,779,555
Miscellaneous	-	-	232,833	232,833
Debt service – Jail Bond	974,813	-	-	974,813
Debt service - Courthouse	61,188	-	-	61,188
Capital outlay	-	-	128,760	128,760
Total Expenditures	\$ 5,452,634	2,779,555	361,593	8,593,782

GENERAL FUND

In FY 2012-13, the County collected revenue for the General Fund in the amount of \$5,472,676 which is \$259,815 more than the revenues collected in 2011-2012. The amount of revenue collected by the County through tax assessments to municipalities of general operations, \$4,951,133, increased by \$195,378 from year 2011-12.

Total County general fund expenditures for the fiscal year ended June 30, 2013, were \$5,452,634. See Statements 6 and detail below. Total County general fund expenditures for the current year were \$57,838 higher than the total County general fund expenditures for the prior year. The budgeted funding gap created by the excess of all expenditures over all revenues was satisfied by applying a portion of the undesignated fund balance that existed as of June 30, 2013 to offset the amount the County needed to raise from taxes (as allowed by law).

<u>General Fund</u>	<u>2012</u>	<u>2013</u>
Total revenues	\$ 5,212,861	5,472,676
(Increase) in revenues compared to prior year	(304,538)	259,815
Total expenditures for non-corrections services	5,407,430	5,452,634
(Increase) in expenditures compared to prior year	(183,276)	45,204
EXCESS (DEFICIENCY) OF GENERAL FUND REVENUES OVER (UNDER) EXPENDITURES	\$ (194,569)	\$ 20,042

During the fiscal year ended June 30, 2013, the General Fund Balance decreased by \$107,040 GAAP basis (\$68,883 budgetary basis) over the prior year.

Fund Balance - General Fund, beginning of year	\$ 2,350,903
Fund Balance - General Fund, end of year	(2,243,863)
Net Change in fund balance – General Fund	\$ (107,040)

General Fund Balance

At the end of the current fiscal year, the total amount of funds in the General Fund balance was \$2,243,863 which was made up of \$188,221 Committed, \$447,799 Assigned, \$123,559 Nonspendable and \$1,484,284 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 2012-2013, the County collected correction services fund revenue in the amount of \$2,811,140 which is \$182,129 more than the revenues collected in 2011-2012. The amount of revenue collected by the County through tax assessments to municipalities for correction services operations, \$2,657,105, increased by \$180,628 in FY 2012-13.

Total County correction services fund expenditures, for the fiscal year ended June 30, 2013, were \$2,779,555. See Statements 6 and detail below. Total County correction services fund expenditures for the current year were \$187,361 higher than the total County correction services fund expenditures for the prior year.

<u>Correction Services Fund Revenues</u>	<u>2012</u>	<u>2013</u>
Total revenues for Corrections services	\$ 2,629,011	2,811,140
Increase in revenues compared to prior year	180,589	180,628
Total expenditures for Corrections related services	2,592,194	2,779,555
(Increase) decrease in expenditures compared to prior year	(204,764)	187,361
EXCESS (DEFICIENCY) OF GENERAL FUND REVENUES OVER (UNDER) EXPENDITURES	\$ 36,817	\$ 31,585

During the fiscal year ended June 30, 2013, the correction services Fund Balance increased by \$31,585 over the prior year.

Fund balance – Corrections, beginning of year	\$ 128,839
Fund balance – Corrections, end of year	<u>160,424</u>
Net change in fund balance – Corrections	\$ 31,585

OTHER GOVERNMENTAL FUNDS

State statutes also allow the Commissioners to appropriate net position for expenditures to be made in future years for capital expenditures, and “other governmental funds”. Other Governmental Funds consist of special revenues provided to the County from outside source(s) to be used for a specific purpose such as records preservation or victim advocate activities. The details of these fund balances can be viewed on Statement A-1 of the financial audit.

DEBT ADMINISTRATION

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

In 2001, the County partnered with Lincoln County to form a multi-county jail authority. The Lincoln and Sagadahoc Multicounty Jail Authority sold revenue bonds totaling \$24,600,000 in June 2005. The County of Sagadahoc guaranteed the repayment of one half of these bonds or \$12,300,000. This is a twenty year note at an average interest rate of 4.13%. The County’s share of the remaining balance at June 30, 2013 is \$8,395,000 (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 requires all Corrections revenues, expenditures and fund balances to be recorded and audited separately from all other County funds. In some of the statements in this audit, Corrections information is segregated into its own financial column and in other statements, you will find that the Corrections Funds are reported completely on their own, such as in Statement 6a.

The 2008 Statewide Unified Corrections System law requires each County to raise through property taxes a specified amount for corrections-related functions. Counties are prohibited from raising property taxes any more, or any less, for corrections-related expenses. For Sagadahoc, the specified amount (commonly referred to as the County's "CAP") was initially \$2,295,849. The CAP is an integral part of the new system and was designed to shield property taxpayers from post 2008 increases in corrections related expenses. The State appointed Board of Corrections, with the assistance of State financial analysis, established the individual County CAPs based on the amount each County budgeted for corrections-related expenses as of March 2008. The new system requires the State of Maine to fund the difference between each County's CAP and the net approved expenses for each County's Corrections related activities. When establishing the CAPs, the Board of Corrections failed to recognize the uniqueness of the relationship between Lincoln and Sagadahoc Counties that partnered to construct and operate the Two Bridges Regional Jail (TBRJ). The Jail Consolidation legislation is silent as to the effect of the Statewide Consolidation upon the previously established cost sharing agreement between Lincoln and Sagadahoc Counties. Because the two Counties differ in their interpretation regarding the impact of the Jail Consolidation legislation on the TBRJ Cost Sharing Agreement, Lincoln County withheld approximately \$130,000 in operations funding due to TBRJ. The Board of Corrections asked for the two counties to reach an agreement with regard to who would pay to TBRJ from Corrections surplus to help fund an end of year \$130,000 deficit in the TBRJ operations budget. The Lincoln County Commissioners voted not to contribute any Corrections surplus to TBRJ. Sagadahoc County Commissioners voted to contribute \$83,871 to help fund TBRJ's shortfall. In 2010-2011, the legislature voted to change the cost sharing agreement, and Lincoln County and Sagadahoc County now each pay 50% of the TBRJ operations budget. Therefore, commencing January 1, 2012, Sagadahoc County's CAP increased to \$2,657,105.

In addition to the CAP funds raised through taxes, Sagadahoc County receives Community Corrections Act (CCA) funds from the State. For budget year 2012-2013, Sagadahoc County received \$154,035 in CCA funds, which were dedicated to Adult Alternative Sentencing Programs.

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

Corrections funds in the amount of \$2,779,555 (Statement 6a) were expended as follows:

Two Bridges Regional Jail assessment for operations	\$ 2,384,456
County services for prisoner transport	250,099
Adult alternative sentencing programs	<u>145,000</u>
Total expenditures	2,779,555
Total revenues	2,811,140
Less expenditures	<u>2,779,555</u>
End of Year Corrections surplus	\$ 31,585

When combined with the fund balance at the beginning of the year, the fund balance as of June 30, 2013 is \$160,424.

