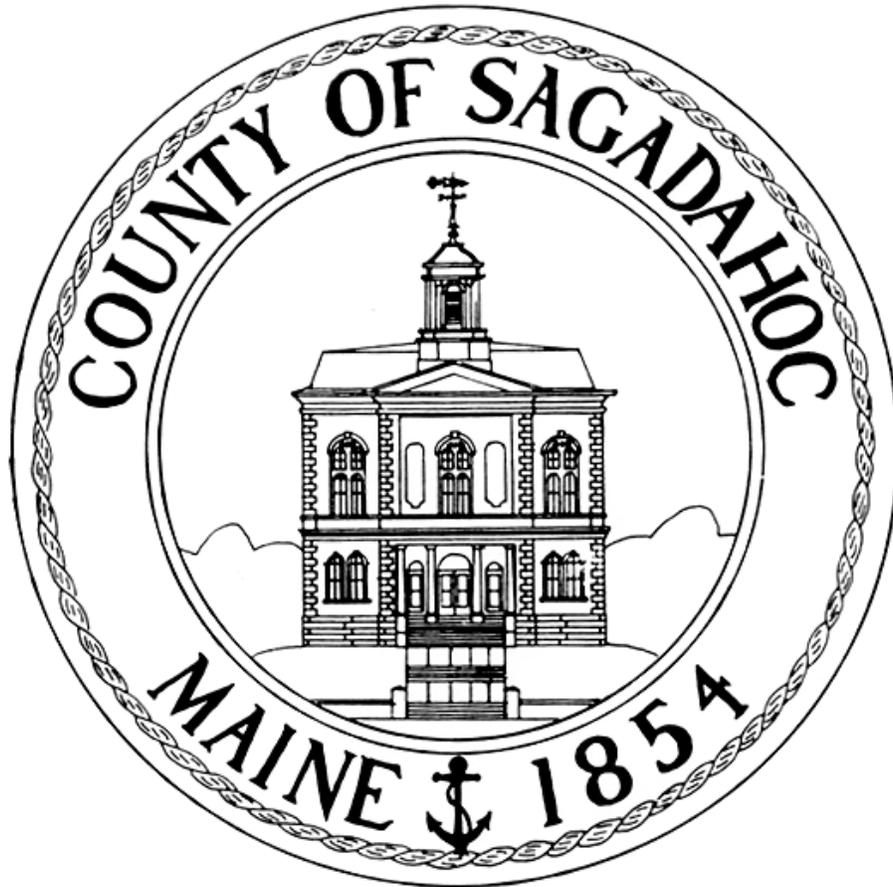


# COUNTY OF SAGadahoc, MAINE



**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018**

**COUNTY OF SAGadahoc, MAINE**  
**Annual Financial Report**  
**For the Year Ended June 30, 2018**

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**Table of Contents**

	<u>Statement</u>	<u>Page</u>
<b>INTRODUCTORY SECTION</b>		
List of Elected and Appointed Officials		1
<b>FINANCIAL SECTION</b>		
Independent Auditor's Report		5-7
Management's Discussion and Analysis		8-16
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	19
Statement of Activities	2	20
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	21
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	4	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5	23
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	6	24-25
Budget and Actual - Correction Services	6A	26
Statement of Fiduciary Net Position - Agency Funds	7	27
Notes to Basic Financial Statements		28-48
Required Supplementary Information:		
Schedule of County's Proportionate Share of the Net Pension Liability		49
Schedule of County Contributions - Pension		50
Schedule of Changes in the County's Total Health Plan OPEB Liability and Related Ratios		51
Schedule of County's Proportionate Share of the Net OPEB Liability		52
Schedule of County's Contributions - OPEB		53
Notes to Required Supplementary Information		54
Combining and Individual Fund Financial Statements:		
Other Governmental Funds:		
Combining Statement Revenues, Expenditures, and Changes in Fund Balances	A	57
Fiduciary Funds - Agency Funds:		
Combining Balance Sheet	B-1	61
Statement of Changes in Assets and Liabilities	B-2	62

**COUNTY OF SAGadahoc, MAINE**  
**Annual Financial Report**  
**For the Year Ended June 30, 2018**

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**Table of Contents, Continued**

	<u>Table</u>	<u>Page</u>
<b>STATISTICAL SECTION</b>		
Net Position by Component	1	65
Changes in Net Position	2	66
Fund Balances, Governmental Funds	3	67
Changes in Fund Balances, Governmental Funds	4	68
Program Revenues by Function/Program	5	69
Assessed Value of Taxable Property	6	70
Governmental Activities Tax Revenue by Source	7	71
Principal Property Taxpayers/Total Tax Levy	8	72
Ratios of Outstanding Debt by Type	9	73
Legal Debt Margin Information	10	74
Demographic and Economic Statistics	11	75
Full-time Equivalent County Employees by Function/Program	12	76

# **INTRODUCTORY SECTION**

**COUNTY OF SAGADAHOC, MAINE**  
**LIST OF ELECTED AND APPOINTED OFFICIALS**  
**June 30, 2018**

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Elected Officials

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

Appointed Officials

County Administrator	Pamela A. Hile
Communications Director	Brodie Hinckley
Emergency Management Director	Sarah Bennett
Finance Manager	Jill Flaherty

# **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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

Board of Commissioners  
County of Sagadahoc, Maine

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Sagadahoc, Maine, as of June 30, 2018, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and Correction Services Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As described in the notes to the financial statements, in 2018, the County adopted new accounting guidance, *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

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

Board of Commissioners  
County of Sagadahoc, Maine

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2018 on our consideration of the County of Sagadahoc, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Sagadahoc, Maine's internal control over financial reporting and compliance.



November 28, 2018  
South Portland, Maine

**COUNTY OF SAGADAHOC, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2018**

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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, 2018. 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 financial report contains financial statements for all activities performed by Sagadahoc County plus any other funds for which the County has a fiduciary responsibility. Sagadahoc County functions include: the offices of Administration and Finance, Register of Probate, Register of Deeds, Sheriff's Office (Patrol, Criminal Investigations, Transport, and Civil), Regional Communications Center, Emergency Management Agency, and the District Attorney's office.

**FINANCIAL HIGHLIGHTS**

**NET POSITION**

- **COUNTY'S NET POSITION:** The assets and deferred outflows of resources of the County of Sagadahoc exceeded its liabilities and deferred inflows of resources by \$2,990,343 at the close of the most recent fiscal year. (Statement 1) This net position is purposed as follows:

Net investment in capital assets	\$ 2,309,082
Restricted	455,800
Unrestricted	<u>225,461</u>
Net Position	\$ 2,990,343

- **CHANGE IN NET POSITION:** As of June 30, 2017, the County's restated net position was \$2,769,964 and at the end of the current year, the County's net position was \$2,990,343, an increase in net position in the amount of \$220,379 (Statement 2).

**FUND BALANCES**

- **END OF YEAR GOVERNMENTAL FUNDS.** Governmental funds include the General Fund, Correction Services Fund, Capital Projects Fund, and other miscellaneous funds further described in the financial statements. On June 30, 2018, the end of year fund balance for the County of Sagadahoc's governmental funds was \$3,776,029 (Statement 3) which was an increase of \$347,653 from the fund balance of the governmental funds at the close of the prior year (Statement 4).
- **UNASSIGNED FUND BALANCE (GENERAL FUND).** The General Fund unassigned fund balance of \$1,741,890 equals 46%, of the total fund balance of the governmental funds of \$3,776,029 (Statement 3). The General Fund unassigned fund balance of \$1, 741,890 equals approximately 29% of the County's total General Fund expenditures of \$5,985,377 (Statement 4), and 19% of the General and Correction Services Funds expenditures and transfers of \$9,091,391.
- **CORRECTION SERVICES FUND.** As required by State law associated with the 2008 Unified Corrections legislation, the County's financial audit was required to account for corrections revenues and expenditures separately from non-corrections-related revenues and expenditures. As of June 30, 2018, the Correction Services Fund balance was \$316,172.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### Government-wide financial statements

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

### Fund Financial Statements

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

### Governmental Funds

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

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

The County of Sagadahoc maintains twenty-four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Correction Services Fund, each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

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**Fiduciary Funds**

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

**Notes to the Financial Statements**

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

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County of Sagadahoc, assets and deferred outflows from all governmental activities exceeded liabilities and deferred inflows by \$2,990,343 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, (\$2,309,082 or 77% of the total net position amount of \$2,990,343), reflects the County's investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding (there was \$167,256 of debt outstanding on these assets at the end of the year). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The County has net position in the amount of \$455,800 (15%) that is restricted and cannot be used to meet the government's ongoing obligations. The County's unrestricted net position, \$225,461 (Statement 1) or 8% of the total net position of \$2,990,343 may be used to meet the government's ongoing obligations.

The County's net position increased by \$220,379 during the fiscal year (Statements 1 and 2).

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

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**Statement of Net Position**

	<b><u>2018</u></b>	<b><u>2017 (restated)</u></b>
<b>ASSETS</b>		
Current and other assets	\$ 4,226,125	3,788,921
Capital assets	2,476,338	2,548,824
Total assets	6,702,463	6,337,745
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to pensions	457,927	1,244,491
Total deferred outflows of resources	457,927	1,244,491
<b>LIABILITIES</b>		
Noncurrent liabilities outstanding	3,190,969	4,298,597
Other liabilities	454,429	366,192
Total liabilities	3,645,398	4,664,789
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to pensions	524,649	147,483
Total deferred inflows of resources	524,649	147,483
<b>NET POSITION</b>		
Net investment in capital assets	2,309,082	2,330,843
Restricted	455,800	384,885
Unrestricted	225,461	54,236
Total net position	\$ 2,990,343	2,769,964

**Capital Assets**

The County of Sagadahoc's capital assets for its governmental activities as of June 30, 2018 amounts to \$2,476,338 (net of accumulated depreciation). These capital assets includes land, improvements, buildings, machinery and equipment and vehicles. The total decrease in the County's capital assets for the current fiscal year was \$72,486, or 3% of the total net capital assets.

