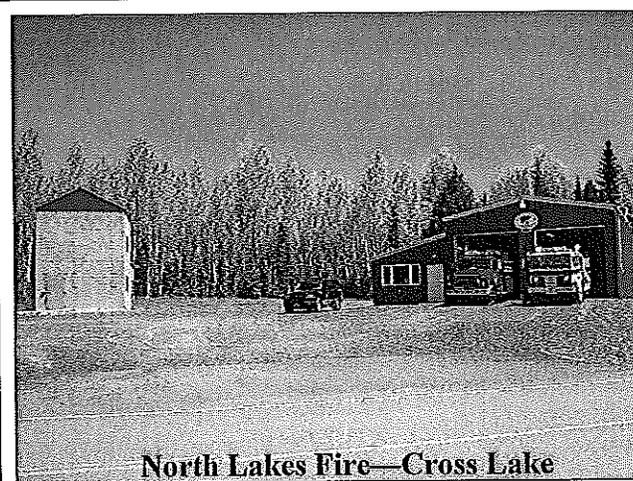
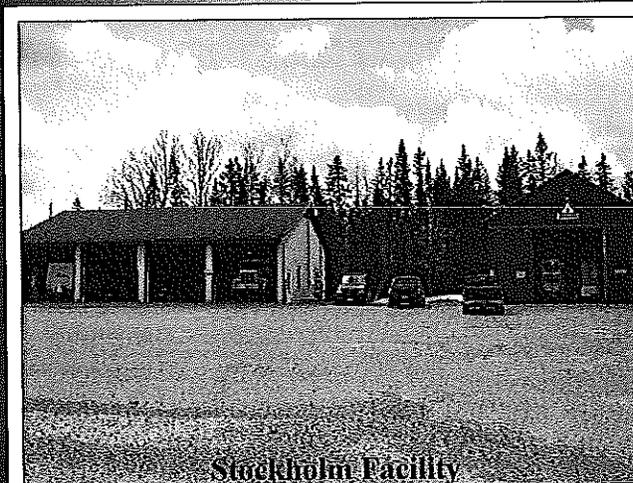


North Lakes Fire—Simelau



North Lakes Fire—Cross Lake



Stockholm Facility

**COUNTY
OF
AROOSTOOK**

STATE OF MAINE

**ANNUAL REPORT
FISCAL YEAR 2009**

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ANNUAL REPORT OF AROOSTOOK COUNTY

For Fiscal Year 2009
30-A MRSA, Sections 183 & 952

The County Commissioners of each county shall publish annually a complete report subject to the following provisions:

It shall contain a record of all financial transactions of the county during the last fiscal year, showing all revenue receipts by sources and showing all disbursements for each department by major items of expense comparable with the approved budgetary expenditure classifications under the captions of personal services, contractual services, commodities, debt service and capital expenditures.

This reporting to be made in such manner or format recommended by the State Department of Audit.

It shall contain a detail statement of the assets, liabilities, general, special and capital reserves and surplus of the county.

It shall contain the statement that the complete post-audit report for the last fiscal year is on file at the County Commissioners' Office and the following excerpts from that report:

- A. Auditor's comments and suggestions for improving the financial administration;
- B. Comparative balance sheet;
- C. Statement of departmental operations;
- D. Analysis of surplus;
- E. Statement of public debt.

Copies of the report shall be deposited in the County Commissioners' Office or a convenient place of business for distribution to the public, and shall be distributed to each municipality in the county.

Copies of the report and all county records shall be kept in the County Commissioners' Office and shall be open to the inspection of the public during usual business hours.

At the end of each year, in cooperation with the commissioners, each treasurer shall make a statement of the financial condition of the county and shall publish in pamphlet form a reasonable number of copies for distribution among its citizens. This statement must show in detail all money received into and paid out of the county treasury, including a statement in detail of:

- 1. Unclaimed inheritances. All sums received under Title 18-A, section 3-914;
- 2. Division among accounts. The division of money among general, special and capital reserve accounts and the amounts remaining in each account;
- 3. Federal funds. All federal funds received; and
- 4. Facts and statistics. Other facts and statistics necessary to exhibit the true state of the county's finances, including the number of weeks board and expense of clothing furnished prisoners.

State of Maine – County of Aroostook
Official Register for 2009

Superior Court

Hon. E. Allen Hunter, *Justice* – Vickie A. Harris, *Clerk of Courts*

District Courts

DISTRICT I (AROOSTOOK COUNTY)

Hon. Ronald Daigle, *Presiding Judge*

Vickie A. Harris, Clerk
Caribou Courthouse
Eastern Aroostook
Caribou, Maine 04736
493-3144

Linda Cyr, Clerk
Municipal Building
Western Aroostook
Madawaska, Maine 04756
728-4700

Linda Cyr, Clerk
Courthouse
Western Aroostook
Fort Kent, Maine 04743
834-5003

Regular court days are during the second and fourth weeks of each month on Tuesday and Thursday in Caribou, on Monday in Madawaska, and on Wednesday in Fort Kent. On the fourth Friday of each month, court is held in Caribou for juveniles only. During the first and third weeks of each month court is held for contested cases only, and may be held at any one of the three courts.

DISTRICT II (AROOSTOOK COUNTY)

Hon. Bernard O'Mara, *Presiding Judge*

Sandra Thomas, Clerk
Courthouse
Central Aroostook
Presque Isle, Maine 04769
764-2055

Angela Graham, Clerk Pro-tem
Houlton District Court Building
Southern Aroostook
Houlton, Maine 04730
532-2147

Regular court days are Tuesday, Wednesday and Thursday in Presque Isle and Monday and Tuesday in Houlton.

COUNTY COMMISSIONERS

Paul J. Adams	Houlton
Norman L. Fournier	Wallagrass
Paul J. Underwood	Presque Isle

COUNTY ADMINISTRATOR

Douglas F. Beaulieu	Madawaska
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JUDGE OF PROBATE

James P. Dunleavy	Presque Isle
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REGISTER OF PROBATE

Joanne Carpenter	Houlton
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REGISTER OF DEEDS, SOUTHERN DISTRICT

Patricia Brown	Houlton
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REGISTER OF DEEDS, NORTHERN DISTRICT

Louise M. Caron	Fort Kent
-----------------	-----------

COUNTY TREASURER

Wilfred J. Bell	Caribou
-----------------	---------

SHERIFF

James P. Madore	Madawaska
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COUNTY CLERK

Douglas F. Beaulieu	Madawaska
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DIRECTOR, EMERGENCY MANAGEMENT AGENCY

Vernon R. Ouellette	Van Buren
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PUBLIC WORKS DIRECTOR FOR THE UNORGANIZED TERRITORY

Paul G. Bernier	Frenchville
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OFFICE OF THE DISTRICT ATTORNEY

Neale T. Adams – District Attorney	Presque Isle
Todd R. Collins, Assistant District Attorney	Presque Isle
Carrie L. Linthicum – Deputy District Attorney	Castle Hill
Patrick H. Gordon – Assistant District Attorney	Houlton
John Pluto, Assistant District Attorney	Van Buren

2009
AROOSTOOK COUNTY LEGISLATIVE DELEGATION

Sen. Roger L. Sherman – Dist. 34	Houlton
Sen. Troy Jackson – Dist. 35	Fort Kent
Rep. John L. Martin – Dist. 1	Eagle Lake
Rep. Charles Ken Theriault – Dist. 2	Madawaska
Rep. Bernard L.A. Ayotte – Dist. 3	Caswell
Rep. Peter Edgecomb – Dist. 4	Caribou
Rep. Michael Willette – Dist. 5	Presque Isle
Rep. Tyler Clark – Dist. 6	Easton
Rep. Patricia B. Sutherland – Dist. 7	Chapman
Rep. Richard C. Cleary – Dist. 8	Houlton
Rep. Henry L. Joy – Dist. 9	Island Falls

2009
AROOSTOOK COUNTY FINANCE COMMITTEE

DISTRICT I

Area 1 – Durward Humphrey	Benedicta
Area 2 – Ralph A. Ivey	Houlton
Area 3 – Jackie Bradley	Easton

DISTRICT II

Area 4 – Tammy M. Getchell	Mapleton
Area 5 – Dana Lougee	Presque Isle
Area 6 – Richard A. Fortier	Caribou

DISTRICT III

Area 7 – Malachi F. Anderson	Woodland
Area 8 – Reynold Raymond	Eagle Lake
Area 9 – Nelson Jandreau	Madawaska

COUNTY COMMISSIONERS

TO THE CITIZENS OF AROOSTOOK COUNTY

The County's annual report for 2009 includes a summary of the accomplishments of each county department. The audits and financial statements for the General Fund and Unorganized Territory Fund indicate a favorable financial condition for Aroostook County Government.

A listing of members and staff of the Judiciary, Elected and Appointed County Officials, our Legislative Delegation, and members of the Finance Committee can be found at the beginning of our report.

Copies of this report are available at the County Commissioners' Office, located in the Caribou Courthouse at 144 Sweden Street or at any municipal office in Aroostook County.

General Fund

Appropriations for the general fund totaled \$6,596,272.00. Revenues and credits used to lower the tax burden were projected at \$1,838,663.00, thus leaving an amount of \$4,757,609.00 plus \$93,783.00 in overlay to be raised by taxes.

Highlights - Capital Improvement Account

Building improvements and equipment purchases scheduled for 2009 included the following:

Emergency Management Agency – Vehicle & Improvement	\$ 4,500.00
District Attorney – Office & Computer Equipment	\$ 2,000.00
Administration - Office Equipment	\$ 800.00
Superior Court Bldg. - Improvements & Equipment	\$ 17,830.00
Houlton Building Complex – Improvements & Equipment	\$ 15,500.00
Houlton District Court Building – Improvements & Equip	\$ 38,969.00
Caribou Courthouse – Improvements & Equipment	\$ 45,304.00
Fort Kent Registry Bldg. - Improvements & Equipment	\$ 14,645.00
Registry of Deeds Fort Kent – Office Equipment	\$ 500.00
Register of Probate – Office Equipment	\$ 1,039.00
Sheriff's Dept. (Law Enforcement) - Vehicles & Equipment	\$ 56,000.00
Telecommunications	\$ 1,500.00
Underground Tanks	\$ 1,000.00
	<u>\$199,587.00</u>

Unorganized Territory Fund

Expenditures for services to the Unorganized Territory for the year 2009-10 amounted to \$1,233,965.00. Revenues and credits used to lower the tax assessment were projected at \$348,548.00. The net assessment was \$885,417.00. This net assessment was included in the state's budget for the services they provide to the Unorganized Territory and was assessed by the State of Maine to the taxpayers of the Unorganized Territory.

In closing, we would like to thank the members of the Finance Committee for their continuing commitment to and support of Aroostook County Government. Our department heads and staff are to be recognized for their continued dedication.

Douglas F. Beaulieu
County Administrator

Paul J. Adams
Norman L. Fournier
Paul J. Underwood

COUNTY TREASURER

Wilfred J. Bell
Treasurer



County Government is Maine's oldest form of Government, predating Statehood and even the Declaration of Independence. Maine has 16 counties with Aroostook being the largest county east of the Mississippi River.

The County is the only regional form of government that officials are directly elected by the voters. There has always been a role for County Government, providing the Democratic institutions, which operate at the regional level between municipalities and State.

National and state financial reductions have created a challenge to all government entities to operate with less. The State of Maine takeover of county jails has also increased the financial challenge for counties.

The County began 2009 with a balance of \$1,364,590.84. In April the County obtained a line-of-credit of \$1,600,000.00, in anticipation of county taxes, and ended the year with a balance of \$1,609,172.74, with the loan repaid.

Sound management by the County Administrator, fiscal responsibility of the County Commissioners' and the vigilance of the staff and the Finance Committee have all gone to moderate the size of the budget and necessary spending.

**COUNTY OF AROOSTOOK
FOR THE YEAR 2009**

Expenses estimated by the County Commissioners of Aroostook County for the year 2009,
for which a County Tax was assessed.