Looking Forward

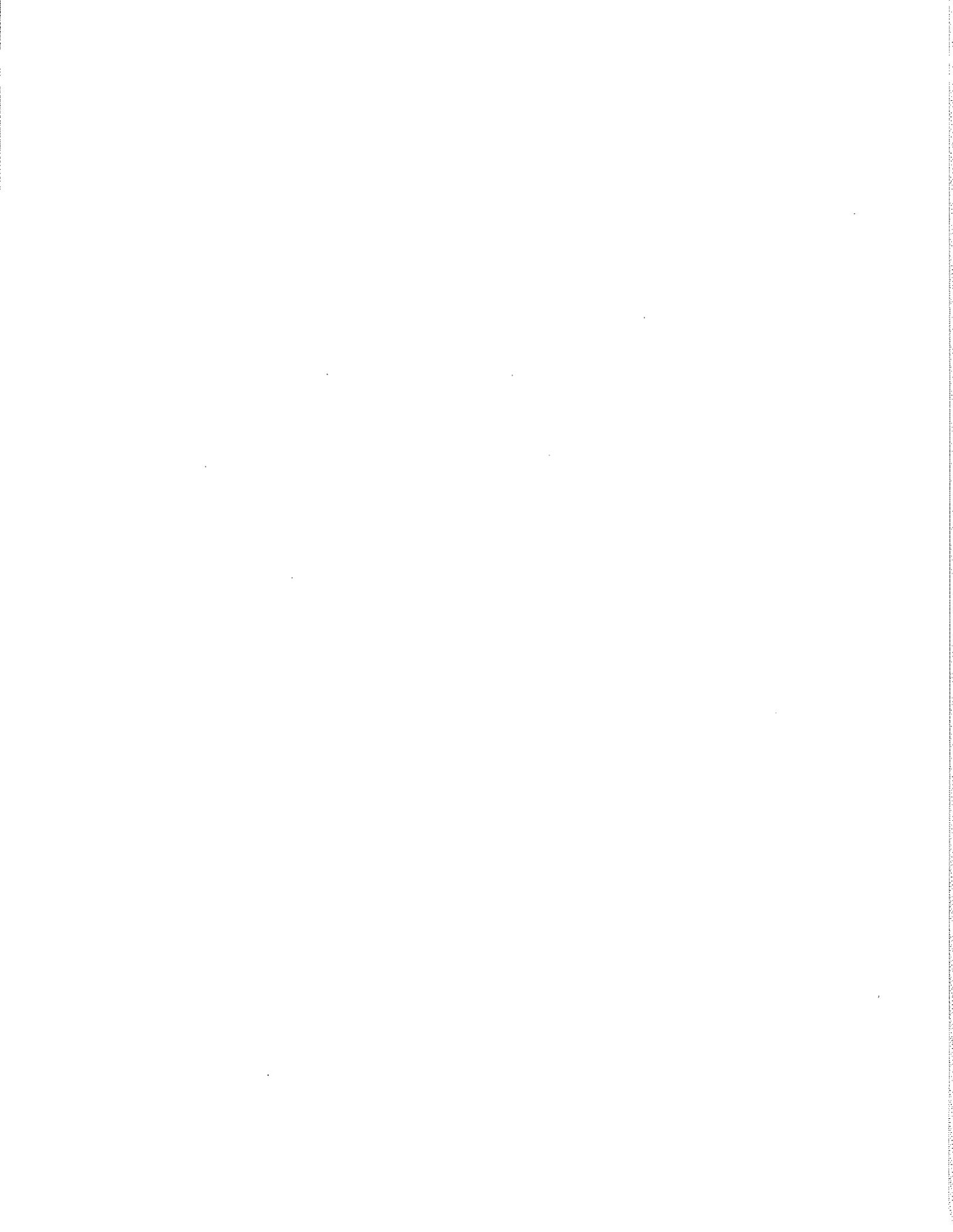
- The combined budgets for FY 2013-14 equal \$8,699,550, which is an increase of 1.97% when compared to the current fiscal year combined budgets of \$8,531,726. A further breakdown indicates the following:

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Reserve</u>	<u>Jail</u>	<u>Combined</u>
2013-14	\$ 4,877,644	1,011,401	153,400	2,657,105	8,699,550
2012-13	<u>4,721,780</u>	<u>1,036,001</u>	<u>116,840</u>	<u>2,657,105</u>	<u>8,531,726</u>
Increase (decrease)\$	155,864	(24,600)	36,560	-	167,824

- The amount to be raised through taxes has increased by \$376,006 (3.07%), from \$7,608,238 in FY 2012-13 to \$7,842,074 in FY 2013-14, which is attributable primarily to increases in benefits costs and capital funding, as well as the repayment of \$30,795 to the Emergency Contingency Fund.
- The budget utilizes the estimated reserve balance in excess of 15% to offset this year's tax levy which, when combined with an \$31,716 reduction in the fuel reserve fund, equals \$447,799, which is a decrease of \$66,012 from the previous year. It is important to note that the use of these funds, combined with more realistic estimations of revenues and expenditures, will continue to significantly reduce the amount of reserves available for use in subsequent years.
- Costs associated with the operation of the TBRJ, including debt service, represent approximately of 42% of the entire FY 2013-14 County budget. As the debt service payments must be raised in *addition* to the legislatively set CAP, both Lincoln and Sagadahoc Counties are bearing a significant burden for the operation of the consolidated jail system. On average, our inmates make up approximately 40% of the prison population, with the remainder coming primarily from other counties and the state; however, Lincoln and Sagadahoc must pay 100% of the debt. Although we were unsuccessful in obtaining legislative relief from this inequity last year, we are continuing to explore options to reduce the tax burden on our citizens.
- In less than optimal economic times, "wants and needs" must be clearly distinguished. This is especially imperative in light of the proposed reductions in municipal revenue sharing in the upcoming biennial budget. If passed, this will have a serious impact on the County's localities. The Commissioners, Budget Advisory Committee and staff will be keenly mindful of this potential during the FY 2014-15 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, 2013

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,649,485
Receivables:	
Accounts	65,815
Prepaid items	123,559
Capital assets not being depreciated	62,198
Capital assets (net of accumulated depreciation)	3,036,268
Total assets	5,937,325
LIABILITIES	
Accounts payable and other current liabilities	162,514
Noncurrent liabilities:	
Due within one year	42,051
Due after one year	576,396
Total liabilities	780,961
NET POSITION	
Net investment in capital assets	2,699,779
Restricted	309,367
Unrestricted	2,147,218
Total net position	\$ 5,156,364

See accompanying notes to financial statements.

COUNTY OF SAGADAHOC, MAINE
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government
					Total Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 2,367,471	494,529	-	-	(1,872,942)
Public safety	3,264,488	5,659	155,792	-	(3,103,037)
Correction services	2,781,073	-	154,035	-	(2,627,038)
Miscellaneous	232,833	-	-	-	(232,833)
Capital maintenance	12,878	-	-	-	(12,878)
Interest on long-term debt	21,063	-	-	-	(21,063.00)
Total governmental activities	8,679,806	500,188	309,827	-	(7,869,791)
Total primary government	\$ 8,679,806	500,188	309,827	-	(7,869,791)
General revenues:					
Tax assessments					7,608,238
Miscellaneous					61,402
Unrestricted investment earnings					7,922
Loss on disposal of assets					(29,404)
Total general revenues					7,648,158
Changes in net position					(221,633)
Net position - beginning					5,377,997
Net position - ending					\$ 5,156,364

COUNTY OF SAGadahoc, MAINE
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	Correction Services Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,649,485	-	-	-	2,649,485
Receivables:					
Accounts	58,644	-	-	7,171	65,815
Prepaid expenditures	123,559	-	-	-	123,559
Due from other funds	-	160,424	123,115	141,772	425,311
Total assets	\$ 2,831,688	160,424	123,115	148,943	3,264,170
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	81,478	-	-	-	81,478
Accrued wages and benefits payable	81,036	-	-	-	81,036
Due to other funds	425,311	-	-	-	425,311
Total liabilities	587,825	-	-	-	587,825
Fund balances:					
Nonspendable	123,559	-	-	-	123,559
Restricted	-	160,424	-	148,943	309,367
Committed	188,221	-	123,115	-	311,336
Assigned to 2013-14 budget	447,799	-	-	-	447,799
Unassigned	1,484,284	-	-	-	1,484,284
Total fund balances	2,243,863	160,424	123,115	148,943	2,676,345
Total liabilities and fund balances	\$ 2,831,688	160,424	123,115	148,943	

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

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds. 3,098,466

Long-term liabilities (including bonds payable and accrued compensated absences) are not due and payable in the current period and therefore are not reported in the funds. (618,447)

Net position of governmental activities	\$ 5,156,364
------------------------------------------------	---------------------

See accompanying notes to financial statements.