Significant capital asset additions during the year included three new Ford Explorer vehicles for the Sheriff's Department, and the purchase of new Spillman Software for the Communications Department. Three vehicles were disposed of, two Dodge Chargers and one Dodge Durango, all of which were traded in for the new vehicles purchased.

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

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

Total County revenue for the fiscal year ended June 30, 2018 was \$9,670,431 (\$6,461,073 in General Fund; \$2,959,987 for Corrections; \$249,371 Other Funds). The revenue was derived from the following sources:

**Revenues**

	General Fund	Corrections Services Fund	Other Governmental Funds	Total
County tax assessments	\$5,765,067	2,657,105	-	8,422,172
Fees	445,774	-	-	445,774
Grants and intergovernmental	97,731	302,882	176,311	576,924
Charges for services	111,255	-	72,635	183,890
Interest	30,177	-	425	30,602
Other	11,069	-	-	11,069
<b>Total revenues</b>	<b>\$ 6,461,073</b>	<b>2,959,987</b>	<b>249,371</b>	<b>9,670,431</b>

**Expenditures**

	General Fund	Corrections Services Fund	Other Governmental Funds	Total
General government	\$ 2,488,093	-	132,339	2,620,432
Public safety	2,582,466	-	125,937	2,708,403
Corrections	-	2,867,452	-	2,867,452
Debt service - Jail bond	853,650	-	-	853,650
Debt service - Courthouse	61,188	-	-	61,188
Capital outlay	-	28,167	183,506	211,673
<b>Total expenditures</b>	<b>\$ 5,985,397</b>	<b>2,895,619</b>	<b>441,782</b>	<b>9,322,798</b>

**GENERAL FUND**

In FY 2017-2018, the County collected revenue for the General Fund in the amount of \$6,461,073, which is \$279,683 more than the revenue in FY 2016-2017. The amount of revenue collected by the County through tax assessments to municipalities for general operations, \$5,765,067, increased by \$236,378 from FY 2016-2017.

Total County General Fund expenditures for the fiscal year ended June 30, 2018 were \$5,985,377 compared to \$5,639,064 in the prior year, an overall increase of \$346,313.

<b><u>General Fund</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Total revenues	\$ 6,461,073	6,181,390
Increase in revenues compared to prior year	279,683	59,115
Total expenditures for non-corrections services	5,985,377	5,639,064
Increase in expenditures compared to prior year	346,313	100,150
<b>EXCESS OF GENERAL FUND REVENUES OVER EXPENDITURES</b>	<b>\$ 475,696</b>	<b>542,326</b>

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

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During the fiscal year ended June 30, 2018, the General Fund balance increased by \$265,301 on a GAAP basis (increase of \$179,522 on a budgetary basis) compared to the prior year. The difference between budgetary basis and GAAP basis represent amounts expended from reserves.

Fund balance - General Fund, beginning of year	\$ 2,819,907
Fund balance - General Fund, end of year	<u>3,085,208</u>
Net change in fund balance - General Fund	\$ 265,301

**General Fund Balance**

At the end of the current fiscal year, the total amount of the General Fund balance was \$3,085,208 which was made up of \$752,598 committed, \$552,654 assigned, \$38,066 non-spendable, and \$1,741,890 unassigned (Statement 3). State statute permits the Sagadahoc County Commissioners to set aside assets in a Contingency Reserve account in an amount not to exceed 4% of the annual budget. The Emergency Contingency Reserve Fund may be used at the discretion of the County Commissioners for emergency purposes. The Emergency Contingency, currently set at \$100,000, is part of the committed fund balance.

**CORRECTION SERVICES FUND**

In FY 2017-2018, the County collected correction services fund revenue in the amount of \$2,959,987 which is \$27,924 higher than the revenues collected in FY 2016-2017. The amount of revenue collected by the County through tax assessments to municipalities for correction services operations, \$2,657,105, has not increased from FY 2016-2017.

Total County Correction Services Fund expenditures for the fiscal year ended June 30, 2018 were \$2,895,619. See Statement 6A and detail below. Total County Correction Services Fund expenditures for the current year were \$18,115 higher than the total County Correction Services Fund expenditures for the prior year.

<b><u>Correction Services Fund Revenues</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Total revenues for Correction Services	\$ 2,959,987	2,932,063
Increase (decrease) in revenues compared to prior year	27,924	(37,656)
Total expenditures for Correction-related Services	2,895,619	2,877,504
Increase (decrease) in expenditures compared to prior year	18,115	(9,961)
<b>EXCESS OF CORRECTION FUND REVENUES OVER EXPENDITURES</b>	<b>\$ 64,368</b>	<b>54,559</b>

During the fiscal year ended June 30, 2018, the Correction Services Fund balance increased by \$64,368 compared to the prior year.

Fund balance - Corrections, beginning of year	\$ 251,804
Fund balance - Corrections, end of year	<u>316,172</u>
Net change in fund balance – Corrections	\$ 64,368

**OTHER GOVERNMENTAL FUNDS**

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

**DEBT ADMINISTRATION**

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

In 2001, Sagadahoc County partnered with Lincoln County to form a multi-county jail authority. The Lincoln and Sagadahoc Multicounty Jail Authority sold revenue bonds totaling \$24,600,000 in June 2005. The County of Sagadahoc guaranteed the repayment of one-half of these bonds or \$12,300,000. This is a twenty-year note at an average interest rate of 4.13%. The County's share of the remaining balance at June 30, 2018 is \$4,935,000 (see Overlapping Debt footnote).

**CORRECTIONS FUND**

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

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

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

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In addition to the CAP funds raised through taxes, Sagadahoc County receives Community Corrections Act (CCA) funds from the State. For budget year 2015-2016, Sagadahoc County received \$272,962 in CCA funds, which were dedicated to Adult Alternative Sentencing Programs.

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

Correction funds in the amount of \$2,895,619 (Statement 6A) were expended as follows:

Two Bridges Regional Jail Assessment for Operations	\$ 2,454,776
County Services for Prisoner Transport	320,300
Adult Alternative Sentencing Programs	92,376
Capital Outlay	28,167
Total Expenditures	2,895,619
Total Revenues	2,959,987
Less Expenditures	2,895,619
End of Year Corrections surplus	64,368

When combined with the fund balance at the beginning of the year, the fund balance as of June 30, 2018 is \$316,172.

**Looking Forward**

- The combined budgets for FY 2018-19 equal \$9,810,604, which is an increase of \$275,778 (2.89%) when compared to the current fiscal year combined budgets of \$9,534,826; however, without the inclusion of the TBRJ state funding, the increase is \$231,096 (2.4%). A further breakdown indicates the following:

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Reserve</u>	<u>Jail</u>	<u>Combined</u>
2018-19	\$ 5,653,800	885,013	295,504	2,976,287	9,810,604
2017-18	5,512,642	914,913	175,666	2,931,605	9,534,826
Increase (decrease)	\$ 141,158	(29,900)	119,838	44,682	275,778

- The amount to be raised through taxes has decreased by \$63,318 (-0.8%), from \$8,422,172 in FY 2017-18 to \$8,358,854 in FY 2018-19. The primary reason for this is an increase of \$262,264 (95.3%) in the amount of surplus available to offset the tax. The unassigned fund balance increased from 18.7% of the tax assessments in FY 2016-17 to 22.3% in 2017-18. Therefore, not only was the fund balance increased, there were additional funds in excess of the 20% allowed by state statute (\$165,232) that had to be applied to the tax commitment or capital reserves in FY 2018-19. There is also a projected increase of \$76,832 (9.2%) in non-tax revenues, which includes a transfer of \$46,682 from the Corrections Reserve Fund to Transport. Much of the excess surplus was applied to capital reserves for both one-time and on-going projects (an increase of \$119,838 from the previous year), with the balance used to offset increases in operating costs (both of which reduced the tax commitment for FY 2018-19). It is important to note, however, that this level of excess revenue will not be available to offset the FY 2019-20 tax commitment.

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

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- The County is facing a number of major capital expenses associated with repairs to the roof of the Courthouse. In addition to the \$54,000 that has been included in the FY 2018-19 budget, it is anticipated that up to an additional \$110,000 will need to be expended during FY 2019-20.
- Costs associated with the operation of the TBRJ, including debt service, represent approximately 40% of the entire FY 2018-19 County budget. As the debt service payments must be raised in *addition* to the legislatively set CAP, both Lincoln and Sagadahoc Counties are bearing a significant burden. On average, our inmates make up less than 50% of the prison population, with the remainder coming primarily from other counties; however, Lincoln and Sagadahoc must pay 100% of the debt. Fortunately, Two Bridges was able to contract with Waldo, Penobscot, and Oxford Counties to house their inmates and thus should have adequate revenue to sustain operations through the end of the current fiscal year. This is *not* a permanent solution, and further legislative remedies will be essential in the upcoming session.
- Although there is finally a suggestion of economic recovery taking place, it is more important than ever to clearly distinguish between “wants and needs”. There are definitely some “needs” that have been growing throughout the past several years, and those must be carefully evaluated and addressed; however, it is imperative that we continue to keep any new/non-essential spending in check. The Commissioners, Budget Advisory Committee, and staff will be keenly mindful of this potential during the FY 2019-20 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, 2018**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,105,433
Accounts receivable	82,626
Prepaid expenses	38,066
Capital assets not being depreciated	62,198
Capital assets (net of accumulated depreciation)	2,414,140
Total assets	6,702,463
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources related to pensions	456,684
Deferred outflows of resources related to OPEB	1,243
Total deferred outflows of resources	457,927
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	450,096
Accrued interest	4,333
Noncurrent liabilities:	
Due within one year	53,160
Due in more than one year	3,137,809
Total liabilities	3,645,398
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources related to pensions	184,634
Deferred inflows of resources related to OPEB	340,015
Total deferred inflows of resources	524,649
<b>NET POSITION</b>	
Net investment in capital assets	2,309,082
Restricted	455,800
Unrestricted	225,461
<b>Total net position</b>	<b>\$ 2,990,343</b>