Emergency Management Agency	117,594.00
Emergency Planning	11,690.00
District Attorney	378,763.00
Administration	423,561.00
Workforce Investment Act (WIA)	146,938.00
Superior Court Building	65,572.00
Houlton Building Complex	58,226.00
Houlton District Court Building	38,819.00
Caribou Courthouse	190,322.00
Fort Kent Registry Building	62,410.00
Registry of Deeds South	186,179.00
Registry of Deeds North	130,327.00
Registry of Probate	204,251.00
Law Enforcement	1,128,128.00
Fire Marshal	10,000.00
Audit	4,200.00
Wide Area Network (WAN)	50,000.00
Interest Expense	24,000.00
Employee Benefits	5,000.00
Copiers	21,000.00
Program Grants	231,514.00
County Insurance	67,607.00
5-Year Capital Improvements	199,587.00
Capital Reserves	326,000.00
PSAP	189,768.00
MCCA Convention	500.00
Internet Web Site	500.00
Personnel Services	<u>7,150.00</u>
TOTAL (NON-CORRECTIONAL SERVICES) EXPENDITURES	\$4,279,606.00
ESTIMATED NON-CORRECTIONAL SERVICES REVENUE	<u>\$1,838,663.00</u>
NET NON-CORRECTIONAL ASSESSMENT	\$2,440,943.00
Total (CORRECTIONAL SERVICES ASSESSMENT)	<u>\$2,316,666.00</u>
 AMOUNT TO BE RAISED BY TAXES	 <u>\$4,757,609.00</u>
 2% OVERLAY	 <u>\$93,783.00</u>
 TOTAL TAX COMMITMENT FOR 2009	 <u>\$4,851,392.00</u>

COUNTY COMMISSIONERS' COURT

In accordance with 30-A M.R.S.A., Section 71:

The County Commissioners shall hold sessions in the county seat at least 3 times annually in different months and at other times or other places which they may designate. The County Commissioners shall give public notice of the time and place of each regular meeting of the commissioners at least 7 days before the meeting. Any policy decisions made by the County Commissioners at meetings other than their regular meetings shall be recorded in the minutes of the next regular meeting after the decision is made. Regular meetings are held on the first and third Wednesday of every month in Houlton, Fort Kent and Caribou, on a rotating basis.

<u>MUNICIPALITY</u>	<u>2009 TAX</u>	<u>2009 PAID</u>
Allagash	\$30,028.80	\$30,028.80
Amity	\$13,001.60	\$13,001.60
Ashland	\$85,462.40	\$85,462.40
Bancroft	\$6,636.80	\$6,636.80
Blaine	\$31,334.40	\$31,334.40
Bridgewater	\$32,694.40	\$32,694.40
Caribou	\$351,859.20	\$351,859.20
Castle Hill	\$23,827.20	\$23,827.20
Caswell	\$18,332.80	\$18,332.80
Chapman	\$25,840.00	\$25,840.00
Crystal	\$15,830.40	\$15,830.40
Dyer Brook	\$16,483.20	\$16,483.20
Eagle Lake	\$70,448.00	\$70,446.00
Easton	\$157,433.60	\$157,433.60
Fort Fairfield	\$175,657.60	\$175,657.60
Fort Kent	\$213,574.40	\$213,574.40
Frenchville	\$53,420.80	\$53,420.80
Grand Isle	\$20,182.40	\$20,182.40
Hamlin	\$19,638.40	\$19,638.40
Hammond	\$6,256.00	\$6,256.00
Haynesville	\$9,302.40	\$9,302.40
Hersey	\$8,595.20	\$8,595.20
Hodgdon	\$54,780.80	\$54,780.80
Houlton	\$282,009.60	\$282,009.60
Island Falls	\$78,499.20	\$78,499.20
Limestone	\$70,176.00	\$70,176.00
Linneus	\$58,316.80	\$58,316.80
Littleton	\$53,257.60	\$53,257.60
Ludlow	\$20,236.80	\$20,236.80

Madawaska	\$423,286.40	\$423,286.40
Mapleton	\$117,068.80	\$117,068.80
Mars Hill	\$91,228.80	\$91,228.80
Masardis	\$26,384.00	\$26,384.00
Merrill	\$14,361.60	\$14,361.60
Monticello	\$42,214.40	\$42,214.40
New Canada	\$22,140.80	\$22,140.80
New Limerick	\$83,721.60	\$83,721.60
New Sweden	\$37,209.60	\$37,209.60
Oakfield	\$43,683.20	\$43,683.20
Orient	\$38,624.00	\$38,624.00
Perham	\$22,739.20	\$22,739.20
Portage Lake	\$66,204.80	\$66,204.80
Presque Isle	\$560,972.80	\$560,972.80
St. Agatha	\$66,640.00	\$66,640.00
St. Francis	\$30,464.00	\$30,464.00
Sherman	\$47,164.80	\$47,164.80
Smyrna	\$19,692.80	\$19,692.80
Stockholm	\$16,048.00	\$16,048.00
Van Buren	\$72,460.80	\$72,460.80
Wade	\$14,524.80	\$14,524.80
Wallagrass	\$35,904.00	\$35,904.00
Washburn	\$62,723.20	\$62,723.20
Westfield	\$28,886.40	\$28,886.40
Westmanland	\$16,211.20	\$16,211.20
Weston	\$37,808.00	\$37,808.00
Woodland	\$57,120.00	\$57,120.00
Cary Plantation	\$11,750.40	\$11,750.40
Cyr Plantation	\$10,172.80	\$10,172.80
Garfield Plantation	\$8,649.60	\$8,649.60
Glenwood Plantation	\$5,168.00	\$5,168.00
Macwahoc Plantation	\$7,180.80	\$7,180.80
Moro Plantation	\$11,043.20	\$11,043.20
Nashville Plantation	\$24,044.80	\$24,044.80
Oxbow Plantation	\$8,921.60	\$8,921.60
Reed Plantation	\$11,641.60	\$11,641.60
St. John Plantation	\$17,516.80	\$17,516.80
Winterville Plantation	\$36,176.00	\$36,176.00
Unorganized Territory	<u>\$600,521.60</u>	<u>\$600,521.60</u>
TOTAL	<u>\$4,851,392.00</u>	<u>\$4,851,392.00</u>

DISTRICT ATTORNEY

Neale Adams

District Attorney

Prosecutorial District 8



The year 2009 is not one we expect to forget as we faced many personnel challenges. The most difficult was the sudden, unexpected death of our longtime friend, colleague and Victim-Witness Advocate, Janet Bouchard, in May. Janet had been with us over 20 years, one of the longest serving advocates in the state (along with our Houlton Advocate, Becky Miller). The Maine Advocates Association thought highly enough of Janet to vote to donate funds to us to provide a suitable memorial, which will be dedicated in 2010. Janet's loss is forever, but we experienced others of shorter duration, as Secretaries Brandy Fuller, in Houlton, and Mandi Landeen, in Caribou, as well as Advocate Yue Ying Bloomer, in Presque Isle, enjoyed their new babies (girl, boy, girl) on maternity leaves. Assistant District Attorney, Catherine Lindberg left us in May, after more than 6 years, to join her husband, Bruce, in Lee. However, we were surprised when John Pluto decided to return to us in September from his eight-year exile in York County.

Because we were able to obtain a small three-year grant, the Commissioners authorized us to employ a full time advocate in Caribou. (Janet had been part-time.) In November we hired Kim Ouellette for that position, and when Yue Ying Bloomer resigned her Advocate position in December, we transferred her restitution duties back to Kim in Caribou.

Renovations to the Superior Court building in Houlton were completed and we moved there from the old District Court building across the street, switching space with part of the Sheriff's Office. Bryan Jandreau and his Houlton staff (Dan and Dan) did a terrific job overseeing the renovations and easing our transition. We are now properly in the same building where both courts we serve meet.

Notwithstanding the staffing pressures we experienced, we still managed to tackle some of our duties. The table on the next page reflects our efforts over the years at obtaining restitution for victims of crime. As is apparent we have been able the past two years to cut into some of the backlog, by paying out more than we have collected, thereby reducing amounts we are holding that should be dispersed to victims. However, it is also clear that we are collecting from defendants only about half the amount they have been ordered to pay. It is not unusual for persons who are convicted of offenses to be a significant expense to victims and society alike, from the damage caused by the crimes, to the costs of prosecution, defense, incarceration and supervision. More than half a million dollars is outstanding, and we need to make stronger efforts to hold defendants to account, to make up for some of their costs.

Year	Money Court Ordered	Money Collected	Money Paid to Victims
2004	\$107,014.00	\$ 74,213.90	\$ 77,041.00
2005	\$153,945.00	\$ 79,233.48	\$ 72,315.00
2006	\$195,481.00	\$110,853.00	\$101,375.00
2007	\$182,762.00	\$ 72,246.00	\$ 58,781.00
2008	\$157,561.00	\$ 60,841.00	\$ 85,675.00
2009	\$182,367.00	\$ 67,931.00	\$ 71,188.00
Per Cent Change 2008-2009	15.7% Increase	11.6% Increase	16.9% Decrease

Our caseload backlog continued to grow as we opened 100 more cases than in 2008, and closed 170 fewer. And the types of cases are significant as well, as represented by the need to indict so many, shown below.

INDICTMENTS 1997-2009

Year	January	March	May	July	September	November	Total
1997	34	29	25	38	28	52	206
1998		44	22	22	38	45	171
1999	39	30	32	41	18	28	189
2000	39	26	36	34	21	34	190
2001	23	17	27	22	18	26	133
2002	52	32	47	43	24	39	237
2003	27	32	40	21	37	38	195
2004	40	26	46	48	36	60	256
2005	17	30	28	38	23	50	186
2006	38	64	43	63	38	44	290
2007	47	68	24	69	43	68	319
2008	37	53	42	49	57	59	297
2009	46	51	64	53	47	56	317
Average	37	39	37	42	33	46	39/230

Our total number of indictments (which are for serious crimes and felonies), is 38% higher than our 13 year average, and comparable to our highest year's total. Certainly, our trend is higher, reflecting the impact of substance abuse and trafficking on all of us.

When defendants have fled the jurisdiction we use our extradition account which is funded with forfeited bail, to retrieve them from other states. In 2009, as other years, we generally maintained the maximum permitted balance of \$20,000.00 in the account. We deposited \$1,386.82, and used \$2,015.25 on extradition of four (4) defendants. This account is a valuable resource.

Finally, I can report that we have obtained a little money from defendants (again attempting to reduce their cost to society) through the statute-permitted imposition of up to \$80.00 per day for each day of jail imposed. With our stretched staffing and increasing case and restitution demands, we were less productive obtaining reimbursement for the County. It is also not clear, given the State's requisitioning of the county jails space to meet its own deficiencies whether the County actually will benefit from more successful collection efforts. That does not change the rationale for holding defendants accountable as much as possible. Obviously, we are inconsistent among the courts in obtaining orders for jail reimbursement, and need to seek a more balanced treatment of offenders.

Jail Reimbursement Data for 2009

Court	Amount Ordered	Amount Collected
Houlton Superior Court	-0-	-0-
Caribou Superior Court	\$9,840.00	\$3,305.00
Superior Court Total	\$9,840.00	\$3,305.00
Fort Kent District Court	\$4,320.00	\$3,300.00
Caribou District Court	\$3,030.00	\$ 740.00
First District Total	\$7,350.00	\$4,040.00
Presque Isle District Court	\$2,850.00	\$1,440.00
Houlton District Court	\$ 650.00	\$ 350.00
Second District Total	\$3,500.00	\$1,790.00
All Courts Total	\$20,690.00	\$9,135.00
2009 figures	\$25,090.00	\$15,220.00
Amount Collected on Older Cases	-0-	\$495.00
Grand Total	\$20,690.00	\$9,630.00

As I enter my final year as District Attorney, and my last Annual Report, I wish to note that it has been a privilege and an honor having worked with so many conscientious, skilled, dedicated professionals who take their duty seriously. The County will continue to be well served.

SHERIFF'S OFFICE

James P. Madore
Sheriff



It is my pleasure to submit this report on behalf of the Aroostook County Sheriff's Office. I believe that this report accurately reflects the dedication of our deputies, corrections officers, and administrative staff in order to meet what is expected of us by the citizens of Aroostook County

The Aroostook County Sheriff's Office consists of three (3) primary divisions, all overseen by Sheriff James P. Madore and Chief Deputy Craig Clossey.

The Law Enforcement division consists of the following highly dedicated personnel; Lt. Keith Wheeler oversees this division comprised of three (3) sergeants (one patrol sergeant, one training sergeant, and one Crime Stoppers sergeant) along with five (5) patrol deputies and one (1) detective. Cathy Kennedy and Terri Sennett are secretaries assigned to this division with Terri supporting the Corrections division. They have the monumental task of handling the endless paperwork generated by the entire Sheriff's Department.