COUNTY OF SAGADAHOC, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	General Fund	Correction Services Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 4,951,133	2,657,105	-	-	7,608,238
Fees	401,625	-	-	-	401,625
Intergovernmental	77,128	154,035	-	133,108	364,271
Charges for services	5,659	-	-	-	5,659
Interest	5,657	-	-	2,265	7,922
Other	31,474	-	-	68,388	99,862
Total revenues	5,472,676	2,811,140	-	203,761	8,487,577
Expenditures:					
Current:					
General government	2,173,676	-	-	-	2,173,676
Public safety	2,242,957	-	-	-	2,242,957
Correction services and transport	-	2,779,555	-	-	2,779,555
Miscellaneous	-	-	-	232,833	232,833
Debt service (Jail Authority):					
Principal	615,000	-	-	-	615,000
Interest	359,813	-	-	-	359,813
Debt service (Courthouse):					
Principal	40,125	-	-	-	40,125
Interest	21,063	-	-	-	21,063
Capital outlay	-	-	128,760	-	128,760
Total expenditures	5,452,634	2,779,555	128,760	232,833	8,593,782
Excess (deficiency) of revenues over (under) expenditures	20,042	31,585	(128,760)	(29,072)	(106,205)
Other funding sources (uses):					
Transfers (to) from other funds	(10,242)	-	116,840	-	106,598
Transfers (to) from other funds	(116,840)	-	-	10,242	(106,598)
Total other financing sources and (uses)	(127,082)	-	116,840	10,242	-
Net changes in fund balances	(107,040)	31,585	(11,920)	(18,830)	(106,205)
Fund balances, beginning of year	2,350,903	128,839	135,035	167,773	2,782,550
Fund balances, end of year	\$ 2,243,863	160,424	123,115	148,943	2,676,345

See accompanying notes to financial statements.

COUNTY OF SAGadahoc, MAINE
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2013

Net change in fund balances - total governmental funds	\$	(106,205)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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 (\$280,588) and loss on disposal of assets (\$29,404) exceeded capital outlay (\$160,712).</p>		
		(149,280)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, interest is expended when paid in the governmental funds, but accrued in the statement of activities. This is the amount of capital lease principal repayments.</p>		
		40,125
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the increase in accrued compensated absences.</p>		
		(6,273)
Change in net position of governmental activities	\$	(221,633)

See accompanying notes to financial statements.

COUNTY OF SAGADAHOC, MAINE
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2013

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Taxes:				
Tax assessments	\$ 4,951,133	4,951,133	4,951,133	-
Total taxes	4,951,133	4,951,133	4,951,133	-
Fees:				
District attorney	4,500	4,500	5,651	1,151
Register of deeds	260,291	260,291	315,859	55,568
Register of probate	60,000	60,000	80,115	20,115
Total fees	324,791	324,791	401,625	76,834
Intergovernmental:				
Federal:				
Emergency management agency	66,671	66,671	77,128	10,457
Total intergovernmental	66,671	66,671	77,128	10,457
Charges for services:				
Sheriff's department	3,500	3,500	5,659	2,159
Total charges for services	3,500	3,500	5,659	2,159
Interest earned	3,750	3,750	5,657	1,907
Other revenues:				
Reimbursements and refunds				
Fuel tax refund	2,200	2,200	1,771	(429)
Miscellaneous	10,000	10,000	29,703	19,703
Total other revenues	12,200	12,200	31,474	19,274
Total revenues	5,362,045	5,362,045	5,472,676	110,631

COUNTY OF SAGadahoc, MAINE
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2013

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
EXPENDITURES				
Current:				
General government:				
District attorney	\$ 184,508	184,508	180,350	4,158
Administration	465,628	465,628	401,122	64,506
Buildings	169,629	169,629	150,661	18,968
Register of deeds	156,210	156,210	144,340	11,870
Register of probate	138,918	138,918	134,879	4,039
Employee benefits	1,053,022	1,053,022	995,374	57,648
Insurance	81,300	81,300	82,831	(1,531)
Increase in orthoimagery reserve	2,400	2,400	2,400	-
Program grants	43,562	43,562	43,562	-
Total general government	2,295,177	2,295,177	2,135,519	159,658
Public safety:				
Emergency Management Agency	118,342	118,342	111,115	7,227
Sheriff's department	1,376,034	1,376,034	1,288,697	87,337
Civil process	27,990	27,990	27,787	203
Communications	897,637	897,637	815,358	82,279
Total public safety	2,420,003	2,420,003	2,242,957	177,046
Debt service:				
Principal	655,125	655,125	655,125	-
Interest	380,876	380,876	380,876	-
Total debt service	1,036,001	1,036,001	1,036,001	-
Total expenditures	5,751,181	5,751,181	5,414,477	336,704
Excess (deficiency) of revenues over (under) expenditures	(389,136)	(389,136)	58,199	447,335
OTHER FINANCING SOURCES (USES)				
Budgeted use of surplus	425,539	425,539	-	(425,539)
Budgeted use of emergency contingency reduction	87,037	87,037	-	(87,037)
Transfers to other funds - special revenue - VOCA	(6,600)	(6,600)	(10,242)	(3,642)
Transfers to other funds - capital projects	(116,840)	(116,840)	(116,840)	-
Total other financing sources and (uses)	389,136	389,136	(127,082)	(516,218)
Net changes in fund balance - budgetary basis	-	-	(68,883)	(68,883)
Reconciliation from budgetary to GAAP basis:				
Less - Expended from committed reserves / contingency			(40,557)	
Plus - Transfers to committed reserves			2,400	
Net changes in fund balance - GAAP basis	-	-	(107,040)	(107,040)
Fund balance, beginning of year			2,350,903	
Fund balance, end of year			\$ 2,243,863	

See accompanying notes to financial statements.

COUNTY OF SAGADAHOC, MAINE
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Correction Services
For the Year Ended June 30, 2013

	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	152,457	152,457	154,035	1,578
Total intergovernmental	152,457	152,457	154,035	1,578
Total revenues	2,809,562	2,809,562	2,811,140	1,578
EXPENDITURES				
Current:				
Correction services and transport:				
Operations - Two Bridges Jail	2,384,021	2,384,021	2,384,456	(435)
Transport programs	282,177	282,177	250,099	32,078
Adult programs	143,364	143,364	145,000	(1,636)
Total expenditures	2,809,562	2,809,562	2,779,555	30,007
Net changes in fund balances	-	-	31,585	31,585
Fund balance, beginning of year			128,839	
Fund balance, end of year			\$ 160,424	

See accompanying notes to financial statements.

COUNTY OF SAGadahoc, MAINE
Statement of Fiduciary Net Position
Agency Funds
June 30, 2013

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 9,923
Total assets	9,923
LIABILITIES	
Accounts payable	5,475
Due to other governments	4,448
Total liabilities	\$ 9,923

See accompanying notes to financial statements.

COUNTY OF SAGADAHOC, MAINE
Notes to Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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.

COUNTY OF SAGadahoc, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

The County reports the following major governmental funds:

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

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

The Capital Projects Fund accounts for projects that restores and renovates the courthouse and major capital projects not being financed by other funds.