*See accompanying notes to basic financial statements.*

**COUNTY OF SAGADAHOC, MAINE**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government
					Total Governmental Activities
<b>Primary government:</b>					
Governmental activities:					
General government	\$ 2,851,594	518,409	33,033	-	(2,300,152)
Public safety	2,868,134	111,255	241,009	-	(2,515,870)
Correction services	3,718,498	-	302,882	-	(3,415,616)
Capital maintenance	2,677	-	-	-	(2,677.00)
Interest on long-term debt	9,149	-	-	-	(9,149)
Total governmental activities	9,450,052	629,664	576,924	-	(8,243,464)
<b>Total primary government</b>	<b>\$ 9,450,052</b>	<b>629,664</b>	<b>576,924</b>	<b>-</b>	<b>(8,243,464)</b>
General revenues:					
Tax assessments					8,422,172
Miscellaneous					11,069
Unrestricted investment earnings					30,602
Total general revenues					8,463,843
Changes in net position					220,379
Net position - beginning, restated					2,769,964
<b>Net position - ending</b>				<b>\$</b>	<b>2,990,343</b>

*See accompanying notes to basic financial statements.*

**COUNTY OF SAGADAHOC, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

	General Fund	Correction Services Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,034,336	-	71,097	4,105,433
Accounts receivable	79,046	-	3,580	82,626
Prepaid expenditures	38,066	-	-	38,066
Due from other funds	-	316,172	303,039	619,211
<b>Total assets</b>	<b>4,151,448</b>	<b>316,172</b>	<b>377,716</b>	<b>4,845,336</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	387,513	-	3,067	390,580
Accrued wages and benefits payable	59,516	-	-	59,516
Due to other funds	619,211	-	-	619,211
<b>Total liabilities</b>	<b>1,066,240</b>	<b>-</b>	<b>3,067</b>	<b>1,069,307</b>
Fund balances:				
Nonspendable	38,066	-	-	38,066
Restricted	-	316,172	139,628	455,800
Committed	752,598	-	248,207	1,000,805
Assigned	552,654	-	-	552,654
Unassigned	1,741,890	-	(13,186)	1,728,704
<b>Total fund balances</b>	<b>3,085,208</b>	<b>316,172</b>	<b>374,649</b>	<b>3,776,029</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,151,448</b>	<b>316,172</b>	<b>377,716</b>	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.				2,476,338
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:				
Accrued compensated absences				(245,087)
Accrued interest				(4,333)
Capital lease payable				(167,256)
Other post employment benefits, including related deferred inflows and outflows of resources				(1,048,557)
Net pension liability, including related deferred inflows and outflows of resources				(1,796,791)
<b>Net position of governmental activities</b>				<b>\$ 2,990,343</b>

*See accompanying notes to basic financial statements.*

**COUNTY OF SAGadahoc, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**

	General Fund	Correction Services Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 5,765,067	2,657,105	-	8,422,172
Fees	445,774	-	-	445,774
Intergovernmental	97,731	302,882	176,311	576,924
Charges for services	111,255	-	72,635	183,890
Interest	30,177	-	425	30,602
Other	11,069	-	-	11,069
<b>Total revenues</b>	<b>6,461,073</b>	<b>2,959,987</b>	<b>249,371</b>	<b>9,670,431</b>
Expenditures:				
Current:				
General government	2,488,093	-	132,339	2,620,432
Public safety	2,582,446	-	125,937	2,708,383
Correction services and transport	-	2,867,452	-	2,867,452
Debt service (Jail Authority):				
Principal	625,000	-	-	625,000
Interest	228,650	-	-	228,650
Debt service (Courthouse):				
Principal	50,725	-	-	50,725
Interest	10,463	-	-	10,463
Capital outlay	-	28,167	183,506	211,673
<b>Total expenditures</b>	<b>5,985,377</b>	<b>2,895,619</b>	<b>441,782</b>	<b>9,322,778</b>
Excess (deficiency) of revenues over (under) expenditures	475,696	64,368	(192,411)	347,653
Other financing sources (uses):				
Transfers from other funds	-	-	210,395	210,395
Transfers to other funds	(210,395)	-	-	(210,395)
<b>Total other financing sources (uses)</b>	<b>(210,395)</b>	<b>-</b>	<b>210,395</b>	<b>-</b>
Net changes in fund balances	265,301	64,368	17,984	347,653
Fund balances, beginning of year	2,819,907	251,804	356,665	3,428,376
<b>Fund balances, end of year</b>	<b>\$ 3,085,208</b>	<b>316,172</b>	<b>374,649</b>	<b>3,776,029</b>

*See accompanying notes to basic financial statements.*

**COUNTY OF SAGadahoc, MAINE**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2018**

Net change in fund balances - total governmental funds	\$	347,653
<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 (\$281,482) exceeded capital outlay (\$208,996).</p>		
		(72,486)
<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. This is the amount of capital lease principal repayments.</p>		
		50,725
<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 includes:</p>		
Change in the net pension liability with related change in deferred inflows and outflows of resources		(66,972)
Change in other post employment benefits liability with related change in deferred inflows and outflows of resources		(42,018)
Change in accrued compensated absences		2,163
Change in accrued interest		1,314
<b>Change in net position of governmental activities</b>		<b>\$ 220,379</b>

*See accompanying notes to basic financial statements.*

**COUNTY OF SAGadahoc, MAINE**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2018**

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Taxes:				
Tax assessments	\$ 5,765,067	5,765,067	5,765,067	-
Total taxes	5,765,067	5,765,067	5,765,067	-
Fees:				
District attorney	5,200	5,200	9,667	4,467
Register of deeds	290,000	290,000	363,295	73,295
Register of probate	60,000	60,000	72,812	12,812
Total fees	355,200	355,200	445,774	90,574
Intergovernmental:				
Emergency management agency	105,300	105,300	97,731	(7,569)
Total intergovernmental	105,300	105,300	97,731	(7,569)
Charges for services:				
Sheriff's department	80,500	80,500	111,255	30,755
Total charges for services	80,500	80,500	111,255	30,755
Interest earned	15,000	15,000	30,177	15,177
Other revenues:				
Miscellaneous	7,000	7,000	11,069	4,069
Total other revenues	7,000	7,000	11,069	4,069
Total revenues	6,328,067	6,328,067	6,461,073	133,006

**COUNTY OF SAGADAHOC, MAINE**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2018**

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>EXPENDITURES</b>				
Current:				
General government:				
District attorney	\$ 229,518	229,518	221,646	7,872
Administration	500,364	467,567	413,365	54,202
Buildings	178,592	178,592	159,035	19,557
Register of deeds	159,273	159,273	141,538	17,735
Register of probate	156,795	156,795	144,426	12,369
Employee benefits	1,421,400	1,429,355	1,352,287	77,068
Insurance	77,228	77,228	75,570	1,658
Program grants	43,855	43,855	40,105	3,750
Total general government	2,767,025	2,742,183	2,547,972	194,211
Public safety:				
Emergency Management Agency	164,531	164,531	159,259	5,272
Sheriff's department	1,481,925	1,522,003	1,459,623	62,380
Civil process	29,570	29,570	24,104	5,466
Communications	1,029,323	1,029,323	939,460	89,863
Total public safety	2,705,349	2,745,427	2,582,446	162,981
Debt service:				
Principal (Jail Authority)	625,000	625,000	625,000	-
Interest (Jail Authority)	228,725	228,725	228,650	75
Principal (Courthouse)	50,725	50,725	50,725	-
Interest (Courthouse)	10,463	10,463	10,463	-
Total debt service	914,913	914,913	914,838	75
Total expenditures	6,387,287	6,402,523	6,045,256	357,267
Excess (deficiency) of revenues over (under) expenditures	(59,220)	(74,456)	415,817	490,273
<b>OTHER FINANCING SOURCES (USES)</b>				
Budgeted use of surplus	275,154	290,390	-	(290,390)
Budgeted transfers to reserves	(28,356)	(28,356)	(25,900)	2,456
Transfers to other funds - special revenue	(11,262)	(11,262)	(11,262)	-
Transfers to other funds - capital projects	(176,316)	(176,316)	(199,133)	(22,817)
Total other financing sources and (uses)	59,220	74,456	(236,295)	(310,751)
Net changes in fund balance - budgetary basis	-	-	179,522	179,522
Reconciliation from budgetary to GAAP basis:				
Net activity in reserve accounts			85,779	
Net changes in fund balance - GAAP basis			265,301	
Fund balance, beginning of year			2,819,907	
<b>Fund balance, end of year</b>			<b>\$ 3,085,208</b>	

*See accompanying notes to basic financial statements.*

**COUNTY OF SAGADAHOC, MAINE**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**Correction Services**  
**For the Year Ended June 30, 2018**