Lt. Wheeler and the secretaries coordinate the endless stream of civil process that is received on a daily basis. The process ranges from assigning the service, entering information in the data base and billing the responsible parties for the service. Each paper is assigned a tracking number so that the paper can be kept track of. Lt. Wheeler also is tasked with the scheduling of part-time deputies for open shifts and keeping track of the fleet of vehicles within our office, making sure that vehicles are serviced on a regular basis.

In 2009 the Sheriff's Office moved into the old District Court Office space. The building is now named the "Sheriff's Office Building". This move allowed the Sheriff's Office Law Enforcement Division to be under one roof, including Crimestoppers and training who were formerly housed at the Jail complex.

Also in 2009 was the addition of a Domestic Violence Investigator. Detective Larry Goff took on the Domestic Violence Detective role pursuant to a one year Federal Grant. Both Detective Larry Goff and Detective Dan Robertson have been sworn in as Attorney General Investigator's for Domestic Violence and have statewide authority.

The Aroostook County Sheriff's Office is the Warrant Repository for Outstanding warrants in Aroostook County. The warrant list is updated monthly and sent out to all departments in the county for reference by officers. All arrests are the effort of each department in Aroostook County.

The D.A.R.E. Program is administered by a part-time deputy, Rosemary Coffin. This is the only program that reaches out to the children of Aroostook County and helps them find ways to say "NO" to drugs and alcohol and also helps them build self-esteem.

The Sheriff's Department has one lieutenant, Darrell Crandall, one sergeant, Shawn Gillen and deputy Craig Holder (newly funded position) assigned to the Maine Drug Enforcement Agency. Their mission is to aggressively work to reduce the flow of illicit drugs into the county and the state. (MDEA positions are 100% funded with federal dollars and do not impact the Aroostook County budget).

Aroostook County continues to have the only active Crime Stoppers program in the entire state. Crime Stoppers has been attributed to the solving of numerous crimes in our county. Crime Stoppers will pay for information leading to the arrest and conviction of individuals responsible for criminal acts. The Crime Stoppers program is overseen by Sgt. Shawn Van Tassel. Sgt. Van Tassel also supervises the dispatchers and now has office space in the new Sheriff's Office Building where the new dispatch center is located.

The Transportation Division is supervised by one lieutenant, Michael Berube and one full-time deputy, along with numerous part-time deputies. The year 2009 was, as usual, a busy one for this division. The transporting of inmates from the Aroostook Correctional Facility to the different courts within the county then transporting inmates to other facilities within our state is quite a task to coordinate. This division also transports mentally ill individuals to treatment facilities within and outside the county. In 2008, the hub system was started in an effort to reduce travel for this division. The hub system incorporates the use of other transport divisions so that inmates are brought part way then transferred to another agency who continues on to the respective facility and delivering the inmate. The hub system continues to work well and is saving transportation dollars to county taxpayers.

The Corrections division consists of one jail administrator, James Foss who supervises four (4) sergeants, twenty-four (24) full-time correctional officers, two (2) cooks and numerous part-time employees. The corrections staff is responsible for the health, detention, safety and security of the inmates. All the arrested or incarcerated persons have to be processed, photographed, fingerprinted, housed and fed. This is a significant burden on the jail administrator, corrections officers, shift sergeants, support staff and cooks. 2009 was a very challenging year for everyone given the newly formed State Board of Corrections which, by law, oversees all corrections facilities within our State. We continue to struggle with this concept; however, we are abiding by the statutory requirements.

The Dispatch/Communications Center is manned by four (4) full-time certified terminal operators. We dispatch for the Limestone Police Department, Van Buren Police Department and for seventeen (17) volunteer fire departments in the county. The dispatchers enter and maintain all arrest warrants in the Warrant Repository for Aroostook County. We provide each agency in Aroostook County with weekly and monthly updated warrant lists. Through the availability of federal funding for interoperability, the Dispatch Center was moved from the jail complex into available space at the new Sheriff's Office Building. The funding and move added one radio console and doubled their work space.

Maine Pretrial Services, Inc. was contracted to provide pretrial services in an attempt to reduce the inmate population. This service targets those inmates who are not able to get bail. Maine

Pretrial Service continues to work extremely well and although our inmate population is extremely high, it would certainly be unmanageable without the services of the Maine Pretrial Services. Maine Pretrial services occupy office space at the new Sheriff's Office building as well.

The routine medical problems are handled by Katahdin Valley Health. They also assure that we remain in compliance with standards. The medical staff performs physical exams and responds to numerous requests for medical attention. They also brought all the corrections staff up to date with training in first aid, C.P.R., blood borne pathogens, and distribution of medications. Numerous inmates were also transported outside the facility for treatment ranging from dental work to cancer treatments.

Law enforcement and corrections training is being coordinated by Training/Recruitment Sergeant Kris Miller. Training classes are being taught at the Maine Criminal Justice Academy along with numerous classes being taught within Aroostook County through the Aroostook County Training Council. Sgt. Miller notifies Sheriff's Department employees of upcoming training and maintains records as required by the Maine Criminal Justice Academy. In 2009 employees were again able to complete many mandated trainings online. This continues to be a huge timesaver and minimized the amount of travel for deputies to attend trainings. Sgt. Miller occupies an office and training room at the Sheriff's Office Building.

The Aroostook County Sheriff's Office has a Chaplin, Pastor Wayne Robertson, of the Houlton Wesleyan Church. He has been certified by the Maine Criminal Justice Academy. Among other duties, Chaplin Robertson participates in a wide variety of training programs within the department. Often chaplains are asked to teach classes dealing with stress, family life, relationships, ethics, and other issues. Chaplains represent a wide variety of religious traditions and levels of professional preparation and endorsement, but when the chaplain is working in the police world, each is "chaplain" for everyone, not the religious leader of a particular tradition serving a particular congregation or service agency. Pastor Robertson is an invaluable resource for the Sheriff's Office.

As you can see 2009 was a busy year for the Sheriff's Office. The Sheriff's Office provided quality service to the citizens and taxpayers of Aroostook County.

On behalf of the Aroostook County Sheriff's Office, I would like to thank all the citizens of Aroostook County for their continued support.

REGISTER OF PROBATE

Joanne M. Carpenter
Register



The Aroostook County Probate Court received 449 new filings for the year 2009. The Registrar scheduled 430 hearings: 332 regular hearings and 98 contested hearings.

The 97 contested hearings heard by Judge Dunleavy consisted of: 1 case at the Presque Isle District Courthouse; 44 cases at the Houlton Probate Court; and 52 cases held in Caribou. At the request of the Aroostook County Probate Court the Hon. Lyman L. Holmes heard one (1) contested case in Houlton.

2008	2009	Difference
359 filings	449 files new files	up 90 from 2008
402 cases heard	430 cases heard	up 28 from 2008
99 contested hearings	98 contested hearings	down 1 from 2008

Probate filings fees collected for the year 2009 totaled:	\$61,490.89
Probate form fees collected for the year 2009 totaled:	\$ 2,457.00
Restoration Surcharge fees collected for the year 2009:	\$ 4,341.00

On July 31, 2009, Alice J. McQuarrie passed away. Alice was employed by the County of Aroostook and worked as a clerk in the probate office over 45 years. Alice loved her position as clerk for the Probate Court and was respected by all who met her and especially for her dedication and willingness to share her knowledge of the Probate laws before and after the "Code". Alice will be fondly remembered for years to come and very sadly missed.

REGISTER OF DEEDS (N)

Louise Caron
Register



With the declining economy creeping upon us we find a decrease in revenue once again. Our recordings are slightly higher than the prior year, but, all other aspects of revenue have gone down by about 20%.

The slower traffic from the public allows us more time to dedicate to our indexing project. At this time, we have completed 221 books out of 454. We estimate roughly another three and a half to four years to complete this project.

Another project I would like to embark on is digitizing our old plans, making them available on our system in PDF format. With the public demand, I think we need to move forward sooner than I had anticipated.

My staff is doing a fantastic job as usual and they are working diligently on the indexing project. Without their knowledge this would have been a daunting task. I appreciate all they do and look forward to another great year.

At this time, I would like to thank the County Commissioners and their staff and the members of the bar association for their continued support throughout the year.

The following is an itemized report of revenue collected for 2009:

Recording Fees	\$ 93,962.00
Plans	1,185.00
Photo Copies	10,325.25
Plan Copies	2,119.50
Fax Copies	929.25
Assessor Copies	1,260.70
Indexing	271.00
Attestation	44.00
Surcharge	10,836.00
Deeds on-line subscriptions	1,300.00
Transfer Tax (10% of \$99,646.80)	<u>9,964.68</u>
Total Revenue to the County	\$132,197.38
Interest collected on checking account	\$ 820.93
Interest collected on surcharge account	\$3,538.85

REGISTER OF DEEDS (S)

Patricia F. Brown

Register



In submitting my report for 2009, you can see we took in a sizable amount of revenue for the County, although document count was down.

We are now in the process of indexing our older books to go with the images that have already been downloaded from our digital scanning.

Our goal for 2009 was to complete one (1) full year (1984) of indexing, which we met and is now available on the website.

Recording Fees	\$ 256,223.00
Transfer Tax	504,808.70
TU	24,688.40
Surcharge	28,164.00
Marginal Reference	3,484.00
Plans	855.00
Copy Fees	42,645.33
Name Fees	651.00
	\$861,519.43
Amount paid to Maine Revenue Service	\$476,547.39
Total Revenue to the County:	\$384,972.04

EMERGENCY MANAGEMENT AGENCY

Vernon Ouellette
Director

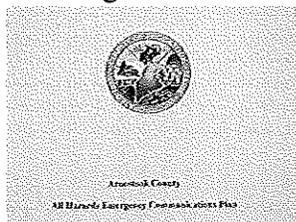


Continuing our efforts and building upon past years efforts, we continued to focus on areas that required additional attention. Assuring county communities remain compliant with the National Incident Management System Community Assessment Support Tool (NIMSCAST) is still a priority. NIMSCAST looks at assuring communities meet certain federal requirements for a variety of disciplines such as looking at the community's preparedness efforts, especially in the development of their community Emergency Operation Plan and making changes as needed. It also devotes a great deal of time looking at the community's training efforts relative to the federal requirements. Part of the process includes compiling the required data of which was and is still being accomplished by this agency's staff. All communities wishing to participate in Federal Grants must meet NIMSCAST requirements. Building capacity to respond to large scale incidents is an ongoing effort and this year proved to be no different. Ethanol being blended to fuel for our vehicles has caused a problem with the type of foam currently used by our local fire departments. This foam does not extinguish ethanol enriched gasolines; therefore, the State decided to purchase a trailer with special foam that will extinguish ethanol enriched gasoline for this region. That unit is currently being stored at one of our facilities and will be deployed as needed. As seen in the photo, the State had to also purchase a prime mover to transport the foam trailer as needed. This prime mover will be used to move all other response assets currently located in our region.

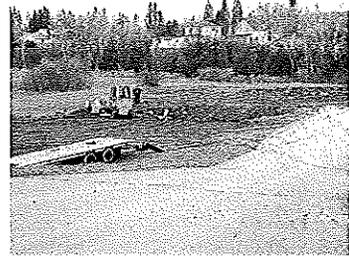


Training for all our first responders is always on our minds. This past year we were fortunate to receive federal funding to assist in the training, which included; Law Enforcement in Nevada, Association of Public Communications Organizations (APCO) in Nevada (communications), and Incident Command sessions that included Emergency Operations / Incident Command Interface which are all requirements of the NIMSCAST program. Many other incident command classes were presented when requested by first response agencies. This past year was extremely busy in the area of training and we see no change in the upcoming years.

Planning continues to also be a top priority in the agency. This year's focus was on the development of a communications plan for all of Aroostook County. With the assistance of the Maine Emergency Management Agency, we were able to facilitate and develop the communication plan, as well as obtain plan approval by our federal partners. This plan will assist with radio communications during large scale events, both in planning and response.



Flooding issues dating back to 2008 are finally wrapping-up. The Unmet Needs Committee has finalized their work in assuring all parties involved with flooding issues were taken care of. We are still working on home acquisitions, to remove homes in flood plain areas and relocate the homeowners to a safer environment. The building of rental units in the Fort Kent area is ongoing and should be finalized in late 2011.