Additionally, the government reports the following fund types:

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

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

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

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

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

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

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

COUNTY OF SAGadahoc, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Assets, Liabilities and Net Position

1. Deposits and Investments

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

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

2. Receivables and Payables

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

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

3. Capital Assets

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

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

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

4. Compensated Absences

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

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

COUNTY OF SAGADAHOC, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Employees covered by the collective bargaining agreement earn one day of sick leave per month up to a maximum of 120 days. Generally, upon separation, the equivalent of one-half accumulated unused sick leave is paid at one-half of the employee's rate of pay. Employees not covered by the collective bargaining agreement earn one day sick leave per month up to a maximum of 90 days. Upon separation in good standing, the equivalent of 20% of the accumulated unused sick leave shall be paid to an employee.

Employees covered by the collective bargaining agreement that have attained 40 hours of work within a work period, may apply for compensatory time for additional hours worked up to 10 hours in any one work period. The employee may use the compensatory time at the discretion of the Department Head. Employees not covered by a collective bargaining agreement may accumulate a maximum of forty hours of compensatory time per year. Any unused time will be paid to employees at the time of separation.

All full time employees, whether in a collective bargaining agreement or not, shall be granted three personal days per fiscal year for the purpose of managing personal business which cannot be taken care of except during regular normal working hours.

A liability for accumulated leave is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. All accumulated leave is accrued when earned in the government-wide financial statements, and amount to \$219,760 for the year ended June 30, 2013.

5. Long-term Obligations

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

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

6. 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.
- *Assigned* -- resources that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* -- resources which have not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

COUNTY OF SAGADAHOC, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

7. Use of Estimates

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

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 2013 budget were held in May 2012. The County Commissioners approved the budget on June 12, 2012. Sagadahoc County by law assesses taxes to the ten municipalities in its jurisdiction to be apportioned based on the last state valuation. The 2013 tax commitment of \$7,608,238 was assessed in August, 2012. Assessments were due September 1, 2012 with interest at 7% payable on November 1, 2012.

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. Excess of Expenditures over Appropriations

For the year ended June 30, 2013, expenditures exceeded appropriations in the following:

Insurance	\$ 1,531
Transfers to special revenue	3,642

COUNTY OF SAGadahoc, MAINE
Notes to Financial Statements, Continued

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

C. 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, 2013, the contingent account balance was \$100,000 and is 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, 2013 was \$1,484,284, which represents 19% of the fiscal year 2014 assessments raised of \$7,842,000.

D. Deficit Fund Equity

The following funds (all non-major special revenue funds) had deficit fund balances at June 30, 2013:

VOCA	\$ 108
WMD	3,040
Homeland Security	4,378
Go-Bag	1,500

CASH AND CASH EQUIVALENTS

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. As of June 30, 2013, the County reported deposits of \$2,659,408 with bank balances of \$2,723,327. The County's deposit policy for custodial credit risk calls for F.D.I.C. insured bank accounts. None of the County's total bank balance was exposed to custodial credit risk.

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

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

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

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

Governmental activities	\$ 2,649,485
Agency funds	9,923
Total	\$ 2,659,408

COUNTY OF SAGADAHOC, MAINE
Notes to Financial Statements, Continued

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance <u>07/01/12</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>06/30/13</u>
Capital assets not being depreciated:				
Land	\$ 62,198	-	-	62,198
Capital assets being depreciated:				
Building	3,686,511	47,013	-	3,733,524
Improvements other than buildings	39,000	-	-	39,000
Vehicles	603,227	58,197	100,041	561,383
Machinery and equipment	1,452,752	55,502	-	1,508,254
Total capital assets being depreciated	5,781,490	160,712	100,041	5,842,161
Less accumulated depreciation for:				
Building	(1,312,621)	(102,392)	-	(1,415,013)
Improvements other than buildings	(19,663)	(1,950)	-	(21,613)
Vehicles	(333,512)	(51,331)	70,637	(314,205)
Machinery and equipment	(930,146)	(124,915)	-	(1,055,061)
Total accumulated depreciation	(2,595,942)	(280,588)	70,637	(2,805,893)
Total capital assets being depreciated, net	3,185,548	(119,876)	29,404	3,036,268
Total capital assets, net	\$ 3,247,746	(119,876)	29,404	3,098,466

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

General government	\$ 124,924
Public safety	179,821
Total depreciation expense	\$ 280,588

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2013, is as follows:

	<u>Due from</u>	<u>Due to</u>
General fund	\$ -	425,311
Correction services fund	160,424	-
Capital projects fund	123,115	-
Other governmental funds	141,772	-
Total	\$ 425,311	425,311

COUNTY OF SAGADAHOC, MAINE
Notes to Financial Statements, Continued

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS, CONTINUED

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

Interfund transfers in (out):

	General Fund	Capital Projects Fund	Other Governmental Funds
Transfers in	\$ -	116,840	10,242
Transfers out	127,082	-	-

The County has entered into a leasing agreement with the City of Bath to rent a portion of the basement at the old Bath Hospital for use by the Sheriff's Department for storage. The lease term is for five years, commencing on February 1, 2011. Rental expense for the year ended June 30, 2013 was \$600.

LONG-TERM DEBT

Changes in long-term liabilities:

The following is a summary of long-term liability transactions of the County for the year ended June 30, 2013:

<u>Issuer</u>	<u>Balance</u> <u>07/01/12</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/13</u>	<u>Due Within</u> <u>One Year</u>
Courthouse renovations	\$ 438,812	-	40,125	398,687	42,051
Compensated absences	213,487	6,273	-	219,760	-
Totals	\$ 652,299	6,273	40,125	618,447	42,051

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

The annual principal and interest requirements to amortize general long-term debt outstanding as of June 30, 2013 are as follows:

<u>Year(s)</u> <u>ended</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 42,051	19,137	61,188
2015	44,069	17,119	61,188
2016	46,185	15,003	61,188
2017	48,402	12,786	61,188
2018	50,725	10,463	61,188
2019-2021	167,256	16,307	183,563
Totals	\$ 398,687	90,816	489,503

COUNTY OF SAGADAHOC, MAINE
Notes to Financial Statements, Continued

OVERLAPPING DEBT

In addition to the debt noted above, the County is contingently responsible for the following debt as of June 30, 2013 (also see Joint Venture note below):

<u>Governmental Unit</u>	<u>Net debt outstanding</u>	<u>Percent Applicable to County</u>	<u>County's share of debt</u>
Lincoln and Sagadahoc Multicounty Jail Authority	\$ 16,790,000	50%	8,395,000

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.

RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the County carries insurance. There have been no significant changes in insurance coverage during the past fiscal year. Settlement amounts have not exceeded insurance coverage for the current year or the three (3) prior years.

The County belongs to the Maine County Commissioners Association (MCCA) Risk Pool, for its property and liability exposures. Further information on the MCCA Risk Pool may be obtained by writing them at 11 Columbia Street, Augusta, ME 04330.

For workers compensation, the County participates in the Maine Municipal Association (MMA) Worker's Compensation Pool. Further information on the MMA Worker's Compensation Pool may be obtained by writing them at MMA Risk Management Services, 60 Community Drive, Augusta, ME 04330.

If the assets of either pool are at any time actuarially determined to be insufficient to enable either pool to discharge its legal liability and other obligations and to maintain actuarially sound reserves, either pool has the power to make up the deficiency by the levy of a prorated assessment upon its members for the amount needed to make up the deficiency. There have been no such deficiencies in the past three years. Management believes that no such deficiencies exist at June 30, 2013.

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.