	Correction Services			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Taxes:				
Tax assessments	\$ 2,657,105	2,657,105	2,657,105	-
Total taxes	2,657,105	2,657,105	2,657,105	-
Intergovernmental:				
Community corrections / home release	265,000	265,000	302,882	37,882
Total intergovernmental	265,000	265,000	302,882	37,882
Other/miscellaneous	9,500	9,500	-	(9,500)
Total revenues	2,931,605	2,931,605	2,959,987	28,382
<b>EXPENDITURES</b>				
Current:				
Operations - Two Bridges Jail	2,454,776	2,454,776	2,454,776	-
Transport programs	351,829	351,829	320,300	31,529
Pre-trial services	125,000	125,000	92,376	32,624
Capital outlay	-	26,589	28,167	(1,578)
Total expenditures	2,931,605	2,958,194	2,895,619	62,575
Excess (deficiency) of revenues over (under) expenditures	-	(26,589)	64,368	90,957
<b>OTHER FINANCING SOURCES (USES)</b>				
Budgeted use of surplus	-	26,589	-	(26,589)
Net changes in fund balance	-	-	64,368	
Fund balance, beginning of year			251,804	
<b>Fund balance, end of year</b>			<b>\$ 316,172</b>	

*See accompanying notes to basic financial statements.*

**COUNTY OF SAGadahoc, MAINE**  
**Statement of Fiduciary Net Position**  
**Agency Funds**  
**June 30, 2018**

	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 5,546
<b>Total assets</b>	<b>5,546</b>
<b>LIABILITIES</b>	
Accounts payable	4,350
Due to other governments	1,196
<b>Total liabilities</b>	<b>\$ 5,546</b>

*See accompanying notes to basic financial statements.*

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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**A. Reporting Entity**

The County of Sagadahoc (the "County") established on April 4, 1854, is located in the coastal region of Maine and covers an area of 250 square miles with a population of 35,392. The County was organized under the Board of Commissioners form of government and provides the following services to its citizens: law enforcement, judicial, registers of deeds and probate, emergency management and administration.

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

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

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

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

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

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

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

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

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

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

The County reports the following major governmental funds:

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

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

Additionally, the government reports the following fund types:

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

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

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

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

**1. Deposits**

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

**2. Receivables and Payables**

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

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

**3. Prepaid Items**

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

**4. Capital Assets**

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

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

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

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

**6. Compensated Absences**

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

**7. Long-term Obligations**

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

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

**8. Fund Equity**

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

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

The Commissioners have the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments. For assigned fund balance, the County Administrator and Finance Manager have authority to identify amounts for specific use within budget constraints.

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

**9. Use of Estimates**

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

**10. Pensions and Other Postemployment Benefits (OPEB)**

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

**11. Comparative Data/Reclassifications**

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

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

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STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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**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 2018 budget were held in May. The County Commissioners approved the budget on June 13, 2017. Sagadahoc County by law assesses taxes to the ten municipalities in its jurisdiction to be apportioned based on the last state valuation. The 2018 tax commitment of \$8,422,172 was assessed in August, 2017. Assessments were due September 1, 2017 with interest at 7% payable on November 1, 2017.

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

**B. Fund Balances**

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

Reserved for Emergencies - State statutes provide for the establishment of a contingency account, in an amount not to exceed 4% of the annual budget, to be used at the discretion of the County Commissioners for emergency purposes. At the end of the fiscal year, an amount sufficient to restore the account may be transferred from the General Fund's unassigned fund balance. At June 30, 2018, the contingent account balance was \$100,000 and was carried as committed fund balance.

Unrestricted, unassigned - State law provides that remaining unencumbered surplus funds in excess of 20% of the amount to be raised by taxation shall be used to reduce the tax levy. The County's unrestricted, unassigned fund balance at June 30, 2018 was \$1,741,890, which represents 20.68% of the fiscal year 2018 assessments raised of \$8,422,172. The County will utilize a portion of the unassigned fund balance in future years to reduce the tax assessment, as required by State law.

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

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

**C. Deficit Fund Balances**

The following funds had deficits at June 30, 2018:

Distracted Driving	\$ 1,605
Spillman Grant	5,297
MEMA	3,126
Homeland Security FY 15	187
Homeland Security FY 16	2,297
Homeland Security FY 17	674

These deficits will be funded with future revenues anticipated in 2018-2019.

DEPOSITS

*Custodial Credit Risk:* Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. As of June 30, 2018, the County reported deposits of \$4,110,979 with bank balances of \$4,214,409. The County's deposit policy for custodial credit risk calls for F.D.I.C. insured bank accounts. None of the County's total bank balance was exposed to custodial credit risk as the entire amount was covered by F.D.I.C. or additional collateral.

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

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

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

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

Governmental activities	\$ 4,105,433
Agency funds	5,546
<b>Total</b>	<b>\$ 4,110,979</b>

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances and transfers as of June 30, 2018 is as follows:

	<u>Due from</u>	<u>Due to</u>	<u>Transfers in (out)</u>
General fund	\$ -	619,211	(210,395)
Correction services fund	316,172	-	-
Other governmental funds	303,039	-	210,395
<b>Total</b>	<b>\$ 619,211</b>	<b>619,211</b>	<b>-</b>

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

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

**CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2018 was as follows:

	Restated Balance <u>07/01/17</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>06/30/18</u>
Capital assets not being depreciated:				
Land	\$ 62,198	-	-	62,198
<b>Total capital assets not being depreciated</b>	<b>62,198</b>	<b>-</b>	<b>-</b>	<b>62,198</b>
Capital assets being depreciated:				
Buildings	3,787,885	17,907	-	3,805,792
Improvements other than buildings	39,000	-	-	39,000
Vehicles	693,272	128,574	(63,357)	758,489
Machinery and equipment	1,761,438	62,515	-	1,823,953
<b>Total capital assets being depreciated</b>	<b>6,281,595</b>	<b>208,996</b>	<b>(63,357)</b>	<b>6,427,234</b>
Less accumulated depreciation for:				
Buildings	(1,836,400)	(107,390)	-	(1,943,790)
Improvements other than buildings	(29,413)	(1,950)	-	(31,363)
Vehicles	(514,139)	(81,701)	63,357	(532,483)
Machinery and equipment	(1,415,017)	(90,441)	-	(1,505,458)
<b>Total accumulated depreciation</b>	<b>(3,794,969)</b>	<b>(281,482)</b>	<b>63,357</b>	<b>(4,013,094)</b>
<b>Total capital assets being depreciated, net</b>	<b>2,486,626</b>	<b>(72,486)</b>	<b>-</b>	<b>2,414,140</b>
<b>Total capital assets, net</b>	<b>\$ 2,548,824</b>	<b>(72,486)</b>	<b>-</b>	<b>2,476,338</b>

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

General government	\$ 125,726
Public safety	155,756
<b>Total depreciation expense</b>	<b>\$ 281,482</b>

**OPERATING LEASE**

The County has entered into a leasing agreement with the City of Bath to rent a portion of the basement at the old Bath Hospital for use by the Sheriff's Department for storage. The original lease term is for five years, commencing on February 1, 2011. During fiscal year 2017, the lease was extended for an additional three years with an option for renewing the agreement for one additional three-year term. Rental expense for the year ended June 30, 2018 was \$660. Future minimum rental payments under the terms of the agreement are as follows:

2019	\$ 660
<u>2020</u>	<u>165</u>
<b>Total</b>	<b>\$ 825</b>

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

**LONG-TERM DEBT**

The following is a summary of long-term liability transactions of the County for the year ended June 30, 2018:

<u>Issuer</u>	<u>Restated Balance 07/01/17</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/18</u>	<u>Due within one year</u>
Courthouse renovations lease	\$ 217,981	-	50,725	167,256	53,160
Net pension liability	2,825,537	-	756,696	2,068,841	-
OPEB liability	1,007,829	-	298,044	709,785	-
Accrued compensated absences	247,250	-	2,163	245,087	-
<b>Totals</b>	<b>\$ 4,298,597</b>	<b>-</b>	<b>1,107,628</b>	<b>3,190,969</b>	<b>53,160</b>

With respect to the lease, assets in the amount of \$500,000 have been capitalized and are recorded as buildings within capital assets in the statement of net position. Related accumulated depreciation was \$75,000 at June 30, 2018.

The annual principal and interest requirements to amortize general long-term debt outstanding (courthouse lease) as of June 30, 2018 are as follows:

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 53,160	8,028	61,188
2020	55,711	5,477	61,188
2021	58,385	2,803	61,188
<b>Totals</b>	<b>\$ 167,256</b>	<b>16,308</b>	<b>183,564</b>

**OVERLAPPING DEBT**

In addition to the debt noted above, the County is contingently responsible for the following debt as of June 30, 2018 (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	\$ 9,870,000	50%	4,935,000

The debt of Lincoln and Sagadahoc Multicounty Jail Authority is paid through annual assessments to the County. The debt will be fully paid in 2025.

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

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**JOINT VENTURE**

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

The Jail Authority issued refunding bonds in the amount of \$14,920,000 in 2014. Although the bonds are in the name of the Jail Authority, the Sagadahoc County Commissioners have passed a resolution authorizing the guarantee of half of the debt service, or \$7,460,000. The outstanding balance of these bonds at June 30, 2018 is \$9,870,000. Sagadahoc County's portion of this balance amounts to \$4,935,000. Sagadahoc and Lincoln Counties share of the operating budget is capped legislatively. For the fiscal year that ended June 30, 2018, 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, 2018 (unaudited) is as follows:

Total assets and deferred outflows	\$ 19,555,657
Total liabilities and deferred inflows	12,378,836
Net position	7,176,721
Change in net position	767,394

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

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**RISK MANAGEMENT**

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The County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the County either carries commercial insurance, participates in a public entity risk pool, or is effectively self-insured. Currently, the County participates in several public entity and self-insured risk pools sponsored by the Maine County Commissioners Association Self-Funded Risk Management Pool. Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchased, the County is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2018.