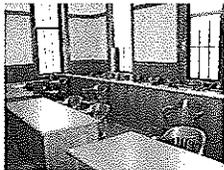
The staff of the Aroostook County Emergency Management Agency looks forward to working with the local communities and first responders in the upcoming year as we strive to improve our disaster preparedness.

MAINTENANCE DEPARTMENT

Bryan V. Jandreau
Facilities Manager



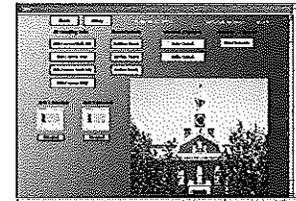
The County of Aroostook added a new part-time custodial position at our Houlton location in 2009 to meet the growing demand for cleaning and maintenance at this location. The position was filled by Scott Turner. Zeno Corbin left the employ of the full time custodian at our Caribou location. This position was filled by Gerald Saccucci. I would like to thank the entire maintenance staff for the work they do in cleaning and maintaining the infrastructure of Aroostook County Government.



Court Room Family –
Superior Court Building

The Superior Court Renovation Project, funded by the State of Maine Judiciary, was completed in the spring. An open house of the renovated building was held and hosted by Chief Justice Leigh Saufley. This project consisted of a complete renovation of the second and third floors of the building, two elevators and several mechanical systems.

The new mechanical systems are mostly web-based and in-turn required some operational instructions to monitor these systems. The renovations of this building also acted as a catalog for several other projects. While the court system moved into their newly renovated space, a multi-departmental renovation project was implemented by the maintenance department. The old District Court at 25 School Street was renovated into the new Sheriff's Office; the old Sheriff's Office at 26 Court Street was renovated to house the District Attorney's Office; and the old District Attorney's Office was then renovated to house the Cooperative Extension Service. These changes were made to group "like service" departments together which increased departmental efficiency, streamlined County government operations, and provided more centralized services to the public. This physical reorganizing of County departments also gave the maintenance department an opportunity to "clean-house" and make building improvements that can be difficult to accomplish during normal day-to-day facility operations. Additional space on the first floor of the Superior Court Building, as a result of this reorganizing, was cleaned, painted and wallpapered for the purpose of housing a County administrative hearing room.



Web based mechanical systems

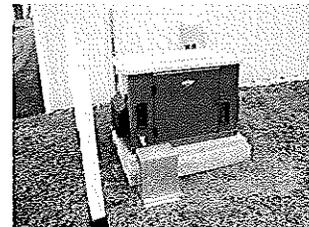


Touch Screen Control
Panel

At the Jail Facility, 2009 started with a failed system that controls all the doors, lights and fire protection. Over a period of several months the old switching based control panel system was replaced with a computerized touch screen based system. After the electronic based part of the project was complete the control room was extensively cleaned, painted and new ergonomic work counters were installed.

Other projects at our Houlton location included tree pruning, crushed stone around some entryways; installation of outside perimeter lighting; new building signage and the installation of fire department safety Knox boxes.

At our Caribou location minor modifications were made to both courtrooms to meet codes set forth by the Americans with Disabilities Act. A new storage closet was built to house supplies and maintenance equipment; needed electrical outlets were installed in the maintenance workshop; several hallways and offices were painted; areas of driveway cracking were sealed; twenty (20) windows were replaced; problems with outside perimeter lighting were fixed; a backup generator was installed at the Emergency Management Building as well as a new door locking system.

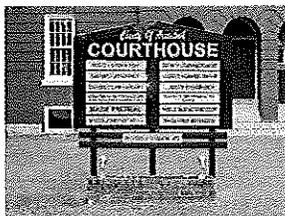


Generator at EMA Building

At our Fort Kent location all of the exterior trim of the building was painted as well as one office/conference room; locking hardware replaced on the main entry door and additional shelving installed in the vault.

Annual roof inspections of all buildings resulted in minor repairs at the Fort Kent Registry; several roof seams repaired at our Caribou location; flashing and sealing work around the elevator shaft of the Houlton Superior Court Building; and two roof replacements at the jail.

A responsibility of the maintenance department that is often not mentioned is the management of our Wide Area Network. With the reorganizing of department office space in 2009 there was a great deal of network re-cabling and reprogramming completed. I would like to thank my staff for working with contract providers in successfully implementing these network changes and upgrades.



New Signage

The maintenance department appreciates the cooperation we have received over the past year from employees, department heads, and tenants and look forward to the continued maintenance and improvement of Aroostook County facilities.



Chester M. Kearney

Certified Public Accountants

12 Dyer Street, Presque Isle, Maine 04769-1550
207-764-3171

Steve E. Bird, CPA
Herman Belanger, CPA
Paul J. Callnan, CPA
Chad E. Bartley, CPA

To the Management of the
County of Aroostook, Maine

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the County of Aroostook, Maine, as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audits, 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 Aroostook, Maine, as of December 31, 2009, and the respective changes in financial position where applicable, thereof and the respective budgetary comparison of the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2010 on our consideration of the County of Aroostook's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Aroostook's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The remaining schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. All such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Chester M. Kearney

Presque Isle, Maine
August 3, 2010

COUNTY OF AROOSTOOK, MAINE

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Aroostook, Maine, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2009. We encourage readers to consider the information presented here in conjunction with the County's financial statements.

Financial Highlights

- The assets of the County of Aroostook exceeded its liabilities at the close of the most recent fiscal year by \$2,544,011 (net assets). Of this amount, \$545,666 (unrestricted net assets) may be used to meet the government's on-going obligations to citizens and creditors.
- The government's total net assets increased by \$64,692.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$1,533,078, an increase of \$146,429 in comparison with the prior year. Approximately 44% of this total amount, \$677,158, is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$625,526, or 9% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County of Aroostook's basic financial statements. The County's basic financial statements are comprised of three (3) 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 Aroostook's finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

COUNTY OF AROOSTOOK, MAINE

MANAGEMENT'S DISCUSSION AND ANALYSIS

The government-wide financial statements can be found on pages 9 and 10 of this report.

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 Aroostook, like other state 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 2 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 maintains 11 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, the Workforce Investment Act Fund, each of which are considered to be major funds. Data from the other 6 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 11 to 17 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 18 and 19 of this report.

COUNTY OF AROOSTOOK, MAINE

MANAGEMENT'S DISCUSSION AND ANALYSIS

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. The notes to the financial statements can be found on pages 20 to 34 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents the combining statements referred to earlier in connection with nonmajor governmental funds. Combining and individual fund statements and schedules can be found on pages 34 and 35 of this report.

This report also includes various supplemental schedules to provide additional detail for the various items reported. These supplemental schedules can be found on pages 35 to 41 of this report.

Single Audit required information. The County's compliance with the requirements of the Single Audit Act can be found in the schedule of expenditures of federal awards, page 38; notes to the schedule of expenditures of federal awards, page 39, the schedule of finding and questioned costs, pages 40 and 41 and the additional independent auditor's reports, pages 42 to 45.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$2,544,011 at the close of the most recent fiscal year.

A large portion of the County's net assets (45%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

COUNTY OF AROOSTOOK, Net assets

	<u>Governmental Activities</u>	
	December 31, <u>2009</u>	December 31, <u>2008</u>
Current and other assets	2,124,205	1,981,470
Capital assets	<u>1,142,425</u>	<u>1,092,670</u>
Total assets	<u>3,266,630</u>	<u>3,074,140</u>
Liabilities	<u>722,619</u>	<u>594,821</u>
Total liabilities	<u>722,619</u>	<u>594,821</u>
Net assets:		
Invested in capital assets, net of related debt	1,142,425	1,092,670
Reserved for future designated use	855,920	869,117
Unrestricted	<u>545,666</u>	<u>517,532</u>
Total net assets	<u>2,544,011</u>	<u>2,479,319</u>

COUNTY OF AROOSTOOK, MAINE

MANAGEMENT'S DISCUSSION AND ANALYSIS

The remaining balance of unrestricted net assets (\$1,401,586) may be used to meet the government's on-going obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all three (3) categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The government's net assets increased by \$64,692 during the current fiscal year. The reason for this increase was expenditures being significantly under budget in most categories.

Governmental activities. Governmental activities increased the County's net assets by \$64,692, thereby accounting for 100% of the increase in the net assets of the County. Key elements of this increase are as follows:

COUNTY OF AROOSTOOK, Changes in Net assets

	January 1, 2009 to December <u>31, 2009</u>	January 1, 2008 to December <u>31, 2008</u>
Revenues		
Municipal taxes	4,851,393	4,688,823
Investment income	57,320	28,736
Other revenues	<u>116,174</u>	<u>170,999</u>
Total revenues	<u>5,024,887</u>	<u>4,888,558</u>
Expenses		
Operation of courts	547,248	679,300
Jail operations	2,398,445	1,013,936
General and administration	699,380	1,539,235
Registry operations	(338,016)	(501,453)
Capital outlays	782,434	1,099,717
Transportation	85,126	265,844
Law enforcement	852,623	784,905
Fire marshal	9,970	9,880
Emergency management agency	54,935	39,497
Local emergency planning	(3,000)	837
Interest	24,691	37,012
Outside requests	231,514	231,514
Federal/state assistance	(635,430)	(409,631)
Other postemployment benefits	131,492	
Unallocated depreciation	<u>118,783</u>	<u>134,768</u>
Total expenses	<u>4,960,195</u>	<u>4,925,361</u>
Change in net assets	<u>64,692</u>	<u>(36,803)</u>

COUNTY OF AROOSTOOK, MAINE

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$1,533,078, an increase of \$146,429 in comparison with the prior year. Approximately 44% of this total amount (\$677,158) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to capital expenditures (\$449,093), and future year's expenditures (\$406,827).

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$625,526, while total fund balance reached \$1,481,446. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 9% of total general fund expenditures, while total fund balance represents 21% of that same amount.

The fund balance of the County's general fund increased by \$144,707 during the current fiscal year. Key factors in this increase are as follows:

- Anticipated revenues exceeded actual revenues by \$36,202, consisting mostly of board of corrections revenues from the State of Maine and Registry revenues for deeds and probate.
- Anticipated expenditures exceeded actual expenditures by \$905,879, consisting mostly of positive variances in capital outlays.
- Above excess was reduced by budgeted usage of designated fund balance of \$574,970 and budgeted use of undesignated fund balance of \$150,000 to reduce the mil rate.

COUNTY OF AROOSTOOK, MAINE
MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund Budgetary Highlights

During the year, however, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates, thus eliminating the need to draw upon existing fund balance to the extent that was originally anticipated.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business type activities as of December 31, 2009, amounts to \$1,142,425, (net of accumulated depreciation). This investment in capital assets includes land, buildings and machinery and equipment. The total increase in the County's investment in capital assets for the current fiscal year was 4.5%.

Major capital asset events during the current fiscal year included the following:

- Purchase of various machinery and equipment totaling \$279,415.
- Depreciation expense in the amount of \$224,421.

Additional information regarding the changes in fixed assets can be found at note # 7.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$0 and had no bonded debt outstanding during the year.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County of Aroostook as of December 31, 2009 was 9.5% which is an increase from a rate of 9.3% a year ago. The County's rate was lower than the national rate of 9.7%, and higher than the state rate of 8.2%.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2009 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the County of Aroostook, Maine's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Commissioners, County of Aroostook, 144 Sweden Street, Suite 1, Caribou, Maine 04736.