COUNTY OF SAGADAHOC, MAINE
Notes to Financial Statements, Continued

JOINT VENTURE, CONTINUED

The Jail Authority issued revenue bonds in the amount of \$24,600,000 on June 1, 2005. Although the bonds are in the name of the Jail Authority, the Sagadahoc County Commissioners have passed a resolution authorizing the guarantee of half of the debt service, or \$12,300,000. Sagadahoc County's share for fiscal year ending June 30, 2013 was \$615,000 (principal) and \$380,875 (interest). The outstanding balance of these bonds at June 30, 2013 is \$16,790,000. Sagadahoc County's portion of this balance amounts to \$8,395,000. Sagadahoc and Lincoln Counties share of the operating budget is capped legislatively. For the fiscal year that ended June 30, 2013, 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, 2012, the latest date available, is as follows:

Total assets	\$ 21,427,166
Total liabilities	18,441,826
Net assets	2,985,340
Change in net assets	446,857

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

DEFINED BENEFIT PENSION PLANS

For its participating full time County employees and elected officials, the County of Sagadahoc, Maine contributes to the Consolidated Plan for Participating Local Districts (CPPLD) a cost-sharing multiple employer, defined benefit pension plan administrated by the Maine Public Employees Retirement System (Maine PERS). Maine PERS is established and administered under Maine law. The CPPLD provides retirement and disability benefits, annual cost of living adjustments and death benefits to Plan members and beneficiaries. Maine PERS issues a publicly available financial report that includes financial statements and required supplementary information for the CPPLD. That report may be obtained by writing to the Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046.

Plan members, other than those engaged in law enforcement, are required to contribute 6.5% of their annual covered salary and the County is required to contribute 5.3%. With the exception of one employee who meets the requirements for a different plan, law enforcement employees, contribute 8.0% and the County is required to contribute 10%. The law enforcement officer who falls under the special plan contributes 6.5% and the County contributes 7.5%. The contribution rates are determined actuarially.

The contribution requirements of the Plan members and the County are established by and may be amended by the State Legislature. The amounts the County is required to contribute to the CPPLD and the amounts contributed for the years ended June 30, 2013, 2012, 2011, 2010, 2009, 2008, and 2007 were \$144,768, \$126,530, \$104,148, \$78,302, \$81,065, \$72,333 and \$79,990, respectively, less amounts from credits as noted below. All required contributions were made by the County. The CPPLD retirement programs provide defined retirement benefits based on a member's average final compensation. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit or, in some cases, the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age is 60. The monthly benefit of members eligible to retire before normal retirement age by virtue of having at least 25 years of service is reduced by a statutorily prescribed factor for each year of age that a member is below his/her normal retirement age at retirement. Law enforcement personnel have special provisions that allow them to retire at any age, without a reduction in benefits, after 20 or 25 years of service depending on their individual date of hire.

COUNTY OF SAGadahoc, MAINE
Notes to Financial Statements, Continued

DEFINED BENEFIT PENSION PLANS, CONTINUED

The County rejoined the Maine Public Employees Retirement System effective July 1, 2002. As a participant of the CPPLD plan, the County is entitled to its initial unfunded unpooled actuarial asset from its previous plan. At June 30, 2013, the remaining balance was approximately \$130,000. The credit will be amortized over approximately five more years (from June 30, 2012).

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, 2013, the County contributed between 4% and 6% of compensation. Participants are fully vested with respect to the County's contributions after completing a probationary period. The County contributed \$12,516 for the year ended June 30, 2013 and employees contributed \$37,727 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 Financial Statements, Continued

COMMITTED AND ASSIGNED FUND BALANCES

As of June 30, 2013, the committed and assigned fund balances of the General Fund were made up of the following:

Committed:

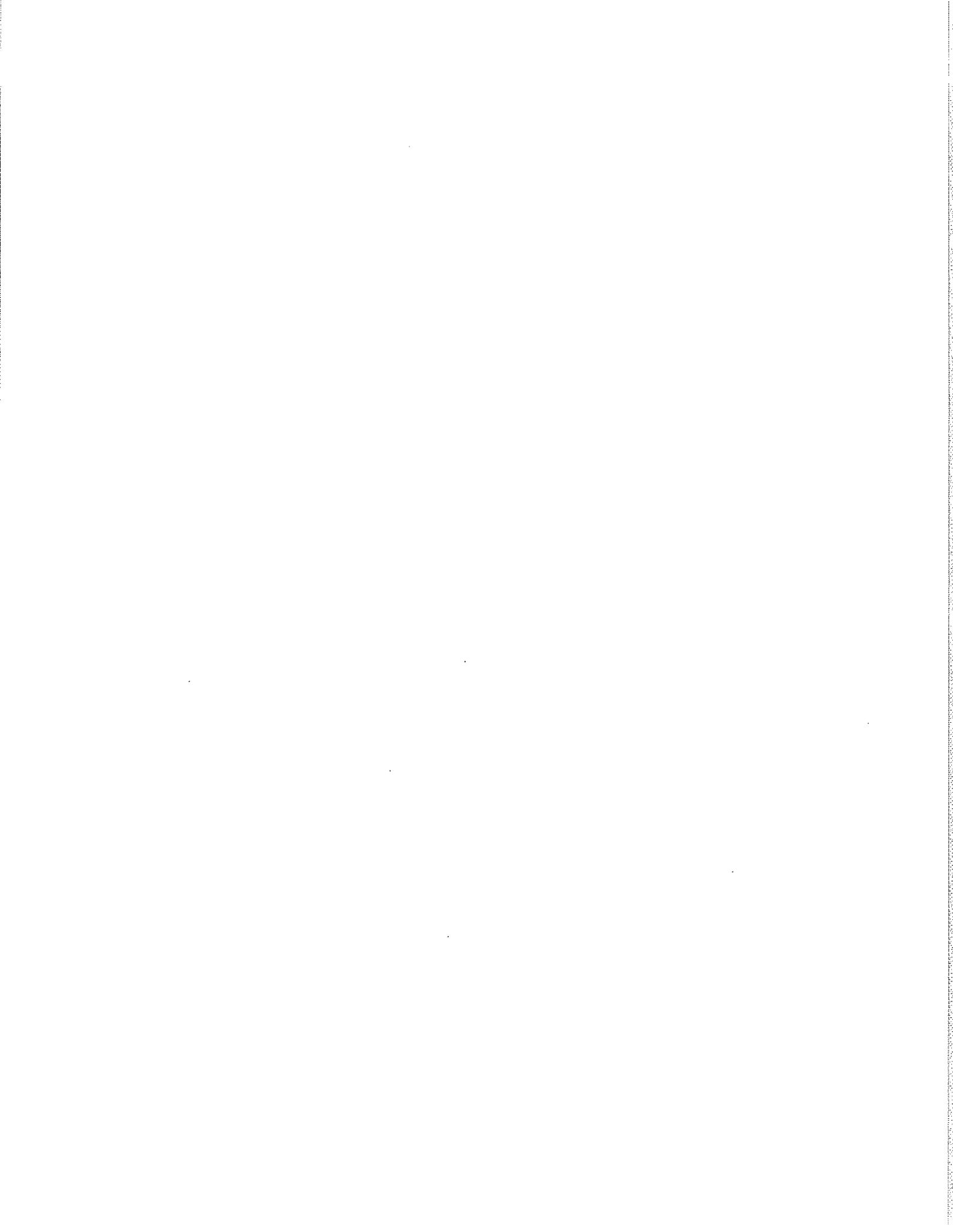
Contingency	\$ 100,000
Unfunded Liability Reserve	49,809
Unemployment Reserve	23,443
Insurance Deductible Reserve	702
Fuel Reserve	10,000
Orthoimagery Reserve	4,267
Total committed	\$ 188,221