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

RISK MANAGEMENT, CONTINUED

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

	<u>2018</u>	<u>2017</u>
Beginning balance, unpaid claims	\$ 8,654	64,757
Incurred claims	863,096	622,633
Claims paid (includes reinsurance)	(805,938)	(678,736)
<b><u>Ending balance, unpaid claims</u></b>	<b><u>\$ 65,812</u></b>	<b><u>8,654</u></b>

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

**General Information about the Pension Plan**

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

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

**Contributions** - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. Employees are required to contribute 8.0% of their annual pay for the AC plan and 9.5% for the 3C plan.

The County's contractually required contribution rate for the year ended June 30, 2018 was 9.6%-12.2% of annual payroll depending on the plan (AC 9.6%, 3C 12.2%) actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$280,639 for the year ended June 30, 2018.

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

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED**

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

At June 30, 2018, the County reported a liability of \$2,068,841 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating local districts, actuarially determined. At June 30, 2017, the County's proportion was 0.5053%.

For the year ended June 30, 2018, the County recognized a pension expense of \$347,611. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	99,393
Changes of assumptions	176,045	-
Net difference between projected and actual earnings on pension plan investments	-	56,889
Changes in proportion and differences between County contributions and proportionate share of contributions	-	28,352
County contributions subsequent to the measurement date	280,639	-
<b>Total</b>	<b>\$ 456,684</b>	<b>184,634</b>

\$280,639 is reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2019	\$ (49,206)
2020	167,593
2021	13,880
2022	(140,856)

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

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MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

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**Actuarial Assumptions** - The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period June 30, 2012 to June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	30.0%	6.0%
US government	7.5%	2.3%
Private equity	15.0%	7.6%
Real assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	4.2%
Diversifiers	10.0%	5.9%
<b><u>Total</u></b>	<b><u>100.0%</u></b>	

**Discount Rate** - The discount rate used to measure the total pension liability was 6.875%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED**

**Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 6.875%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.875%) or 1 percentage-point higher (7.875%) than the current rate:

	1% Decrease <u>(5.875%)</u>	Current Discount Rate <u>(6.875%)</u>	1% Increase <u>(7.875%)</u>
County's proportionate share of the net pension liability	\$ 4,150,730	2,068,841	501,500

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

**Payables to the Pension Plan** - None as of June 30, 2018.

**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, 2018, the County contributed 6% of compensation. Participants are fully vested with respect to the County's contributions after completing a probationary period. The County contributed \$20,455 for the year ended June 30, 2018 and employees contributed \$64,641 to the plan.

**CONTINGENT LIABILITIES**

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

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

**FUND BALANCES**

As of June 30, 2018, the committed and assigned fund balances of the General Fund were made up of the following:

Committed:	
Contingency	\$ 100,000
Unfunded liability reserve	42,870
Unemployment reserve	35,608
Insurance deductible reserve	22
Fuel reserve	10,000
Insurance reserve fund	564,098
<b><u>Total committed</u></b>	<b><u>\$ 752,598</u></b>
Assigned:	
Surplus assigned to 2018-19 budget	\$ 537,418
Administrative contingency	15,236
<b><u>Total assigned</u></b>	<b><u>\$ 552,654</u></b>

As of June 30, 2018 and 2017, the committed fund balances of the Capital Project Fund were made up of the following:

	<u>2018</u>	<u>2017</u>
Exterior maintenance	\$ 79,506	49,046
HVAC	6,670	16,877
Copiers and laser printers	805	330
Probate security	1,400	1,400
JusticeWeb Software	-	8,162
Elevator upgrade	29,000	22,000
Emergency management agency	34,994	26,014
Facilities vehicle	11,336	13,000
Communications	78,465	79,365
Sheriff's vehicles	6,031	16,386
<b><u>Total</u></b>	<b><u>\$ 248,207</u></b>	<b><u>232,580</u></b>

Additionally, all of the Correction Services Fund is restricted by the State of Maine for use for correction services. Other non-major special revenue funds have restricted fund balances for grants or specific programs totaling \$139,628.

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

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**OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

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***General Information about the OPEB Plans***

**Plan Description** - The County sponsors a post-retirement benefit plan (PLD Plan) providing group term life insurance to retiring employees. The PLD plan is a cost-sharing multiple-employer defined benefit OPEB plan administered by the Maine Public Employees Retirement System (MPERS). The MPERS Board of Trustees has the authority to establish and amend the benefit terms and financing requirements for the PLD plan. MPERS issues publicly available financial reports that are available at [www.maineipers.org](http://www.maineipers.org).

Additionally, the County sponsors a post-retirement benefit plan providing health insurance to retiring employees (Health Plan). The plan is a single-employer defined benefit OPEB plan administered by the County. The County Commissioners have the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**Benefits Provided** - Under the PLD OPEB plan, MPERS provides basic group life insurance benefits, during retirement, to retirees who participated in the plan prior to retirement for a minimum of 10 years. The level of coverage is initially set to an amount equal to the retirees average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Under the Health Plan, the County provides healthcare insurance benefits for retirees and their dependents. County employees of Normal Retirement Age (as defined by the Maine Public Employees Retirement System) with 5 years of continuous service are allowed to participate in the plan. Retirees and their dependents can remain as participants on the County's healthcare insurance indefinitely provided that they pay 100% of the premiums.

*Employees Covered by Benefit Terms* – At June 30, 2018, the following employees were covered by the Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employee entitled to but not yet receiving benefits	-
Active employees	58
Total	<u>58</u>

**Contributions** - Premium rates the PLD OPEB plan are determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims.

PLD OPEB Plan - The County is required to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retirement period. Contributions to the PLD OPEB plan from the County were \$1,243 for the year ended June 30, 2018. Employees are not required to contribute to the PLD OPEB plan.

Health Plan - The County makes no contributions to this plan.

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

**OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED**

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

The net OPEB liability for the PLD OPEB plan was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuation as of that date. The County's proportion of the net OPEB liability was based on a projection of the County's long-term share of contributions to the PLD OPEB plan relative to the projected contributions of all participating employers, actuarially determined.

PLD OPEB Plan - At June 30, 2018 the County reported a liability of \$136,733 for its proportionate share of the net OPEB liability. At June 30, 2017, the County's proportion was 0.8177%.

The County's total Health Plan OPEB liability of \$573,052 was measured as of May 1, 2018, and was determined by an actuarial valuation as of July 1, 2017.

*Changes in the Total Health Plan OPEB Liability*

		<b>Total OPEB Liability</b>
Balance at June 30, 2017	\$	811,204
Changes for the year:		
Service cost		55,524
Interest		27,806
Changes of benefit terms		-
Differences between expected and actual experience		(150,331)
Changes in assumptions or other inputs		(160,666)
Benefit payments		(10,485)
Net changes		<u>(238,152)</u>
Balance at June 30, 2018	\$	<u>573,052</u>

Change in assumptions and other inputs for the Health Plan reflects the following changes:

	<u><b>2017</b></u>	<u><b>2018</b></u>
Discount Rate	4.00%	3.45%
Healthcare cost trend rates	7.80%	6.00%
Starting Per Capita Costs	Retiree \$21,484 Spouse \$26,708	Retiree \$23,077 Spouse \$28,688
Mortality Table	RP-2000 Combined Mortality Table for males and females with mortality improvement projected to 2015 using Scale AA	RP-2014 Combined Annuitant Mortality Table for males and females

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

**OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED**

For the year ended June 30, 2018, the County recognized OPEB gain of \$4,200 for the PLD OPEB Plan. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to the PLD OPEB plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ -	38,100
Net difference between projected and actual earnings on OPEB plan investments	-	6,546
Changes in proportion and differences between County contributions and proportionate share of contributions	-	9,757
County contributions subsequent to the measurement date	1,243	-
Total	\$ 1,243	54,403

\$1,243 is reported as deferred outflows of resources related to the PLD OPEB plan resulting from County contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended June 30:</b>		
2019	\$	(11,207)
2020		(11,207)
2021		(11,207)
2022		(11,207)
2023		(9,575)

For the year ended June 30, 2018, the County recognized OPEB expense of \$47,460 related to the Health Plan. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to the Health Plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	138,060
Changes of assumption or other inputs	-	147,552
Total	\$ -	285,612

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

**OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Health Plan OPEB will be recognized in OPEB expense as follows:

<b>Year ended June 30:</b>	
2019	\$ (25,386)
2020	(25,386)
2021	(25,386)
2022	(25,386)
2023	(25,386)
Thereafter	(158,682)

**Actuarial Assumptions and Other Inputs** – The total OPEB liability in the June 30, 2017 actuarial valuations for the PLD OPEB plan was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

	<b>PLD OPEB Plan</b>
Inflation	2.75%
Salary increases	2.75% - 9.00%
Investment rate of return	6.875%

Mortality rates for the PLD OPEB plan were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, with adjustments ranging 104% to 120% based on actuarially determined demographic differences.

The actuarial assumptions used in the June 30, 2017 valuation for the PLD OPEB plan was based on the results of an actuarial experience study conducted for the period June 30, 2012 to June 30, 2015.

The total OPEB liability in the July 1, 2017 actuarial valuation for the Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00% per year
Salary increases	4.00% per year
Discount rate	3.45%
Healthcare cost trend rates	6.00% for 2018, 5.97% for 2019, decreasing 0.12% per year to an ultimate rate of 5.00% in 2028 and later years
Retirees' share of the benefit related costs	100% of projected health insurance premiums

Mortality rates for the Health Plan were based on the RP2014 Combined Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the July 1, 2017 valuation for the Health Plan was based on the results of an actuarial experience study for the period July 1, 2014 through June 30, 2015.