COUNTY OF AROOSTOOK, MAINE

STATEMENT OF NET ASSETS

DECEMBER 31, 2009

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and cash equivalents	1,929,471
Accounts receivable	193,300
Due from other governments	1,434
Capital assets, net of accumulated depreciation	<u>1,142,425</u>
TOTAL ASSETS	<u>3,266,630</u>
LIABILITIES	
Accounts payable	84,057
Due to other governments	85,752
Accrued expenses	86,575
Grants payable	1,140
Deferred revenue	333,603
Other postemployment benefits	<u>131,492</u>
TOTAL LIABILITIES	<u>722,619</u>
NET ASSETS	
Invested in capital assets, net of related debt	1,142,425
Reserved for designated future use	855,920
Unrestricted	<u>545,666</u>
TOTAL NET ASSETS	<u><u>2,544,011</u></u>

See notes to financial statements

COUNTY OF AROOSTOOK, MAINE

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2009

	<u>Program Revenues</u>			<u>Net (Expense) Revenues and Changes in Net Assets</u>
	<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<u>Functions/Programs:</u>				
<u>Governmental activities:</u>				
Operation of courts	634,248	87,000		(547,248)
Jail operations	2,948,982	550,537		(2,398,445)
General and administration	864,483	165,103		(699,380)
Registry operations	529,274	867,290		338,016
Capital outlays	782,434			(782,434)
Transportation	85,126			(85,126)
Law enforcement	1,108,173	255,550		(852,623)
Fire marshal	9,970			(9,970)
Emergency management agency	121,325	66,390		(54,935)
Local emergency planning	12,537	15,537		3,000
Interest	24,691			(24,691)
Outside requests	231,514			(231,514)
Federal/State grants	2,598,795			635,430
Other postemployment benefits	131,492	133,181	3,101,044	(131,492)
Unallocated depreciation	118,783			(118,783)
Total governmental activities	<u>10,201,827</u>	<u>2,140,588</u>	<u>3,101,044</u>	<u>(4,960,195)</u>
General revenues:				
Tax assessment				4,851,393
Investment income				57,320
Other revenues				116,174
Total general revenues				<u>5,024,887</u>
Change in net assets				64,692
Net assets - January 1, 2009				<u>2,479,319</u>
Net assets - December 31, 2009				<u>2,544,011</u>

See notes to financial statements

Chester M. Kearney, Certified Public Accountants

COUNTY OF AROOSTOOK, MAINE

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2009

	GENERAL	WORKFORCE INVESTMENT ACT FUND	SPECIAL REVENUE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash	1,930,971	(1,500)		1,929,471
Accounts receivable	193,300			193,300
Due from other funds	15,350		68,482	83,832
Due from other governments	1,434			1,434
TOTAL ASSETS	<u>2,141,055</u>	<u>(1,500)</u>	<u>68,482</u>	<u>2,208,037</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	84,057			84,057
Due to other funds	68,482		15,350	83,832
Due to other governments	85,752			85,752
Grants payable	1,140			1,140
Compensated absences payable	86,575			86,575
Deferred revenue	333,603			333,603
TOTAL LIABILITIES	<u>659,609</u>	<u>-</u>	<u>15,350</u>	<u>674,959</u>
FUND BALANCES				
Reserved for:				
Capital expenditures	449,093			449,093
Designated for subsequent years' expenditures	406,827			406,827
Unreserved	625,526	(1,500)	53,132	677,158
TOTAL FUND BALANCES	<u>1,481,446</u>	<u>(1,500)</u>	<u>53,132</u>	<u>1,533,078</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>2,141,055</u>	<u>(1,500)</u>	<u>68,482</u>	<u>2,208,037</u>

See notes to financial statements

COUNTY OF AROOSTOOK, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET

TO THE STATEMENT OF NET ASSETS

DECEMBER 31, 2009

Total fund balances for governmental funds	1,533,078
Total net assets reported for governmental activities in the statement of net assets is different because:	
Accrual for other postemployment benefits is recorded on the statement of net assets but not on the governmental fund balance sheet	(131,492)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	<u>1,142,425</u>
Total net assets of governmental activities	<u><u>2,544,011</u></u>

See notes to financial statements

COUNTY OF AROOSTOOK, MAINE
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2009

	GENERAL FUND	WORKFORCE INVESTMENT ACT FUND	OTHER	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Municipal taxes	4,851,393			4,851,393
Federal and state assistance		2,593,295	507,749	3,101,044
Fees of office	867,290			867,290
Intergovernmental	234,164			234,164
Service fees	801,102			801,102
Investment income	57,320			57,320
Other revenues	343,442		12,541	355,983
TOTAL REVENUES	<u>7,154,711</u>	<u>2,593,295</u>	<u>520,290</u>	<u>10,268,296</u>
EXPENDITURES				
Operation of courts	634,248			634,248
Jail operations	2,948,982			2,948,982
General and administration	858,435			858,435
Registry operations	529,274			529,274
Capital outlays	545,319		513,068	1,058,387
Law enforcement	1,093,709			1,093,709
Fire marshal	9,970			9,970
Emergency management agency	121,325			121,325
Local emergency planning	12,537			12,537
Debt service				
Interest	24,691			24,691
Outside requests	231,514			231,514
Federal/state grants		2,598,795		2,598,795
TOTAL EXPENDITURES	<u>7,010,004</u>	<u>2,598,795</u>	<u>513,068</u>	<u>10,121,867</u>
NET CHANGE IN FUND BALANCE	<u>144,707</u>	<u>(5,500)</u>	<u>7,222</u>	<u>146,429</u>
NET CHANGE IN FUND BALANCES	144,707	(5,500)	7,222	146,429
FUND BALANCES - JANUARY 1, 2009	<u>1,336,739</u>	<u>4,000</u>	<u>45,910</u>	<u>1,386,649</u>
FUND BALANCES - DECEMBER 31, 2009	<u>1,481,446</u>	<u>(1,500)</u>	<u>53,132</u>	<u>1,533,078</u>

See notes to financial statements

COUNTY OF AROOSTOOK, MAINE
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES

DECEMBER 31, 2009

Net change in fund balances - total governmental funds	146,429
The change in net assets reported for governmental activities in the statement of activities is different because:	
<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 and reported as depreciation expense. Capital asset additions and depreciation expense is recorded as follows.</p>	
Capital asset additions	279,415
Loss on retired assets	(5,239)
Depreciation expense	(224,421)
Accrued expense for other postemployment benefits is recognized in the statement of activities however, in the general fund statement of revenue this cost is recognized as it is paid on "pay as you go" basis.	<u>(131,492)</u>
Change in net assets of governmental activities	<u><u>64,692</u></u>

See notes to financial statements

COUNTY OF AROOSTOOK, MAINE

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2009

REVENUES	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Municipal taxes	4,757,609	4,757,609	4,851,393	93,784
Fees of Office				
Register of Deeds - south	380,000	380,000	329,131	(50,869)
Register of Deeds - south (surcharge)	249,000	249,000	286,410	37,410
Register of Deeds - north	150,000	150,000	119,073	(30,927)
Register of Deeds - north (surcharge)	71,000	71,000	66,206	(4,794)
Register of Probate	67,000	67,000	59,100	(7,900)
Register of Probate (surcharge)	6,000	6,000	7,370	1,370
	923,000	923,000	867,290	(55,710)
Intergovernmental				
District Attorney	52,112	52,112	56,500	4,388
District Court - Rent	87,000	87,000	87,000	-
Probation and Parole - Rent	8,736	8,736	8,737	1
Local Emergency Planning	11,690	11,690	15,537	3,847
Emergency Management Agency	81,999	81,999	66,390	(15,609)
	241,537	241,537	234,164	(7,373)
Service Fees				
Correction improvements	298,139	298,139	297,879	(260)
Board of corrections	322,367	322,367	205,688	(116,679)
Support of prisoners	49,600	49,600	38,233	(11,367)
Law enforcement	171,000	171,000	169,675	(1,325)
Extension maintenance	2,628	2,628	2,628	-
Extension rent	4,500	4,500	4,500	-
Dispatching	29,000	29,000	29,375	375
Copies	55,000	55,000	53,124	(1,876)
	932,234	932,234	801,102	(131,132)
Investment income	35,000	35,000	57,320	22,320
Other Revenues				
Administration	78,280	78,280	111,979	33,699
Firefighter insurance	780	780	586	(194)
Community based programs	74,535	74,535	95,353	20,818
Workforce Investment Act	146,938	146,938	133,181	(13,757)
Miscellaneous	1,000	1,000	2,343	1,343
	301,533	301,533	343,442	41,909
TOTAL REVENUES	7,190,913	7,190,913	7,154,711	(36,202)

See notes to financial statements

COUNTY OF AROOSTOOK, MAINE

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (cont'd.)

BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2009

EXPENDITURES	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Operation of courts				
Houlton Courthouse	65,572	65,572	50,756	14,816
Caribou Courthouse	190,322	190,322	183,671	6,651
District Attorney	378,763	378,763	320,189	58,574
District Court Building	38,819	38,819	27,360	11,459
Houlton Complex	58,226	58,226	52,272	5,954
	<u>731,702</u>	<u>731,702</u>	<u>634,248</u>	<u>97,454</u>
Jail Operations				
Support of Prisoners	3,061,307	3,061,307	2,948,982	112,325
	<u>3,061,307</u>	<u>3,061,307</u>	<u>2,948,982</u>	<u>112,325</u>
General and Administration				
Administration	423,561	423,561	406,130	17,431
Website fees	500	3,664	700	2,964
Audit and accounting services	4,200	4,200	3,933	267
Employee benefits	5,000	5,000	1,316	3,684
Copiers	21,000	21,000	17,799	3,201
Insurance	67,607	67,607	32,861	34,746
Contingent		93,438	2,818	90,620
PSAP	189,768	189,768	195,959	(6,191)
Personnel services	7,150	7,150	5,004	2,146
MCCA convention	500	965	124	841
Welcome to Aroostook sign		3,181	100	3,081
Workforce Investment Act	146,938	146,938	140,320	6,618
Wide area network	50,000	50,000	51,371	(1,371)
	<u>916,224</u>	<u>1,016,472</u>	<u>858,435</u>	<u>158,037</u>
Registry Operations				
Registry Building - north	62,410	62,410	52,627	9,783
Registry of Deeds - north	130,327	130,327	127,826	2,501
Registry of Deeds - south	186,179	186,179	156,897	29,282
Register of Probate	204,251	204,251	191,924	12,327
	<u>583,167</u>	<u>583,167</u>	<u>529,274</u>	<u>53,893</u>
Capital Outlays	<u>525,587</u>	<u>994,412</u>	<u>545,319</u>	<u>449,093</u>

See notes to financial statements

COUNTY OF AROOSTOOK, MAINE

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (cont'd.)

BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2009

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Law enforcement	1,128,128	1,134,025	1,093,709	40,316
Fire marshal	10,000	10,000	9,970	30
Emergency Management Agency	117,594	117,594	121,325	(3,731)
Local emergency planning	11,690	11,690	12,537	(847)
Interest expense	24,000	24,000	24,691	(691)
Outside requests				
Extension	60,430	60,430	60,430	-
Battered Women's Project	5,045	5,045	5,045	-
Aroostook County Action Program	5,298	5,298	5,298	-
Northern Maine Development Commission	24,695	24,695	24,695	-
Aroostook Mental Health Center	42,380	42,380	42,380	-
Northern Aroostook Association	2,543	2,543	2,543	-
Central Aroostook Association	11,655	11,655	11,655	-
Community Living Association	10,594	10,594	10,594	-
Green Valley Association	5,933	5,933	5,933	-
St. John Valley Association	7,417	7,417	7,417	-
Charities of Maine	6,012	6,012	6,012	-
Northern Maine General	7,417	7,417	7,417	-
Northern Aroostook Alternatives	5,298	5,298	5,298	-
Aroostook Area Agency on Aging	7,417	7,417	7,417	-
Child Abuse and Neglect	1,210	1,210	1,210	-
Shelter for the Homeless	5,045	5,045	5,045	-
Northern Maine Regional Airport	23,125	23,125	23,125	-
	231,514	231,514	231,514	-
TOTAL EXPENDITURES	7,340,913	7,915,883	7,010,004	905,879
NET CHANGE IN FUND BALANCE	(150,000)	(724,970)	144,707	869,677
NET CHANGE IN FUND BALANCE	(150,000)	(724,970)	144,707	869,677
FUND BALANCE - JANUARY 1, 2009			1,336,739	
FUND BALANCE - DECEMBER 31, 2009			1,481,446	

See notes to financial statements

COUNTY OF AROOSTOOK, MAINE
STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2009

	<u>REGISTRY OF DEEDS NORTH</u>	<u>REGISTRY OF DEEDS SOUTH</u>	<u>REGISTRY OF PROBATE</u>	<u>TOTAL FIDUCIARY FUNDS</u>
ASSETS				
Cash	<u>17,846</u>	<u>82,309</u>	<u>4,678</u>	<u>104,833</u>
TOTAL ASSETS	<u>17,846</u>	<u>82,309</u>	<u>4,678</u>	<u>104,833</u>
LIABILITIES				
Due to State of Maine	5,465	28,865		34,330
Due to County of Aroostook (General Fund)	<u>11,060</u>	<u>44,099</u>	<u>5,926</u>	<u>61,085</u>
	<u>16,525</u>	<u>72,964</u>	<u>5,926</u>	<u>95,415</u>
NET ASSETS - HELD IN TRUST	<u>1,321</u>	<u>9,345</u>	<u>(1,248)</u>	<u>9,418</u>