Assigned:

Surplus assigned to 2013-14 budget	447,799
Total assigned	\$ 447,799

As of June 30, 2013 and 2012, the committed fund balances of the Capital Project Fund were made up of the following:

	<u>2013</u>	<u>2012</u>
Exterior maintenance	\$ 18,567	16,492
HVAC	6,667	33,677
Copiers & laser printers	1,117	20,117
Building safety, ADA & code	510	1,566
Communications	84,000	46,500
Admin heat	5,000	-
Generator maintenance	-	2,189
Sheriff's vehicles	7,254	14,494
Total	\$ 123,115	135,035



COMBINING AND INDIVIDUAL FUND STATEMENTS

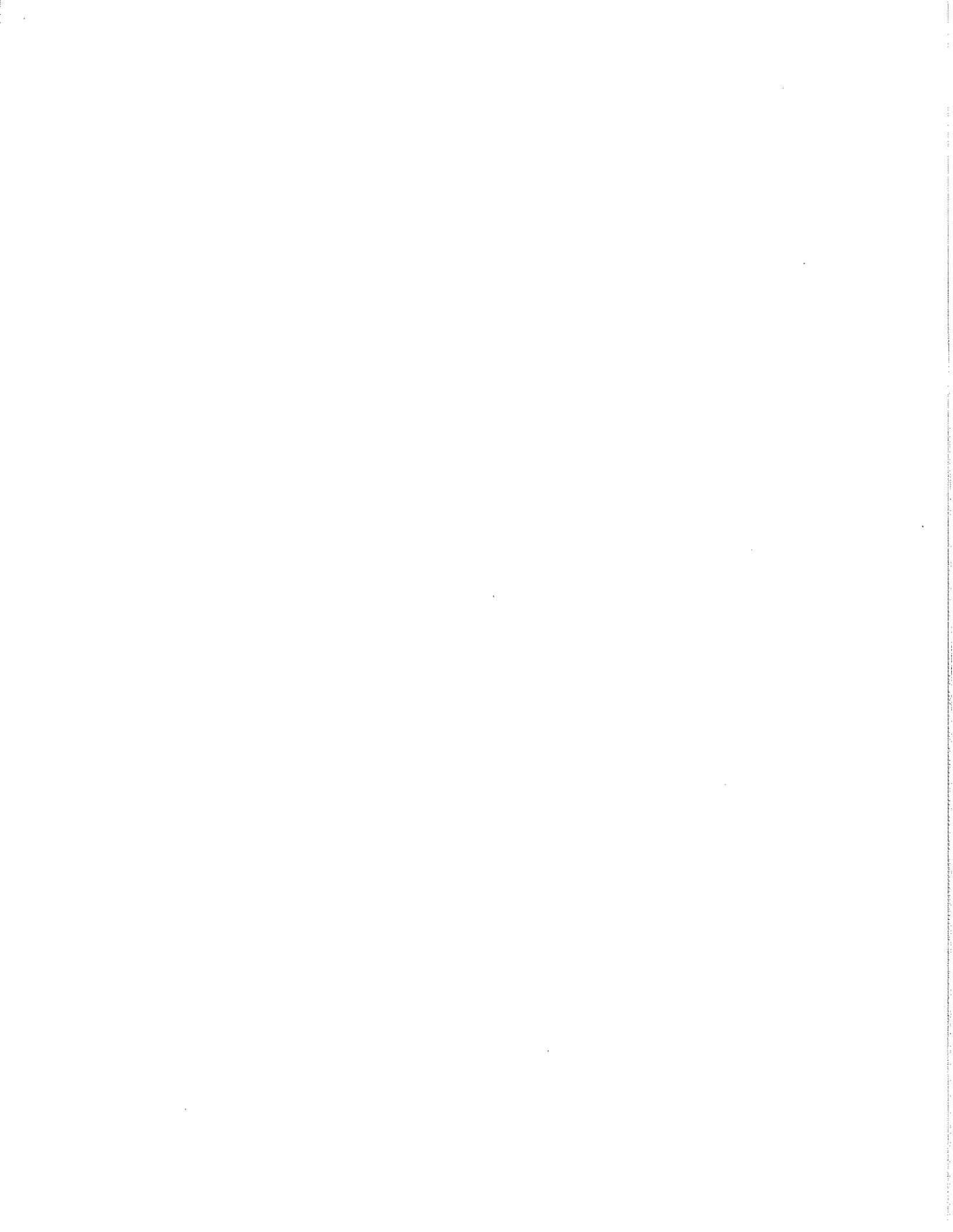
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

COUNTY OF SAGadahoc, MAINE
Combining Statement of Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2013

	Fund Balance Beginning of year	Revenues			Transfers	Expenditures	Fund Balance End of year
		Inter- governmental	Other Revenues				
Grant or program:							
Miscellaneous county grants and funds:							
Wellness grant	\$ 507	-	-	142	649	-	
VOCA grant	-	29,081	-	6,600	35,789	(108)	
Deed Preservation Fund	111,552	-	22,446	380	30,332	104,046	
Probate Preservation Fund	5,254	-	2,070	5,312	2,199	10,437	
Civil Process	-	-	68,388	-	68,388	-	
Sheriff grants and programs:							
Seatbelt initiative grant	-	3,975	-	-	3,975	-	
OUI Emphasis grant	-	2,685	-	-	2,685	-	
MDEA overtime	-	1,645	-	-	1,645	-	
Drug Seizure K-9 account	14,735	-	3,107	6,246	6,322	17,766	
BMV hearings	-	2,002	-	-	2,002	-	
Byrne grant	-	4,920	-	-	4,920	-	
Drug Seizure account	4,141	-	6	-	-	4,147	
EMA grants and programs:							
LEPC State	15,958	-	-	-	1,323	14,635	
LEPC training	1,000	-	-	-	62	938	
WMD Exercise Fund	-	1,054	-	-	4,094	(3,040)	
CRI	6,000	-	-	-	-	6,000	
Homeland security	7,856	16,948	-	1,265	30,447	(4,378)	
Simulcast	-	36,502	-	-	36,502	-	
Mitigation	(280)	-	-	280	-	-	
Go-Bag	(150)	8,933	-	(8,783)	1,500	(1,500)	
Tower improvements	1,200	-	-	(1,200)	-	-	
Totals	\$ 167,773	107,745	96,017	10,242	232,834	148,943	



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, 2013

	D.A.'s Restitution	Probate	Total
ASSETS			
Cash	\$ 5,475	4,448	9,923
Total assets	5,475	4,448	9,923
LIABILITIES			
Accounts payable	5,475	-	5,475
Due to other governments	-	4,448	4,448
Total liabilities	\$ 5,475	4,448	9,923

COUNTY OF SAGadahoc, MAINE
Statement of Changes in Assets and Liabilities
Fiduciary Funds
Agency Fund
For the Year Ended June 30, 2013

	Balance July 01, 2012	Additions	Deductions	Balance June 30, 2013
ASSETS				
Cash	\$ 14,597	-	4,674	9,923
Total assets	14,597	-	4,674	9,923
LIABILITIES				
Accounts payable	10,375	-	4,900	5,475
Due to other governments	4,222	226	-	4,448
Total liabilities	\$ 14,597	226	4,900	9,923

STATISTICAL SECTION

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

Contents	Table
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	1-5
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	6-8
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	9-10
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	11
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	12