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

**OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED**

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.0%	6.0%
Real estate	5.0%	5.2%
Traditional credit	16.0%	3.0%
US Government Securities	9.0%	2.3%
Total	100.0%	

**Discount Rate** - The rate used to measure the total OPEB liability for the PLD OPEB plan was 5.41% which is a blend of the assumed long-term expected rate of return of 6.875% and a municipal bond index rate of 3.58%, based on the Bond Buyer GO 20-Year Municipal Bond Index as of June 30, 2017. Projections of the plan’s fiduciary net position indicate that it is not expected to be sufficient to make projected benefit payments for current members beyond 2052. Therefore, the portion of the future projected benefit payments after 2052 are discounted at the municipal bond index rate. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined.

The discount rate of 3.45% used to measure the OPEB liability for the Health plan was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the S&P Municipal Bond 20 Year High-Grade Rate Index as of May 1, 2018.

**Sensitivity of the County’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** - The following presents the County’s proportionate share of the net PLD OPEB plan liability calculated using the discount rate of 5.41%, as well as what the County’s proportionate share of the net PLD OPEB plan liability would be if it were calculated using a discount rate that is 1 percentage-point lower (4.41%) or 1 percentage-point higher (6.41%) than the current rate:

	1% Decrease (4.41%)	Discount Rate (5.41%)	1% Increase (6.41%)
Net OPEB liability	\$ 183,504	136,733	99,809

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

**OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED**

**Sensitivity of the Total Health Plan OPEB Liability to Changes in the Discount Rate** - The following presents the County's total OPEB liability related to the Health Plan calculated using the discount rate of 3.45%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.45%) or 1 percentage-point higher (4.45%) than the current rate:

		<b>1% Decrease (2.45%)</b>	<b>Discount Rate (3.45%)</b>	<b>1% Increase (4.45%)</b>
Total OPEB liability	\$	613,828	573,052	523,520

**Sensitivity of the Total Health Plan OPEB Liability to Changes in the Healthcare Cost Trend Rates** - The following presents the County's total OPEB liability related to the Health Plan calculated using the healthcare cost trend rates of 6.00% decreasing 0.12% per year, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

		<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Total OPEB liability	\$	511,425	573,052	645,275

**OPEB Plan Fiduciary Net Position** - Detailed information about the PLD OPEB plan's fiduciary net position are available in a separately issued MPERS financial report.

**NEW PRONOUNCEMENTS AND RESTATEMENT OF NET POSITION**

For the fiscal year ended June 30, 2018, the County has elected to implement Statement No. 75 of the Governmental Accounting Standards Board – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of implementing GASB Statement No. 75, the County has restated beginning net position in the government-wide statement of net position to account for the addition of the County's proportionate share of the PLD Plan net OPEB liability of \$196,625 and the County's increase in the Health Plan OPEB liability of \$611,804 and related deferred outflows for the District's contributions subsequent to the measurement date of \$1,290, which effectively decreased the District's net position as of July 1, 2017 by \$807,139.

Additionally, there were certain errors found where depreciation for certain capital assets was not calculated properly. Those amounts have been recalculated and corrected and the net position as of July 1, 2017 has been increased by \$58,533.

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

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

Last 10 Fiscal Years\*

	<u>2018**</u>	<u>2017**</u>	<u>2016**</u>	<u>2015**</u>
County's proportion of the net pension liability	0.5053%	0.5318%	0.5319%	0.4989%
County's proportionate share of the net pension liability	\$ 2,068,841	2,825,537	1,639,619	767,724
County's covered payroll	2,504,221	2,512,745	2,293,940	2,106,405
County's proportionate share of the net pension liability as a percentage of its covered payroll	82.61%	112.45%	71.48%	36.45%
Plan fiduciary net position as a percentage of of the total pension liability	86.43%	81.61%	88.27%	94.10%

\* Only four years of information available

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

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

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

Last 10 Fiscal Years\*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 280,639	259,044	249,938	197,462	171,793
Contributions in relation to the contractually required contribution	(280,639)	(259,044)	(249,938)	(197,462)	(171,793)
<b>Contribution deficiency (excess)</b>	-	-	-	-	-
County's covered payroll	2,608,969	2,504,221	2,512,745	2,293,940	2,106,405
Contributions as a percentage of covered payroll	10.76%	10.34%	9.95%	8.61%	8.16%

\* Only five years of information available

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

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**Schedule of Changes in the County's Total Health Plan OPEB Liability and Related Ratios**  
Last 10 Fiscal Years\*

		<u>2018</u>
<b>Total OPEB Liability</b>		
Service Cost	\$	55,524
Interest		27,806
Changes of benefit terms		-
Differences between expected and actual experience		(150,331)
Changes of assumptions or other inputs		(160,666)
Benefit payments		<u>(10,485)</u>
<b>Net change in total OPEB Liability</b>		<b>(238,152)</b>
Total OPEB liability - beginning		<u>811,204</u>
Total OPEB liability - ending	\$	<u>573,052</u>
Covered-employee payroll	\$	2,834,000
Total OPEB liability as a percentage of covered-employee payroll		20.22%

*\* Only one year of information available.*

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

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**Schedule of County's Proportionate Share of the Net OPEB Liability**  
 Last 10 Fiscal Years\*

	<u>2018</u>	<u>2017</u>
<b><u>PLD OPEB Plan</u></b>		
County's proportion of the net OPEB liability	0.8177%	0.8695%
County's proportionate share of the net OPEB liability	\$ 136,733	196,625
County's covered-employee payroll	2,942,644	2,838,633
County's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	4.65%	6.93%
Plan fiduciary net position as a percentage of the total OPEB liability	47.42%	unavailable

\* Only two years of information available. Amounts presented for each fiscal year were determined as of the end of the previous fiscal year.

**Schedule of County's Contributions**  
 Last 10 Fiscal Years\*

	<u>2018</u>	<u>2017</u>
<b><u>PLD OPEB Plan</u></b>		
Contractually required contribution	\$ 1,243	1,290
Contributions in relation to the contractually required contribution	(1,243)	(1,290)
Contribution deficiency (excess)	\$ -	-
County's covered-employee payroll	\$ 3,146,159	2,942,644
Contributions as a percentage of covered-employee payroll	0.04%	0.04%

\* Only two years of information available.

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

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**Notes to Required Supplementary Information**

**Changes of Benefit Terms (Pension) - None**

**Changes of Assumptions (Pension) -** The following are changes in actuarial assumptions used in the most recent valuations:

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Discount rate	6.875%	7.125%	7.250%	7.250%
Inflation rate	2.75%	3.50%	3.50%	3.50%
Salary increases	2.75-9.00%	3.50-9.50%	3.50-9.50%	3.50-9.50%
Cost of living increases	2.20%	2.55%	3.12%	3.12%

Mortality rates:

In 2015, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA. In 2016 and going forward, mortality rates were based on the RP2014 Total Data Set Health Annuitant Mortality Table.

*\* This schedule is intended to show information for ten years, but only the years in which changes occurred have been displayed. Additional years' information will be displayed as it becomes available.*

**Changes of Benefit Terms (OPEB PLD Plan) - None**

**Changes of Assumptions (OPEB PLD Plan) - None**

**Changes of Benefit Terms (OPEB Health Plan) - None**

**Changes of Assumptions (OPEB Health Plan) -** Changes of assumptions and other inputs for the Health Plan reflects the following changes:

	<u>2017</u>	<u>2018</u>
Discount Rate	4.00%	3.45%
Healthcare cost trend rates	7.80%	6.00%
Starting Per Capita Costs	Retiree \$21,484 Spouse \$26,708	Retiree \$23,077 Spouse \$28,688
Mortality Table	RP-2000 Combined Mortality Table for males and females with mortality improvement projected to 2015 using Scale AA	RP-2014 Combined Annuitant Mortality Table for males and females

**COMBINING AND INDIVIDUAL FUND FINANCIAL  
STATEMENTS**

## **NONMAJOR GOVERNMENTAL FUNDS**

### **OTHER GOVERNMENTAL FUNDS**

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

**COUNTY OF SAGadahoc, MAINE**  
**Other Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2018**

	Fund Balances (Deficits) Beginning of Year	Revenues			Expenditures	Fund Balances (Deficits) End of Year
		Inter- governmental	Other Revenues	Transfers		
Capital project funds	\$ 232,580	-	-	199,133	183,506	248,207
Special revenue funds:						
General:						
VOCA Grant	11,576	33,033	-	11,262	49,257	6,614
Deed Preservation Fund	75,856	-	20,568	-	31,197	65,227
Probate Preservation Fund	3,628	-	2,017	-	1,441	4,204
Civil Process	-	-	50,444	-	50,444	-
Sheriff grants and programs:						
Seatbelt Initiative Grant	3,581	7,234	-	-	6,037	4,778
OUI Emphasis Grant	(4,050)	17,544	-	-	12,811	683
Distracted Driving	-	12,796	-	-	14,401	(1,605)
Spillman Grant	-	-	-	-	5,297	(5,297)
Drug Seizure K-9 account	28,888	2,550	31	-	1,521	29,948
Byrne Grant	-	5,838	-	-	5,838	-
Electronic Monitoring Funds	3,674	-	-	-	-	3,674
EUDL	(528)	648	-	-	-	120
Ride Grant	(80)	22,954	-	-	14,965	7,909
Speed Enforcement Grant	(1,212)	17,747	-	-	4,910	11,625
EMA grants and programs:						
LEPC State	5,566	-	-	-	1,032	4,534
CRI	25	-	-	-	-	25
MEMA	(3,126)	-	-	-	-	(3,126)
Homeland Security FY 14	287	-	-	-	-	287
Homeland Security FY 15	-	-	-	-	187	(187)
Homeland Security FY 16	-	33,278	-	-	35,575	(2,297)
Homeland Security FY 17	-	22,689	-	-	23,363	(674)
Total special revenue funds	124,085	176,311	73,060	11,262	258,276	126,442
<b>Total other governmental funds</b>	<b>\$ 356,665</b>	<b>176,311</b>	<b>73,060</b>	<b>210,395</b>	<b>441,782</b>	<b>374,649</b>

# FIDUCIARY FUNDS

## FIDUCIARY FUNDS

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

### **Agency Funds**

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

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

#### **Registry of Probate**

To account for fees collected on behalf of other agencies.