See notes to financial statements

COUNTY OF AROOSTOOK, MAINE

COMBINING STATEMENT OF

CHANGES IN FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2009

	REGISTRY OF DEEDS NORTH	REGISTRY OF DEEDS SOUTH	REGISTRY OF PROBATE	TOTAL FIDUCIARY FUNDS
ADDITIONS				
Program revenue	<u>216,520</u>	<u>810,275</u>	<u>65,419</u>	<u>1,092,214</u>
TOTAL ADDITIONS	<u>216,520</u>	<u>810,275</u>	<u>65,419</u>	<u>1,092,214</u>
DEDUCTIONS				
Program expenses	<u>220,013</u>	<u>835,191</u>	<u>65,521</u>	<u>1,120,725</u>
TOTAL DEDUCTIONS	<u>220,013</u>	<u>835,191</u>	<u>65,521</u>	<u>1,120,725</u>
CHANGE IN NET ASSETS	<u>(3,493)</u>	<u>(24,916)</u>	<u>(102)</u>	<u>(28,511)</u>
NET ASSETS - JANUARY 1, 2009	<u>4,814</u>	<u>34,261</u>	<u>(1,146)</u>	<u>37,929</u>
NET ASSETS - DECEMBER 31, 2009	<u>1,321</u>	<u>9,345</u>	<u>(1,248)</u>	<u>9,418</u>

See notes to financial statements

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The County of Aroostook, Maine, was incorporated in 1839. The County operates under the authority of a County Charter and State law. Under this form of government, the County Commissioners set the policy for the Organization, the County Administrator is charged with implementing that policy. The accompanying financial statements present the activities of the County of Aroostook, Maine.

The County of Aroostook's basic financial statements include the accounts of all of the County of Aroostook's operations. The criteria for including organizations as component units within the County of Aroostook's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the Organization is legally separate (can sue and be sued in their own name)
- the County of Aroostook holds the corporate powers of the Organization
- the County of Aroostook appoints a voting majority of the Organization's board
- the Organization has the potential to impose a financial benefit/burden on the County of Aroostook.

Based on the above criteria, the County of Aroostook has no component units.

Change in Accounting Methods and Basis of Financial Statement Presentation

In June 1999 the Governmental Accounting Standards Board (GASB) issued Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments* (GASB #34). Under GASB #34 the County was required to change its reporting format as of June 30, 2003 and thus these financial statements conform to that new format.

Statement No. 34, among many other changes, added a new report by management entitled Management's Discussion and Analysis (MD&A), which provides an analysis of the County's overall financial position and results of operations. GASB #34 also adds two (2) new Government-Wide financial statements as basic financial statements required for all governmental units. These new statements are the Statement of Net Assets and the Statement of Activities. Both statements are prepared on the full accrual basis. Previously, in accordance with accounting standards for governmental units, the County used the modified accrual basis of accounting for certain funds. The modified accrual basis of accounting continues to be the appropriate basis of accounting for governmental activity fund financial statements.

In addition, all funds are reported as governmental activities, or fiduciary funds. The definitions for these types of activities are discussed below.

Finally, all non-fiduciary funds are further classified as major or nonmajor funds. In reporting financial condition and results of operations for governmental units, GASB #34 concentrates on major funds versus nonmajor funds.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Basis of Presentation – Government-Wide and Fund Financial Statements

The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the overall government, except the fiduciary activities. These statements reflect governmental type activities and there were no business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The County does not allocate indirect expenses to functions in the statement of activities. Program revenues include (a) fees, fines, and charges paid by those recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including taxes, are presented as general revenues.

Separate financial statements are provided for governmental funds, propriety funds, and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund financial statements provide information about the County's funds including its fiduciary funds. Each individual fund is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Separate statements for each fund category – governmental, propriety and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

General Fund - To account for all financial resources except those required to be accounted for in another fund. The general fund is the County's operating fund.

Workforce Investment Act (a special revenue fund) - To account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes of the Workforce Investment Act program.

Other governmental funds are:

All Other Special Revenue Funds – To account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Additionally, the County reports the following fund type:

Agency fund - To account for monies held by the County as an agent for various related organizations.

Measurement Focus and Basis of Accounting

Government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, includes property taxes, grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes, interest income and inter-governmental revenues and grants are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt are reported as other financing sources.

Deposits and Investments

Available cash is deposited in interest-bearing accounts to as great a degree as possible. These residual investments are classified for reporting purposes as cash. Earnings from these investments are reported by the applicable funds generating the investments. All deposits are carried at cost plus accrued interest.

The laws of the State of Maine under 30-A M.R.S.A. Sections 5706-5719 limit investment of municipal funds to investments described within that law. The law authorizes the County to invest in various financial institutions insured by Federal Deposit Insurance Corporation and the National Credit Union Association.

Repurchase agreements are allowed to the extent secured by the obligations of the United States Government, as defined in Section 5712, Subsection 1, provided that the market value of the underlying obligation is equal to or greater than the amount of the municipality's investment and that the municipality's security interest is perfected.

Investment in mutual funds is limited to bonds and other direct obligations of the United States Government or repurchase agreements secured by bonds and other direct obligations of the United States Government.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

For other securities, including the above-mentioned investment vehicles, minimum security quality grade requirements are mandated in conjunction with percentage limitations of reserve amounts or portfolio balances, depending upon the type of the applicable securities purchased.

Cash and Cash Equivalents

For purpose of the statement of cash flows, the County of Aroostook considers all highly liquid investments (including restricted assets) with a maturity of three (3) months or less when purchased to be cash equivalents.

Receivables and Payables

All outstanding, uncollected taxes and uncollected fees are considered fully collectible by management of the County.

Inventories and Prepaid Items

Inventories and prepaid items are insignificant and are not reflected in the County's basic financial statements.

Capital Assets

Capital assets, not including infrastructure assets, purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost if actual historical cost is not available. Infrastructure assets capitalized have an original cost of \$50,000 or more. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Repairs and maintenance costs are recorded as an expense.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40
Building improvements	20-30
Vehicles	5-10
Office equipment	5-10
Computer equipment	5-10

Compensated Absences

County employees are granted vacation and sick leave in varying amounts. Upon termination, an employee is paid the full amount of accumulated vacation and sick leave not taken. As of December 31, 2009 accumulated vacation and sick leave amounted to \$29,349 and \$57,226, respectively.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Long-Term Obligations

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

Fund Equity

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

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. The commitments (purchase orders, contracts, and other commitments for the expenditure of funds) are not treated as expenditures until the liability for payment is incurred, but are merely used to facilitate effective budget control, cash planning and management. Encumbrance accounting where a portion of the applicable appropriation is reserved for open purchase orders is not employed by the County.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported accounts and disclosures. Accordingly, actual results could differ from those estimates.

Other General Items

The County is exposed to various risks of loss related to torts; theft of, damages to and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. Settled claims, if any, resulting from these risks have not exceeded commercial insurance coverage.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(2) BUDGETARY INFORMATION

An operating budget is adopted each year for the General Fund on the same modified accrual basis used to reflect actual revenues and expenditures.

(3) ASSESSMENT OF COUNTY TAXES

To assess the county tax, the County Commissioners submit itemized budget estimates to the finance committee no later than sixty days prior to the end of the County's fiscal year.

The finance committee consists of nine members, three members from each Commissioner's County. The committee reviews the proposed budgets prepared by the County Commissioners, together with any supplementary material prepared by the head of each county department or provided by any independent board or institution or another governmental agency. The finance committee may alter the proposed budget provided that:

- The finance committee enters into its minutes a statement for the basis for any change in the estimated expenditures and revenues as initially presented by the County Commissioners.
- The total estimated revenue, together with the amount of county tax to be levied, equals the total estimated expenditures.
- The finance committee holds a public hearing on the proposed budget prior to the end of the County's fiscal year and before the final adoption of the budget.
- A notice of the hearing is given at least ten days prior to the hearing in all newspapers of general circulation within the County. Written notice and a copy of the proposed budget are sent by mail, or are delivered by hand in person, to the clerk of each municipality in the County. The municipal clerk notifies the municipal officials of the proposed budget.
- After the public hearing, the finance committee adopts a final budget and transmits that budget to the County Commissioners. The Commissioners will not alter the budget as adopted by the finance committee, except by unanimous vote of the Board. If the adopted budget is changed by the Commissioners, the finance committee may reject that change by a two-thirds vote of its membership. Those actions shall be final and not subject to further action by either the Commissioners or the finance committee.

When the County tax is authorized, the Commissioners, within thirty days of the date for which the tax is authorized, shall apportion it upon the municipalities and unorganized territories within the County according to the last state valuation and fix the time of the payment of same, which shall not be earlier than the first day of the following September.

They may also add to that sum above the sum so authorized, not exceeding 2% of that sum, as a fractional division necessitates and demonstrates that necessity in the record of that apportionment, and issue their warrant to the assessors, requiring them to immediately assess the sum apportioned to their municipality or place, and to commit their assessment to the constable or collector for collection. The County treasurer immediately certifies the millage rate to the State Tax Assessor. The millage rate is separately assessed by the State Tax Assessor upon the real and personal property in the unorganized territory within the appropriate county.

The county may collect delinquent county taxes and charge interest on delinquent county taxes as provided by the statutes.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(4) CASH AND INVESTMENTS

The County's deposits at year end were partly covered by Federal Depository Insurance Corporation (FDIC) and by a collateral pledge agreement with Katahdin Trust Company.

The County's cash is categorized to give an indication of the level of risk assumed by the County at year end. These categories are defined as follows:

Category #1 - Insured or collateralized with securities held by the County or by its agent in the County's name.

Category #2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the County's name.

Category #3 - Uncollateralized, which includes any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the County's name.

At December 31, 2009, the County's funds were on deposit with the banks listed below:

<u>BANK - TYPE OF ACCOUNT</u>	<u>CARRYING AMOUNT</u>	<u>BANK BALANCE</u>	<u>CATEGORY</u>		
			<u>#1</u>	<u>#2</u>	<u>#3</u>
Katahdin Trust Company					
Checking -- General Fund	1,930,571	2,005,929	250,000	1,755,929	
Checking- Other Funds	(1,500)	25,016		25,016	
Checking-Fiduciary Funds	104,833	104,833		104,833	
	<u>2,033,904</u>	<u>2,135,778</u>			
Cash on hand	400				
	<u>2,034,304</u>	<u>2,135,778</u>	<u>250,000</u>	<u>1,885,778</u>	<u>None</u>
Consists of:					
Governmental funds	1,929,471				
Fiduciary funds	104,833				
	<u>2,034,304</u>				

(5) ACCOUNTS RECEIVABLE

Accounts receivable consists mostly of amounts due from the Registries of Deeds and Probate, the State of Maine, and other governments and are considered to be fully collectible by management.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(6) CAPITAL BUDGETING PLAN

Starting in 1995, the County established a five-year capital budgeting plan. Capital type items are budgeted and accounted for in one capital outlays account. In 1994 and previous years, capital type items were budgeted and accounted for within each department's operations.

As further described in note #10, the unspent Capital Outlay funds are carried forward from year to year and included in the following year's budget as part of the "final" budget. In 2009, \$468,825 was carried forward from 2008. \$449,093 has been carried forward to the 2010 budget.