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



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

	Fiscal Year								
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities									
Net investment in capital assets	\$ 1,808,088	2,284,714	2,130,423	2,470,534	2,477,508	2,429,043	2,542,592	2,808,934	2,699,779
Restricted	1,130,078	1,115,606	646,011	905,348	-	-	253,397	296,612	309,367
Unrestricted	879,526	1,003,812	1,916,809	1,805,291	3,067,751	3,077,063	2,752,703	2,272,451	2,147,218
Total governmental activities net position	\$ 3,817,692	4,404,132	4,693,243	5,181,173	5,545,259	5,506,106	5,548,692	5,377,997	5,156,364

Notes:

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

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

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

	Fiscal Year								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses									
Governmental activities:									
General government	\$ 1,815,960	1,520,594	1,728,328	1,875,286	2,031,993	2,077,203	2,257,044	2,203,184	2,367,471
Public safety	3,420,997	3,689,319	6,754,408	6,114,336	5,886,499	3,389,464	3,425,656	3,337,450	3,264,488
Correction services	-	-	-	-	-	2,416,673	2,364,845	2,591,729	2,781,073
Capital maintenance	313,499	339,596	29,818	15,476	-	84,058	23,648	13,691	232,833
Miscellaneous	209,244	364,317	264,012	254,258	284,176	203,003	150,662	180,420	12,878
Interest on long-term debt	34,551	18,224	19,128	6,555	14,963	4,595	11,676	-	21,063
Total governmental activities expenses	5,794,251	5,932,050	8,795,694	8,265,911	8,217,631	8,174,996	8,233,531	8,326,474	8,679,806
Charges for services	\$ 455,289	556,386	563,227	500,337	477,189	469,742	479,110	460,994	500,188
Operating grants and contributions	576,914	528,965	501,334	602,234	506,901	297,172	339,222	349,254	309,827
Capital grants and contributions	46,524	156,660	119,292	-	-	-	-	-	-
Total governmental activities program revenues	1,078,727	1,242,011	1,183,853	1,102,571	984,090	766,914	818,332	810,248	810,015
Net (expense) revenue									
Total governmental activities net expenses	\$ (4,715,524)	(4,690,039)	(7,611,841)	(7,163,340)	(7,233,541)	(7,408,082)	(7,415,199)	(7,516,226)	(7,869,791)
General Revenues and Other Changes in Net Position									
Governmental activities:									
Tax assessments	4,508,954	5,247,887	8,121,370	7,232,233	7,232,232	7,232,232	7,232,232	7,232,232	7,608,238
Jail returned surplus	-	-	-	246,124	265,860	-	-	-	-
Miscellaneous	-	-	-	-	55,218	108,191	147,261	62,915	61,402
Unrestricted interest income	65,767	28,592	268,547	172,913	67,326	28,506	8,574	8,828	7,922
Loss on disposal of assets	-	-	-	-	-	-	-	(9,806)	(29,404)
Total governmental activities	4,574,721	5,276,479	8,389,917	7,651,270	7,620,636	7,368,929	7,388,067	7,294,169	7,648,158
Change in Net Position									
Total Governmental Activities	\$ (140,803)	586,440	778,076	487,930	387,095	(39,153)	(27,132)	(222,057)	(221,633)

Notes:

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

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

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund:										
Nondisposable	\$ -	-	-	-	-	-	-	-	92,995	123,559
Committed	861,211	1,130,078	367,669	262,037	262,037	262,037	262,037	252,073	217,707	188,221
Assigned	-	-	-	-	-	-	-	761,764	512,576	447,799
Unassigned	1,313,442	1,068,555	1,247,266	1,968,205	1,822,802	2,335,604	2,368,642	1,526,952	1,527,625	1,484,284
Total General Fund	\$ 2,174,653	2,198,633	1,614,935	2,230,242	2,084,839	2,597,641	2,630,679	2,540,789	2,350,903	2,243,863
All Other Governmental Funds:										
Restricted	-	-	197,541	167,381	163,615	153,912	212,771	345,419	296,612	309,367
Committed	-	-	550,396	374,259	679,500	522,253	437,863	351,357	135,035	123,115
Total all other governmental funds	\$ -	-	747,937	541,640	843,115	676,165	650,634	696,776	431,647	432,482

Notes:

Prior to the 2006 year, all activity of Sagadahoc County was accounting for in the General Fund. In 2006, a special revenue fund and a capital project fund were created to more accurately reflect the activities of the County. In 2010, correction services were required to be reported separately. Governmental Accounting Standards Board Statement No. 54 was implemented in 2011. Prior years were restated making certain assumptions regarding restricted and committed amounts.

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

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues										
Taxes	\$ 4,114,804	4,508,954	5,247,887	8,121,370	7,232,232	7,232,232	7,232,232	7,232,232	7,232,232	7,608,238
Fees	420,859	398,913	451,624	447,702	401,343	353,189	389,262	406,522	359,064	401,625
Intergovernmental	705,430	491,962	539,575	389,453	501,270	681,713	379,177	439,012	408,962	364,271
Charges for services	128,216	129,931	89,986	94,766	89,381	95,622	80,480	72,588	8,053	5,659
Interest	46,800	66,435	39,585	268,549	424,779	78,653	28,506	8,574	8,828	7,922
Other	92,086	57,253	149,832	251,930	104,836	163,317	26,186	47,471	97,084	99,862
Total revenues	5,508,195	5,653,448	6,518,489	9,573,770	8,753,841	8,604,726	8,135,843	8,206,399	8,114,223	8,487,577
Expenditures										
General government	1,444,181	1,714,411	1,636,903	1,651,010	1,785,419	1,858,910	1,922,249	2,093,768	2,034,483	2,173,676
Public safety	3,320,473	3,662,618	3,829,004	6,592,799	4,944,468	4,720,489	2,255,871	2,279,863	2,269,712	2,242,957
Correction Services	-	-	-	-	-	-	2,416,673	2,360,817	2,592,194	2,779,555
Miscellaneous	120,402	125,208	364,317	264,012	254,258	284,176	203,003	150,662	338,346	232,833
Debt service (including Jail)	409,851	217,921	184,429	210,238	1,225,548	1,116,141	1,097,607	1,217,075	1,060,601	1,036,001
Capital outlay	412,802	313,499	339,596	446,701	388,077	527,236	232,933	217,680	825,264	128,760
Total expenditures	5,707,709	6,033,657	6,354,249	9,164,760	8,597,770	8,506,952	8,128,336	8,319,865	9,120,600	8,593,782
Excess (deficiency) of revenues over (under) expenditures	(199,514)	(380,209)	164,240	409,010	156,071	97,774	7,507	(113,466)	(1,006,377)	(106,205)
Other financing sources (uses)										
Proceeds from borrowing	-	404,188	-	-	-	250,000	-	-	500,000	-
Transfer in	-	-	193,375	492,920	488,602	118,754	173,187	123,063	134,121	106,598
Transfer out	-	-	(193,375)	(492,920)	(488,602)	(118,754)	(173,187)	(123,063)	(134,121)	(106,598)
Sale of assets	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	404,188	-	-	-	250,000	-	-	500,000	-
Net change in fund balance	\$ (199,514)	23,979	164,240	409,010	156,071	347,774	7,507	(113,466)	(506,377)	(106,205)
Debt service as a percentage of noncapital expenditures	7.74%	3.81%	3.07%	2.41%	14.93%	13.99%	13.90%	15.02%	12.79%	12.24%

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

	Program revenues by Fiscal Year								
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Function/Program									
Governmental activities:									
General government	\$ 585,021	453,356	619,110	463,061	413,546	389,262	406,522	452,941	494,529
Public safety	493,706	399,512	535,884	542,537	570,544	225,195	259,237	204,773	161,451
Correction Services	-	-	-	-	-	152,457	152,573	152,534	154,035
Capital Outlay	-	5,594	-	-	-	-	-	-	-
Miscellaneous	-	383,549	28,859	96,973	-	-	-	-	-
Total governmental activities	\$1,078,727	1,242,011	1,183,853	1,102,571	984,090	766,914	818,332	810,248	810,015

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

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

<u>Year *</u>	<u>State Valuation (a)</u>	<u>County Tax</u>	<u>Total Direct Tax Value (b)</u>
2004	\$ 2,370,500,000	4,114,804	1.7358
2005	2,674,700,000	4,508,954	1.6858
2006	3,120,800,000	5,242,944	1.6800
2007 (c)	3,608,800,000	8,120,000	2.2500
2008	4,161,650,000	7,232,232	1.7378
2009	4,527,600,000	7,232,232	1.5974
2010	4,704,200,000	7,232,232	1.5374
2011	4,558,500,000	7,232,232	1.5865
2012	4,369,500,000	7,608,238	1.7412
2013	4,249,550,000	7,842,074	1.8454

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

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

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

* Year in which tax was committed.