**COUNTY OF SAGADAHOC, MAINE**  
**Fiduciary Funds**  
**Agency Fund**  
**Combining Balance Sheet**  
**June 30, 2018**

	D.A.'s Restitution	Probate	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,350	1,196	5,546
<b>Total assets</b>	<b>4,350</b>	<b>1,196</b>	<b>5,546</b>
<b>LIABILITIES</b>			
Accounts payable	4,350	-	4,350
Due to other governments	-	1,196	1,196
<b>Total liabilities</b>	<b>\$ 4,350</b>	<b>1,196</b>	<b>5,546</b>

**COUNTY OF SAGADAHOC, MAINE**  
**Fiduciary Funds**  
**Agency Fund**  
**Statement of Changes in Assets and Liabilities**  
**For the Year Ended June 30, 2018**

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12,056	119,157	125,667	5,546
<b>Total assets</b>	<b>12,056</b>	<b>119,157</b>	<b>125,667</b>	<b>5,546</b>
<b>LIABILITIES</b>				
Accounts payable	4,683	43,135	43,468	4,350
Due to other governments	7,373	76,022	82,199	1,196
<b>Total liabilities</b>	<b>\$ 12,056</b>	<b>119,157</b>	<b>125,667</b>	<b>5,546</b>

# STATISTICAL SECTION

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

<b>Contents</b>	<b>Table</b>
<b>Financial Trends</b> 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
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	6-8
<b>Debt Capacity</b> 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
<b>Demographic and Economic Information</b> This schedule offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	11
<b>Operating Information</b> This schedule contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	12

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

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

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Governmental activities</b>										
Net investment in capital assets	\$ 2,477,508	2,429,043	2,542,592	2,808,934	2,699,779	2,677,967	2,563,922	2,457,267	2,272,310	2,309,082
Restricted	-	-	253,397	296,612	309,367	340,493	267,081	349,565	384,885	455,800
Unrestricted	3,067,751	3,077,063	2,752,703	2,272,451	2,147,218	716,240	920,396	766,995	861,375	225,461
<b>Total governmental activities net position</b>	<b>\$ 5,545,259</b>	<b>5,506,106</b>	<b>5,548,692</b>	<b>5,377,997</b>	<b>5,156,364</b>	<b>3,734,700</b>	<b>3,751,399</b>	<b>3,573,827</b>	<b>3,518,570</b>	<b>2,990,343</b>

## Notes:

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

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

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Expenses</b>										
Governmental activities:										
General government	\$ 2,031,993	2,077,203	2,257,044	2,203,184	2,367,471	2,279,449	2,429,107	3,008,886	2,821,414	2,851,594
Public safety	5,886,499	3,389,464	3,425,656	3,337,450	3,264,488	3,466,246	2,887,843	2,690,226	2,782,193	2,868,134
Correction services	-	2,416,673	2,364,845	2,591,729	2,781,073	2,810,399	3,656,786	3,754,162	3,756,876	3,718,498
Capital maintenance	-	84,058	23,648	13,691	232,833	-	-	46,134	-	2,677
Miscellaneous	284,176	203,003	150,662	180,420	12,878	245,221	-	-	-	-
Interest on long-term debt	14,963	4,595	11,676	-	21,063	19,137	17,119	21,920	11,516	9,149
<b>Total governmental activities expenses</b>	<b>8,217,631</b>	<b>8,174,996</b>	<b>8,233,531</b>	<b>8,326,474</b>	<b>8,679,806</b>	<b>8,820,452</b>	<b>8,990,855</b>	<b>9,521,328</b>	<b>9,371,999</b>	<b>9,450,052</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services	477,189	469,742	479,110	460,994	500,188	480,678	515,121	526,285	613,340	629,664
Operating grants and contributions	506,901	297,172	339,222	349,254	309,827	371,486	389,807	540,513	471,111	576,924
Capital grants and contributions	-	-	-	-	-	-	-	3,842	-	-
<b>Total governmental activities program revenues</b>	<b>984,090</b>	<b>766,914</b>	<b>818,332</b>	<b>810,248</b>	<b>810,015</b>	<b>852,164</b>	<b>904,928</b>	<b>1,070,640</b>	<b>1,084,451</b>	<b>1,206,588</b>
<b>Net (expense) revenue</b>										
Total governmental activities net expenses	\$ (7,233,541)	(7,408,082)	(7,415,199)	(7,516,226)	(7,869,791)	(7,968,288)	(8,085,927)	(8,450,688)	(8,287,548)	(8,243,464)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Tax assessments	7,232,232	7,232,232	7,232,232	7,232,232	7,608,238	7,842,074	8,064,121	8,197,291	8,185,794	8,422,172
Jail returned surplus	265,860	-	-	-	-	-	-	-	-	-
Miscellaneous	55,218	108,191	147,261	62,915	61,402	46,688	47,936	14,461	23,260	11,069
Unrestricted interest income	67,326	28,506	8,574	8,828	7,922	8,227	12,144	22,550	23,237	30,602
Loss on disposal of assets	-	-	-	(9,806)	(29,404)	-	(21,575)	(7,374)	-	-
<b>Total governmental activities</b>	<b>7,620,636</b>	<b>7,368,929</b>	<b>7,388,067</b>	<b>7,294,169</b>	<b>7,648,158</b>	<b>7,896,989</b>	<b>8,102,626</b>	<b>8,226,928</b>	<b>8,232,291</b>	<b>8,463,843</b>
<b>Change in net position of governmental activities</b>	<b>\$ 387,095</b>	<b>(39,153)</b>	<b>(27,132)</b>	<b>(222,057)</b>	<b>(221,633)</b>	<b>(71,299)</b>	<b>16,699</b>	<b>(223,760)</b>	<b>(55,257)</b>	<b>220,379</b>

## Notes:

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

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

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund:										
Nonspendable	\$ -	-	-	92,995	123,559	148,122	37,374	246,248	36,873	38,066
Committed	262,037	262,037	252,073	217,707	188,221	187,896	261,952	321,349	664,363	752,598
Assigned	-	-	761,764	512,576	447,799	341,320	268,503	399,237	292,846	552,654
Unassigned	2,335,604	2,368,642	1,526,952	1,527,625	1,484,284	1,467,186	1,668,567	1,513,686	1,825,825	1,741,890
<b>Total General Fund</b>	<b>2,597,641</b>	<b>2,630,679</b>	<b>2,540,789</b>	<b>2,350,903</b>	<b>2,243,863</b>	<b>2,144,524</b>	<b>2,236,396</b>	<b>2,480,520</b>	<b>2,819,907</b>	<b>3,085,208</b>
All Other Governmental Funds:										
Restricted	153,912	212,771	345,419	296,612	309,367	340,493	267,081	349,565	384,885	455,800
Committed	522,253	437,863	351,357	135,035	123,115	133,314	120,067	150,730	232,580	248,207
Unassigned	-	-	-	-	-	(3,932)	-	(17,011)	(8,996)	(13,186)
<b>Total all other governmental funds</b>	<b>\$ 676,165</b>	<b>650,634</b>	<b>696,776</b>	<b>431,647</b>	<b>432,482</b>	<b>469,875</b>	<b>387,148</b>	<b>483,284</b>	<b>608,469</b>	<b>690,821</b>

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

Table 4

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

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Revenues</b>										
Taxes	\$ 7,232,232	7,232,232	7,232,232	7,232,232	7,608,238	7,842,074	8,064,121	8,197,291	8,185,794	8,422,172
Fees	353,189	389,262	406,522	359,064	401,625	384,616	419,912	414,354	432,393	445,774
Intergovernmental	681,713	379,177	439,012	408,962	364,271	395,983	425,245	544,355	471,111	576,924
Charges for services	95,622	80,480	72,588	8,053	5,659	9,181	94,219	111,931	180,947	183,890
Interest	78,653	28,506	8,574	8,828	7,922	8,227	12,144	22,550	23,237	30,602
Other	163,317	26,186	47,471	97,084	99,862	109,072	13,488	14,461	23,259	11,069
<b>Total revenues</b>	<b>8,604,726</b>	<b>8,135,843</b>	<b>8,206,399</b>	<b>8,114,223</b>	<b>8,487,577</b>	<b>8,749,153</b>	<b>9,029,129</b>	<b>9,304,942</b>	<b>9,316,741</b>	<b>9,670,431</b>
<b>Expenditures</b>										
General government	1,858,910	1,922,249	2,093,768	2,034,483	2,173,676	2,252,314	2,446,098	2,489,694	2,369,742	2,620,432
Public safety	4,720,489	2,255,871	2,279,863	2,269,712	2,242,957	2,326,863	2,621,687	2,556,013	2,553,676	2,708,383
Correction services and transport	-	2,416,673	2,360,817	2,592,194	2,779,555	2,815,324	2,767,634	2,887,465	2,877,504	2,867,452
Miscellaneous	284,176	203,003	150,662	338,346	232,833	245,221	-	-	-	-
Debt service (including Jail)	1,116,141	1,097,607	1,217,075	1,060,601	1,036,001	1,011,401	956,259	926,938	941,487	914,838
Capital outlay	527,236	232,933	217,680	825,264	128,760	159,976	220,277	104,572	109,760	211,673
<b>Total expenditures</b>	<b>8,506,952</b>	<b>8,128,336</b>	<b>8,319,865</b>	<b>9,120,600</b>	<b>8,593,782</b>	<b>8,811,099</b>	<b>9,011,955</b>	<b>8,964,682</b>	<b>8,852,169</b>	<b>9,322,778</b>
Excess (deficiency) of revenues over (under) expenditures	97,774	7,507	(113,466)	(1,006,377)	(106,205)	(61,946)	17,174	340,260	464,572	347,653
<b>Other financing sources (uses)</b>										
Proceeds from borrowing	250,000	-	-	500,000	-	-	-	-	-	-
Transfer in	118,754	173,187	123,063	134,121	106,598	184,029	146,601	142,597	202,939	210,395
Transfer out	(118,754)	(173,187)	(123,063)	(134,121)	(106,598)	(184,029)	(146,601)	(142,597)	(202,939)	(210,395)
<b>Total other financing sources (uses)</b>	<b>250,000</b>	<b>-</b>	<b>-</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ 347,774</b>	<b>7,507</b>	<b>(113,466)</b>	<b>(506,377)</b>	<b>(106,205)</b>	<b>(61,946)</b>	<b>17,174</b>	<b>340,260</b>	<b>464,572</b>	<b>347,653</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>13.99%</b>	<b>13.90%</b>	<b>15.02%</b>	<b>12.79%</b>	<b>12.24%</b>	<b>11.69%</b>	<b>10.88%</b>	<b>10.46%</b>	<b>10.79%</b>	<b>10.04%</b>