(7) CAPITAL ASSETS

As of December 31, 2009 capital assets consisted of the following:

	December 31, <u>2008</u>	<u>Additions</u>	<u>Retirements</u>	December 31, <u>2009</u>
Land	18,400			18,400
Land improvements	183,243			183,243
Buildings	11,775,500			11,775,500
Building improvements	137,735			137,735
Roofing	49,309			49,309
Communications equipment	336,881	8,598	(1,450)	344,029
Computer hardware	397,659	28,356	(2,747)	423,268
Custodial equipment	44,716	674		45,390
Engineering equipment	420			420
Firefighting equipment	11,697	77,611		89,308
Furniture and fixtures	257,497		(734)	256,763
Grounds equipment	24,273	15,138		39,411
Heating systems	198,030			198,030
Electrical/plumbing	59,283	4,599		63,882
Kitchen equipment	67,195	397		67,592
Medical equipment	2,188			2,188
Office equipment	7,356	5,968	(519)	12,805
Photocopier	97,933	227		98,160
Police equipment	108,050	41,673	(2,100)	147,623
Vehicles	<u>517,478</u>	<u>96,174</u>	<u>(29,193)</u>	<u>584,459</u>
	<u>14,294,843</u>	<u>279,415</u>	<u>(36,743)</u>	<u>14,537,515</u>

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(7) CAPITAL ASSETS (cont'd.)

	December 31, <u>2008</u>	<u>Additions</u>	<u>Retirements</u>	December 31, <u>2009</u>
Accumulated Depreciation				
Land improvements	47,993	9,021		57,014
Buildings	11,775,500			11,775,500
Building improvements	16,507	6,474		22,981
Roofing	6,136	2,466		8,602
Communications equipment	163,600	28,431	(1,450)	190,581
Computer hardware	313,286	39,074	(2,660)	349,700
Custodial equipment	22,887	3,496		26,383
Engineering equipment	359	27		386
Firefighting equipment	6,332	2,725		9,057
Furniture and fixtures	244,888	5,648	(734)	249,802
Grounds equipment	8,780	2,077		10,857
Heating systems	55,185	9,835		65,020
Electrical/plumbing	5,825	3,188		9,013
Kitchen equipment	37,760	4,007		41,767
Medical equipment	653	317		970
Office equipment	1,654	1,997	(139)	3,512
Photocopier	70,847	6,048		76,895
Police equipment	55,969	14,464	(2,100)	68,333
Vehicles	<u>368,012</u>	<u>85,126</u>	<u>(24,421)</u>	<u>428,717</u>
	<u>13,202,173</u>	<u>224,421</u>	<u>(31,504)</u>	<u>13,395,090</u>
 Net book value	 <u>1,092,670</u>	 <u>54,994</u>	 <u>(5,239)</u>	 <u>1,142,425</u>

Depreciation expense was charged to governmental activities as follows:

Transportation	85,126
Law enforcement	14,464
Administration	6,048
Unallocated	<u>118,783</u>

Total depreciation expense 224,421

(8) RELATED PARTY – UNORGANIZED TERRITORIES OF AROOSTOOK COUNTY, MAINE

The County administers, for the State of Maine, the day to day operations of the Unorganized Territories of Aroostook County, Maine. The County oversees the maintenance of roads and bridges, snow removal, solid waste disposal, fire and ambulance protection and other needs of the residents of the Unorganized Territories. The County also maintains the accounting records for the Unorganized Territories. The Unorganized Territories pay the County an annual administration fee for these services.

COUNTY OF AROOSTOOK, MAINE
 NOTES TO FINANCIAL STATEMENTS (cont'd.)

(9) SUMMARY OF DEBT SERVICE REQUIREMENTS TO MATURITY

The County has no debt service requirements as of December 31, 2009.

(10) DESIGNATED FUND BALANCES

CAPITAL RESERVES

Title 30-A, Section 921, Maine Revised Statutes Annotated of 1964, as amended, permits the establishment of capital accounts. The County has established such funds for acquisitions of land, buildings and equipment, and roads and bridges as provided by statutory requirements. At December 31, 2009 the balance of the reserves amounted to \$449,093.

SUBSEQUENT YEARS EXPENDITURES

Title 30-A, Section 923, Maine Revised Statutes Annotated of 1964, provides that any unexpended balance of capital expenditures shall not lapse, but shall be carried forward to the next year or until the purpose for which said account was established and has been completed.

At December 31, 2009, unexpended balances carried forward were as follows:

Capital reserve	449,093
Consulting	10,481
Registry of Deeds	298,516
Contingent	90,619
Registry of Probate surcharge	1,166
Welcome to Aroostook signs	3,081
County internet web site	<u>2,964</u>
	<u>855,920</u>

Title 30-A, Section 922, Maine Revised Statutes Annotated of 1964, provides that the County can establish a contingent account not to exceed \$100,000. As noted above, this account did not lapse at year end into undesignated fund balance.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(11) FUND BALANCE LIMITATION

Title 30-A, Section 924, Maine Revised Statutes Annotated of 1964, provides that the County Commissioners shall use unexpended balances as follows:

1. The county commissioners shall use first any unencumbered surplus funds to restore the contingent account as provided in Section 922, subsection 2.
2. After restoring the contingent account, the county commissioners shall use any unencumbered surplus funds to reduce the tax levy in the following fiscal year as provided in this subsection. The commissioners shall use any remaining unencumbered surplus funds in excess of 20% for the fiscal year beginning in 2004 and each fiscal year thereafter of the amount to be raised by taxation in the following fiscal year to reduce the tax levy in that year. The commissioners may not commit taxes to be raised in any fiscal year until the commissioners have complied with this subsection.
3. The county commissioners may use any remaining unencumbered surplus funds to restore the contingent account, to establish a county charter commission, as provided in Section 1322, subsection 4, or to establish or fund a capital reserve account under Section 921, as provided in Section 5801.

(12) DEFERRED REVENUE

At December 31, 2009, deferred revenue consists of funds received for the Corrections Improvement Fund of \$298,138, Community Based Programs of \$20,818 and other grants of \$14,647. These programs are funded in advance by the State of Maine. Therefore, the revenues received in 2009 will be appropriated in the 2010 budget. Deferred revenue at December 31, 2009 totaled \$333,603.

(13) DEFINED BENEFIT PENSION PLAN

Employees of participating local government units are eligible to participate in the Maine State Retirement System ("System"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for public school teachers, state employees and political subdivisions.

Various full-time employees participate in the System. Benefits vested after 5 years of service. Employees who retire at or after age sixty (60) with ten (10) years of credits of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 2% of the average of their three (3) highest years of earnings, per year of service. The System also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

All employees are required to contribute 6.5% of their annual salary to the System. The County contributes the balance of the cost not provided by employee contribution.

The County does not have any outstanding loans with the System. The System has not invested in or purchased any of the County's notes or bonds.

Effective July 1, 1994, the County elected to join the Participating Local County Consolidated Plan established by Chapter 803 of MSRS rules in accordance with 5 MRSA, Chapter 427.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(13) DEFINED BENEFIT PENSION PLAN (cont'd.)

	<u>08-09</u>	<u>09/10</u>
Retirement benefits		
Employer normal costs	7.90%	7.90%
Unfunded actuarial reserve	<u>(5.10)%</u>	<u>(5.10)%</u>
	2.80%	2.80%
Disability cost	None	None
Survivor benefit cost	<u>None</u>	<u>None</u>
Contribution rate (as a percentage of payroll)	<u>2.80%</u>	<u>2.80%</u>

The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation.

Trend information provides an indication of the progress made in accumulating sufficient assets to pay benefits when due. The trend information and on-behalf payments for the County of Aroostook, Maine are not currently available from the Maine State Retirement System. Information is current as of December 31, 2009.

(14) CONTINGENCIES

The County is the fiscal agent for a federal grant entitled Workforce Investment Act (WIA). For a majority of the expenditures in WIA, the County contracts with other governments or local agencies to perform the specific services set forth in the grant agreement. The County disburses grant funds to the agencies based on weekly expenditure reports received from each agency. Additionally, the County receives an administrative fee equal to 10% of the grant.

WIA subcontractors are required to have an annual independent audit. The County requires each agency to submit a copy of the audit reports. If such audits disclose expenditures not in accordance with the terms of the grant, the grantor agency could disallow the costs and require reimbursement of the disallowed costs either from the County or the delegate agency. The County generally has the right to recovery from the subcontractors.

For the year ended December 31, 2009, agency costs of various amounts have been disbursed for which the audits have not been received. Based on prior experience, management believes that the County will not incur significant losses from possible grant disallowance.

Effective April 1, 2010 the County relinquished its role as fiscal agent for the WIA program to the Northern Maine Development Corporation.

(15) SUBSEQUENT EVENTS

Management has considered and disclosed all subsequent events occurring through August 3, 2010, the date the financial statements were available to be issued.

Pursuant to authority granted by the vote of the County Commissioners on February 3, 2010, a revolving line of credit with a maximum amount of \$1,500,000 was opened with Katahdin Trust Company. This note carries an interest rate of 3.25%, and is open until December 31, 2010.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(16) PARTICIPATION IN PUBLIC ENTITY RISK POOL

The County is a member of the Maine Municipal Association-Worker Compensation Trust Fund. The fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain lower costs for worker compensation coverage and develop a comprehensive loss control program. The County pays an annual premium to the fund for its workers' compensation coverage. The County's agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide coverage, through commercial companies reinsurance contracts. Coverage provided is statutory, with a \$500,000 self-insured retention by the Fund. Employer's liability limit is \$2,000,000 per assurance. The aggregate excess limit is \$4,000,000.

(17) EXPENDITURES OVER GENERAL FUND APPROPRIATIONS

The following appropriations were exceeded by actual expenditures:

	<u>Excess</u>
General and Administration	
PSAP	6,191
Wide area network	1,371
Emergency management agency	3,731
Local emergency planning	847
Interest expense	691

(18) COMMITMENTS

The Aroostook County Jail contracts with Inmate Telephone, Inc. to provide telephone services. The phone system is the property of Inmate Telephone, Inc. Per the original contract, the jail receives monthly commissions at a rate of 56% of the total gross revenue generated from any and all of the public coin operated or inmate non-coin operated telephones installed by Inmate Telephone, Inc. at the Aroostook County Jail.

During the year, the Aroostook County Jail revised the original contract for telephone service to include the purchase of the Offender Management System, a system designed by Inmate Telephone, Inc. to manage data relating to criminal justice information. The contract term is five years for a total purchase price of \$167,013. The monthly commission rate was reduced to 46.5% as a result of the purchase agreement. In the event that the Aroostook County Jail terminates the agreement before its expiration, it is obligated to purchase the Offender Management System at the total purchase price less a discount amount of \$2,784 for each full month completed under the agreement. At December 31, 2009, fifty-four months remain on the purchase agreement for a total of \$150,312. Management does not anticipate terminating the agreement prior to its expiration.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(19) ANNUAL OTHER POSTEMPLOYMENT BENEFIT (OPEB) COSTS AND NET OPEB OBLIGATION

The County adopted GASB No. 45, Accounting for Other Postemployment Benefits, as of January 1, 2009.

Plan Description – The County is a member of the Maine Municipal Employees Health Trust, which provides medical insurance to employees and retirees of over 450 municipal bodies in the state of Maine. The County provides insurance to retirees up to the age of 65.

OPEB Cost - The County's annual OPEB expense is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortizes the unfunded actuarial liability over a period of 30 years. For 2009 the County's OPEB expense of \$131,492 was equal to the ARC.

Funded Status and Funding Progress – The funded status of the plan as of December 31, 2009, was as follows:

Actuarial accrued liability	\$1,327,423
Actuarial value of plan assets	<u>0</u>
Unfunded actuarial accrued liability	<u>\$1,327,423</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new expectations are made about the future.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the plan as understood by the County and the plan members and include the types of benefits provided at the time of the valuation and the historical pattern of sharing benefit costs between the County and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2009 actuarial valuation the projected unit cost method was used. The assumptions included a 6% discount rate and a 3% payroll growth rate. Also, the actuarial assumption for the annual healthcare cost rate of 7.9% in one year reduced by decrements to an ultimate rate of 4% after 20 years. The amortization costs for the unfunded actuarial accrued liability is a level percent of pay closed amortization for a period of 30 years.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(20) JAIL OPERATIONS

Revenues and expenses of the Jail Operations are included as part of the County of Aroostook's general fund. All assets and liabilities of the Jail Operations are also part of the general fund. As of January 2009 the State of Maine Board of Corrections took control of the administration of the jail operations from each county statewide. The counties are still responsible for the cost of operations and retain title to all facilities.

Revenue is provided by funds from the State of Maine, budgeted municipal taxes paid to the county and inmate funds. Any expenditures over revenues are currently made up from additional general fund revenues or fund balance. Management continues to report jail operations transactions as part of the County of Aroostook general fund but will consider establishing a separate fund for future reporting periods.