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

<u>Year *</u>	<u>Arrowsic</u>	<u>Bath</u>	<u>Bowdoin</u>	<u>Bowdoinham</u>	<u>Georgetown</u>	<u>Phippsburg</u>	<u>Richmond</u>	<u>Topsham</u>	<u>West Bath</u>	<u>Woolwich</u>	<u>Total</u>
2004	\$ 85,490	1,032,824	204,048	226,614	351,854	459,650	266,017	874,515	297,436	316,356	4,114,804
2005	99,292	1,095,757	219,067	231,879	424,226	526,637	273,686	935,270	316,168	386,971	4,508,954
2006	108,864	1,265,880	246,456	267,288	530,796	615,048	300,048	1,068,564	399,756	440,244	5,242,944
2007(a)	150,979	1,858,321	403,097	421,660	862,446	1,012,075	459,461	1,665,829	621,128	665,004	8,120,000
2008	135,203	1,626,955	345,220	399,527	851,882	980,656	410,649	1,378,185	550,631	553,324	7,232,232
2009	138,136	1,633,038	338,468	399,219	844,002	1,008,896	430,318	1,319,159	555,435	565,561	7,232,232
2010	151,154	1,516,599	357,272	411,514	809,287	994,432	459,247	1,402,330	558,328	572,069	7,232,232
2011	153,323	1,489,840	373,906	423,809	820,858	1,018,298	444,059	1,329,284	563,391	615,464	7,232,232
2012	155,969	1,575,666	393,346	427,583	856,688	1,080,370	457,255	1,402,198	607,898	651,265	7,608,238
2013	149,784	1,649,188	410,141	430,530	828,907	1,123,769	498,756	1,442,157	628,150	680,692	7,842,074

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

Taxpayer	2013			2003		
	State Taxable Assessed Valuation	Rank	Percentage of State Taxable Assessed Valuation	State Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Bath	\$ 893,600,000	1	21.03%	595,000,000	1	25.10%
Topsham	781,400,000	2	18.39%	503,800,000	2	21.25%
Phippsburg	609,150,000	3	14.33%	264,800,000	3	11.17%
Georgetown	449,050,000	4	10.57%	202,700,000	5	8.55%
Woolwich	368,900,000	5	8.68%	182,250,000	4	7.69%
West Bath	340,250,000	6	8.01%	171,350,000	6	7.23%
Richmond	270,500,000	7	6.37%	153,250,000	7	6.46%
Bowdoinham	233,250,000	8	5.49%	130,550,000	8	5.51%
Bowdoin	222,300,000	9	5.23%	117,550,000	9	4.96%
Arrowsic	81,150,000	10	1.91%	49,250,000	10	2.08%
	\$ 4,249,550,000		100.00%	2,370,500,000		100.00%

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

<u>Fiscal Year</u>	<u>General Obligation Bonds / Notes</u>	<u>Capital Lease</u>	<u>Governmental Expense Bond</u>	<u>Total Primary Government</u>	<u>Population (a)</u>	<u>Per Capita Income (a)</u>	<u>Personal Income</u>	<u>Percentage of Personal Income</u>	<u>Debt Per Capita</u>	<u>Percentage of Estimated State Taxable Value of Property</u>
2004	\$ 180,000	61,695	198,600	440,295	35,214	19,533	717,590,892	0.06%	22.54	0.02%
2005	120,000	358,268	162,400	640,668	35,214	19,533	717,590,892	0.09%	32.80	0.02%
2006	60,000	290,228	66,200	416,428	35,214	19,533	717,590,892	0.06%	21.32	0.01%
2007	-	225,861	-	225,861	35,214	19,533	717,590,892	0.03%	11.56	0.01%
2008	-	-	-	-	35,214	19,533	717,590,892	0.00%	-	0.00%
2009	-	221,785	-	221,785	35,214	19,533	717,590,892	0.03%	11.35	0.01%
2010	-	181,386	-	181,386	35,214	26,769	942,643,566	0.02%	6.78	0.03%
2011	-	-	-	-	35,293	26,769	944,758,317	0.00%	-	0.00%
2012	438,812	-	-	438,812	35,293	26,983	952,311,019	0.05%	16.26	0.00%
2013	398,687	-	-	398,687	35,293	28,370	1,001,262,410	0.04%	14.05	0.00%

(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, 2013

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 2013

State Valuation	\$4,249,550,000
Debt Limit - 15% of State Valuation	637,432,500
Less outstanding debt applicable to debt limit	<u>398,687</u>
Legal Debt Margin	<u>\$ 637,033,813</u>

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt limit	\$ 355,575,000	401,205,000	468,120,000	541,320,000	624,247,500	679,140,000	705,630,000	683,775,000	655,425,000	637,033,813
Total debt applicable to limit	440,295	640,668	416,428	225,861	-	221,785	181,386	-	438,812	398,687
Legal debt margin	\$ 355,134,705	400,564,332	467,703,572	541,094,139	624,247,500	678,918,215	705,448,614	683,775,000	654,986,188	636,635,126
Total debt applicable to the limit as a percentage of debt limit	0.12%	0.16%	0.09%	0.04%	0.00%	0.03%	0.03%	0.00%	0.07%	0.06%

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>
2004	35,214	\$ 717,590,892	\$ 20,378	3.90%
2005	35,214	717,590,892	20,378	3.70%
2006	35,214	717,590,892	20,378	4.30%
2007	35,214	717,590,892	20,378	4.00%
2008	35,214	717,590,892	20,378	4.00%
2009	35,214	717,590,892	20,378	7.00%
2010	35,214	942,643,566	26,769	7.00%
2011	35,293	944,758,317	26,769	7.00%
2012	35,293	952,311,019	26,983	6.50%
2013	35,293	1,001,262,410	28,370	6.60%

(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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General government										
Administration (a)	10.5	10	10	9	8	8.5	9	9.5	9	9.5
District Attorney	3	3	3	3	3	4	4	4	4	4
D. A. Grant Positions	2	2	2	2	2	1	1	1	1	1
Registrar of Deeds (c)	3.5	3.5	3.5	3.5	3.5	3	3	3	3	3
Register of Probate	3.5	3.5	3.5	3.5	3.5	2.5	3.5	3.5	3.5	3.5
Public safety										
Sheriff	16.5	16.5	16.5	20	20	21	21	21	22	21
Sheriff Grant Positions	-	-	-	1	1	-	-	-	-	-
Transport/Corrections (d)	11	11.5	11.5	8	8	5	4.5	5.5	4.5	5.5
Communications (b)	10.5	14.5	14.5	14.5	14	15	15	16	16	16
Emergency Management	1	1	1	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Total	61.5	65.5	65.5	66	64.5	61.5	62.5	65	64.5	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 Attorneys are Assistant District Attorneys and state employees.

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

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

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

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