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

	Program Revenues by Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Function/Program</b>										
Governmental activities:										
General government	\$ 413,546	389,262	406,522	452,941	494,529	471,497	441,195	525,413	539,042	551,442
Public safety	570,544	225,195	259,237	204,773	161,451	227,257	310,082	228,771	272,447	352,264
Correction services	-	152,457	152,573	152,534	154,035	153,410	153,651	312,614	272,962	302,882
Capital maintenance	-	-	-	-	-	-	-	3,842	-	-
<b>Total governmental activities</b>	<b>\$ 984,090</b>	<b>766,914</b>	<b>818,332</b>	<b>810,248</b>	<b>810,015</b>	<b>852,164</b>	<b>904,928</b>	<b>1,070,640</b>	<b>1,084,451</b>	<b>1,206,588</b>

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

<u>Year *</u>	<u>State Valuation (a)</u>	<u>County Tax</u>	<u>Total Direct Tax Value (b)</u>
2009	\$ 4,527,600,000	7,232,232	1.5974
2010	4,704,200,000	7,232,232	1.5374
2011	4,558,500,000	7,232,232	1.5865
2012	4,369,500,000	7,608,238	1.7412
2013	4,249,550,000	7,842,074	1.8454
2014	4,246,900,000	8,063,859	1.8987
2015	4,295,950,000	8,197,291	1.9081
2016	4,396,950,000	8,185,529	1.8616
2017	4,507,750,000	8,422,172	1.8684
2018	4,576,300,000	8,358,854	1.8266

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

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

\* Year in which tax was committed.

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

<u>Year *</u>	<u>Arrowsic</u>	<u>Bath</u>	<u>Bowdoin</u>	<u>Bowdoinham</u>	<u>Georgetown</u>	<u>Phippsburg</u>	<u>Richmond</u>	<u>Topsham</u>	<u>West Bath</u>	<u>Woolwich</u>	<u>Total</u>
2009	\$ 138,136	1,633,038	338,468	399,219	844,002	1,008,896	430,318	1,319,159	555,435	565,561	7,232,232
2010	151,154	1,516,599	357,272	411,514	809,287	994,432	459,247	1,402,330	558,328	572,069	7,232,232
2011	153,323	1,489,840	373,906	423,809	820,858	1,018,298	444,059	1,329,284	563,391	615,464	7,232,232
2012	155,969	1,575,666	393,346	427,583	856,688	1,080,370	457,255	1,402,198	607,898	651,265	7,608,238
2013	149,784	1,649,188	410,141	430,530	828,907	1,123,769	498,756	1,442,157	628,150	680,692	7,842,074
2014	161,277	1,674,864	417,708	442,706	890,250	1,181,355	499,959	1,486,976	624,949	683,815	8,063,859
2015	163,126	1,694,380	418,882	452,490	904,161	1,200,903	484,460	1,557,485	627,093	694,311	8,197,291
2016	166,985	1,671,485	419,917	460,845	889,767	1,181,172	485,402	1,583,900	626,193	699,863	8,185,529
2017	166,759	1,744,231	429,531	471,642	865,799	1,223,742	493,539	1,654,957	651,876	720,096	8,422,172
2018	168,849	1,730,283	431,317	483,142	813,316	1,181,942	497,352	1,668,427	660,349	723,877	8,358,854

\* - Year in which tax was committed.

Table 8

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

Taxpayer	2018			2009		
	State Taxable Assessed Valuation	Rank	Percentage of State Taxable Assessed Valuation	State Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Bath	\$ 947,500,000	1	20.70%	980,350,000	1	21.65%
Topsham	913,450,000	2	19.96%	819,150,000	2	18.09%
Phippsburg	647,150,000	3	14.14%	622,900,000	3	13.76%
Georgetown	445,000,000	4	9.72%	516,650,000	4	11.41%
Woolwich	396,400,000	5	8.66%	379,300,000	5	8.38%
West Bath	361,650,000	6	7.90%	351,700,000	6	7.77%
Richmond	272,100,000	7	5.95%	280,200,000	7	6.19%
Bowdoinham	264,450,000	8	5.78%	260,600,000	8	5.76%
Bowdoin	236,100,000	9	5.16%	221,900,000	9	4.90%
Arrowsic	92,500,000	10	2.02%	94,850,000	10	2.09%
	<b>\$ 4,576,300,000</b>		<b>100.00%</b>	<b>4,527,600,000</b>		<b>100.00%</b>

Table 9

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

<u>Fiscal Year</u>	<u>General Obligation Bonds / Notes</u>	<u>Capital Lease</u>	<u>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>
2009	\$ -	221,785	221,785	35,214	19,533	717,590,892	0.03%	6.30	0.01%
2010	-	181,386	181,386	35,214	26,769	942,643,566	0.02%	5.15	0.03%
2011	-	-	-	35,293	26,769	944,758,317	0.00%	-	0.00%
2012	-	438,812	438,812	35,293	26,983	952,311,019	0.05%	12.43	0.05%
2013	-	398,687	398,687	35,293	28,370	1,001,262,410	0.04%	11.30	0.04%
2014	-	356,636	356,636	35,293	28,122	992,509,746	0.04%	10.11	0.03%
2015	-	312,567	312,567	35,045	28,829	1,010,312,305	0.03%	8.92	0.03%
2016	-	266,382	266,382	35,149	29,879	1,050,216,971	0.03%	7.58	0.01%
2017	-	217,981	217,981	35,273	30,062	1,060,376,926	0.02%	6.18	0.01%
2018	-	167,256	167,256	35,392	31,085	1,100,160,320	0.02%	4.73	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**  
**6/30/2018**

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 2018**

State valuation	<u>\$ 4,576,300,000</u>
Debt Limit - 15% of State Valuation	686,445,000
Less outstanding debt applicable to debt limit	<u>167,256</u>
<b>Legal debt margin</b>	<b><u>\$ 686,277,744</u></b>

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit	\$ 679,140,000	705,630,000	683,775,000	655,425,000	637,033,813	637,035,000	644,392,500	659,542,500	676,162,500	686,445,000
Total debt applicable to limit	221,785	181,386	-	438,812	398,687	356,636	312,567	266,382	217,981	167,256
<b>Legal debt margin</b>	<b>\$ 678,918,215</b>	<b>705,448,614</b>	<b>683,775,000</b>	<b>654,986,188</b>	<b>636,635,126</b>	<b>636,678,364</b>	<b>644,079,933</b>	<b>659,276,118</b>	<b>675,944,519</b>	<b>686,277,744</b>
Total debt applicable to the limit as a percentage of debt limit	0.03%	0.03%	0.00%	0.07%	0.06%	0.06%	0.05%	0.04%	0.03%	0.02%

Table 11

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

<u>Fiscal Year</u>	<u>Population (a)</u>		<u>Personal Income</u>	<u>Per Capita Personal Income (b)</u>	<u>Unemployment Rate (b)</u>
2009	35,214	\$	717,590,892	20,378	7.00%
2010	35,214		942,643,566	26,769	7.00%
2011	35,293		944,758,317	26,769	7.00%
2012	35,293		952,311,019	26,983	6.50%
2013	35,293		1,001,262,410	28,370	4.70%
2014	35,293		992,509,746	28,122	4.20%
2015	35,045		1,010,312,305	28,829	4.70%
2016	35,149		1,050,216,971	29,879	3.50%
2017	35,273		1,060,376,926	30,062	2.90%
2018	35,392		1,100,160,320	31,085	2.70%

(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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General government:										
Administration	8.5	9	9.5	9	9.5	9.5	9.5	9.5	9.5	9.5
District Attorney	4	4	4	4	4	3	3	4	4	4.5
D. A. Grant Positions	1	1	1	1	1	1	1	1	1	1
Registrar of Deeds	3	3	3	3	3	3.5	3.5	3.5	3	3
Register of Probate	2.5	3.5	3.5	3.5	3.5	3	3	3	2.5	3.5
Public safety:										
Sheriff	21	21	21	22	21	21	22	21	21	21
Sheriff Grant Positions	-	-	-	-	-	-	-	1	1	1
Transport/Corrections	5	4.5	5.5	4.5	5.5	4.5	4.5	4	4	4
Communications	15	15	16	16	16	16	16	17	17	17
Emergency Management	1.5	1.5	1.5	1.5	1.5	2	2	2	2	2
<b>Total</b>	<b>61.5</b>	<b>62.5</b>	<b>65</b>	<b>64.5</b>	<b>65</b>	<b>63.5</b>	<b>64.5</b>	<b>66</b>	<b>65</b>	<b>66.5</b>

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