(21) FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and accounts receivable, accounts and accrued payables. The fair values for the financial instruments that are current liabilities or current assets approximate their carrying amounts. The fair value of the accrual for other postemployment benefits has been determined on an actuarial basis further described in Note # 19.

COUNTY OF AROOSTOOK, MAINE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2009

SPECIAL REVENUE FUNDS

	ARDENT SENTRY GRANT	DISTRICT COURT WITNESS FEES	WELLNESS PROGRAM	WEAPONS OF MASS DESTRUCTION GRANT	GENERATOR GRANT	WIRED GRANT	FINGERPRINT PROJECT	PSIC GRANT	SCHOOL PLANNING GRANT	HIGH SCHOOL TRAINING GRANT	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS											
Due from other funds	513	52,374	791	-	627	-	-	4,530	7,965	1,682	68,482
TOTAL ASSETS	513	52,374	791	-	627	-	-	4,530	7,965	1,682	68,482
LIABILITIES AND FUND BALANCES											
LIABILITIES											
Due to other funds				797		14,553					15,350
TOTAL LIABILITIES				797		14,553					15,350
FUND BALANCES				(797)	627	(14,553)		4,530	7,965	1,682	53,132
Unreserved, undesignated	513	52,374	791	(797)	627	(14,553)		4,530	7,965	1,682	53,132
TOTAL FUND BALANCES	513	52,374	791	(797)	627	(14,553)		4,530	7,965	1,682	53,132
TOTAL LIABILITIES AND FUND BALANCES	513	52,374	791	-	627	-	-	4,530	7,965	1,682	68,482

See notes to financial statements

Chester M. Kearney, Certified Public Accountants

COUNTY OF AROOSTOOK, MAINE
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2009

	ARDENT SENTRY GRANT	DISTRICT COURT WITNESS FEES	WELLNESS PROGRAM	WEAPONS OF MASS DESTRUCTION GRANT	GENERATOR GRANT	WIRED GRANT	FINGERPRINT PROJECT	PSIC GRANT	SCHOOL PLANNING GRANT	HIGH SCHOOL TRAINING GRANT	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES											
Federal/State assistance	22,190	66,500	4,269	235,536	25,066	66,626	-	25,723	22,431	43,677	507,749
Other income		66,500	4,269	8,272	25,066	66,626	-	25,723	22,431	43,677	12,541
TOTAL REVENUES	22,190	133,000	8,538	243,808	50,132	133,252	-	51,446	44,862	87,354	520,290
EXPENDITURES											
Current and Capital Outlays	28,271	14,126	4,145	253,889	44,170	73,187	1,970	39,761	13,313	40,236	513,068
TOTAL USES OF FINANCIAL RESOURCES	28,271	14,126	4,145	253,889	44,170	73,187	1,970	39,761	13,313	40,236	513,068
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,081)	52,374	124	(10,081)	(19,104)	(6,561)	(1,970)	(14,038)	9,118	3,441	7,222
NET CHANGE IN FUND BALANCES	(6,081)	52,374	124	(10,081)	(19,104)	(6,561)	(1,970)	(14,038)	9,118	3,441	7,222
FUND BALANCES - JANUARY 1, 2009	6,594	-	667	9,284	19,731	(7,992)	1,970	18,568	(1,153)	(1,759)	45,910
FUND BALANCES - DECEMBER 31, 2009	513	52,374	791	(797)	627	(14,553)	-	4,530	7,965	1,682	53,132

SPECIAL REVENUE FUNDS

See notes to financial statements

Chester M. Kearney, Certified Public Accountants

COUNTY OF AROOSTOOK, MAINE

SCHEDULE OF PROPERTY VALUATION AND ASSESSMENT

GENERAL FUND

YEAR ENDED DECEMBER 31, 2009

	<u>MUNICIPALITIES</u>	<u>UNORGANIZED TERRITORIES</u>	<u>TOTAL</u>
ASSESSSED VALUATION	3,907,050	551,950	4,459,000
TAX RATE PER \$1,000			<u>1.08800</u>
			<u><u>4,851,392</u></u>

COMPUTATION OF ASSESSMENT

TAX COMMITMENT		4,851,392	
ESTIMATED REVENUES		<u>2,583,304</u>	7,434,696
APPROPRIATIONS			<u>7,340,913</u>
OVERLAY			<u><u>93,783</u></u>

See notes to financial statements

COUNTY OF AROOSTOOK, MAINE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2009

FEDERAL GRANTOR	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM AWARD AMOUNT	AMOUNT RECEIVED	REVENUE RECOGNIZED	EXPENDITURES
U.S. DEPARTMENT OF LABOR						
PASS-THROUGH STATE OF MAINE						
Workforce Investment Act (WIA) 7/01/08 to 6/30/09	17.258	CT12A20080808*1090	1,203,327	705,956	705,956	705,956
Workforce Investment Act (WIA) 7/01/07 to 6/30/08	17.258	CT12A2007*2730	1,178,059	3,753	3,753	3,753
Workforce Investment Act (WIA) 3/1/09 to 3/31/10	17.258	CT12A20090423*5645	43,090	33,297	33,297	33,297
Workforce Investment Act (WIA) 6/30/09 to 6/30/11	17.258	CT12A20090612*7062	1,190,884	507,443	507,443	507,443
Workforce Investment Act (WIA) 2/18/09 to 3/31/10 - ARRA	17.258	CT12A20090612*7059	1,216,958	912,174	912,174	912,174
North Star Alliance Initiative	17	U019Q1105186	257,848	166,074	166,074	166,074
National Emergency Grant, Forest 7/01/08 to 6/30/09	17.260	CT12A2008121*3657	457,205	308,120	308,120	308,120
				<u>2,636,817</u>	<u>2,636,817</u>	<u>2,636,817</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
PASS-THROUGH STATE OF MAINE						
Victim Advocacy 10/1/09 to 9/30/12 - ARRA	16.801	CFS-10-2301RA	39,697	1,562	1,562	1,562
Victim Advocacy 10/1/09 to 9/30/10	16.575	CFS-10-2301	52,112	18,252	18,252	18,252
Victim Advocacy 7/1/08 to 9/30/09	16.575	CFS-09-2301	65,140	36,686	36,686	36,686
				<u>56,500</u>	<u>56,500</u>	<u>56,500</u>
U.S. DEPARTMENT OF JUSTICE						
PASS-THROUGH STATE OF MAINE						
Drug Enforcement Agents	16.588	R-02-10-09/2009-G9831-ME-DD	174,940	174,940	174,940	174,940
U.S. DEPARTMENT OF TRANSPORTATION						
PASS-THROUGH STATE OF MAINE						
2009 High Visibility Driving Enforcement	20.601	ALCO9-008	4,900	3,584	3,584	3,584
				<u>178,524</u>	<u>178,524</u>	<u>178,524</u>
U.S. DEPARTMENT OF HOMELAND SECURITY						
PASS-THROUGH STATE OF MAINE						
County Emergency Planning Grant	97.042	2009-EP-E9-0046	160,718	154,262	154,262	154,262
County Emergency Planning Grant	97.042	2010-EP-E0-0057	166,202	26,433	26,433	26,433
County Emergency Planning Grant	97.042	2009-EP-E0-0057	50,000	24,312	24,312	24,312
Homeland Security Grant Program	97.067	2008-GS-T8-0037	16,600	12,645	12,645	12,645
Homeland Security/Dept. of Commerce	11.555	2007-GS-H7-0056	153,933	39,761	39,761	39,761
Homeland Security/Dept. of Commerce	11.555	2007-GS-H7-0056	37,879	37,879	37,879	37,879
Homeland Security Grant Program	97.067	2007-GE-T7-0055	74,400	19,317	19,317	19,317
Homeland Security Grant Program	97.067	2006-GE-T6-0047	19,000	19,000	19,000	19,000
Homeland Security Grant Program	97.042	2009-EP-E9-0046	10,000	5,000	5,000	5,000
Homeland Security Grant Program	97.067	2006-GE-T6-0047	15,000	15,000	15,000	15,000
Homeland Security Grant Program	97.067	2008-GE-T8-0037	27,585	8,875	8,875	8,875
Homeland Security Grant Program	97.067	2008-GE-T8-0037	24,700	23,222	23,222	23,222
Homeland Security Grant Program	97.067	2007-GE-T6-0047	53,687	30,922	30,922	30,922
Homeland Security Grant Program	97.067	2006-GE-T6-0047	110,021	110,021	110,021	110,021
Homeland Security Grant Program	97.067	2008-GP-069	369,651	181,038	181,038	181,038
				<u>707,687</u>	<u>707,687</u>	<u>707,687</u>
U.S. DEPARTMENT OF HOMELAND SECURITY						
PASS-THROUGH STATE OF MAINE						
2008 Public Service Grant	14.228	2008101400000002650	40,000	37,679	37,679	37,679
2008 Special Projects Matching Funds Grant	14.228	2008101400000002651	250,000	230,000	230,000	230,000
2008 Community Planning Grant	14.228	20090825000000001365	10,000	10,000	10,000	10,000
				<u>277,679</u>	<u>277,679</u>	<u>277,679</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>3,857,207</u>	<u>3,857,207</u>	<u>3,857,207</u>

Note A - Significant Accounting Policies
The accompanying schedule of expenditures of federal awards is prepared on the same basis as the basic financial statements, accrual basis.

COUNTY OF AROOSTOOK, MAINE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2009

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County of Aroostook, Maine and is presented on the full accrual basis. The reporting entity is defined in the notes to the financial statements of the County of Aroostook, Maine.

PURPOSE OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, which requires a schedule showing total expenditures for each federal award program as identified in the Catalog of Federal Domestic Assistance (CFDA).

COUNTY OF AROOSTOOK, MAINE
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED DECEMBER 31, 2009

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

The auditor's report issued expressed an unqualified opinion on the basic financial statements of the County of Aroostook, Maine.

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no
- Reportable condition(s) identified that are not considered to be material weaknesses? ___ yes X no

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___ yes X no
- Reportable condition(s) identified that are not considered to be material weaknesses? ___ yes X no

The auditors' report issued on compliance for the major federal award programs for the County of Aroostook, Maine expresses an unqualified opinion.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? ___ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
17.258/17.260	Workforce Investment Act/National Emergency Grant

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes ___ no

COUNTY OF AROOSTOOK, MAINE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (cont'd.)
YEAR ENDED DECEMBER 31, 2009

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings were made during the audit of the financial statements for the County of Aroostook, Maine and no matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings or questioned costs relative to major federal award programs were found during the audit of the financial statements for the County of Aroostook, Maine and no matters were reported.



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To the Management of the
County of Aroostook, Maine

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Aroostook, Maine, as of and for the year ended December 31, 2009, which collectively comprise the County of Aroostook, Maine's basic financial statements and have issued our report thereon dated August 3, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Aroostook, Maine's internal control over financial reporting as a basis for designing our procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Aroostook, Maine's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Aroostook, Maine's internal control over financial reporting.

A deficiency in internal control exists when the design of or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of significant deficiencies, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Aroostook, Maine's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the audit committee, County Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Chester M. Kearney

Presque Isle, Maine
August 3, 2010



Chester M. Kearney

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To the Management of the
County of Aroostook, Maine

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
-APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited the compliance of the County of Aroostook, Maine, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. The County of Aroostook, Maine's major federal programs are identified in the summary of auditor's results section accompanying the schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Aroostook, Maine's management. Our responsibility is to express an opinion on the County of Aroostook, Maine's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Aroostook, Maine's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County of Aroostook, Maine's compliance with those requirements.

In our opinion, the County of Aroostook, Maine complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

Management of the County of Aroostook is responsible for establishing and maintaining effective internal control over compliance with requirements of laws and regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Aroostook's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement or a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of the audit committee, management, County Council and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Chester M. Kearney

Presque Isle, Maine
August 3, 2010

UNORGANIZED TERRITORY PUBLIC WORKS DIRECTOR

Paul G. Bernier

Director



On behalf of the citizens and organizations of the Unorganized Territory of Aroostook County, it is my pleasure to submit this report. This past year has been very special and rewarding for me as Public Works Director. Since 1984 I have had the opportunity to work directly with local residents, businesses, and various agencies, beginning with a local convenience store and ending in 2009 as a municipal official for the municipalities of Frenchville and St. Agatha. My new endeavor as Public Works Director began in June 2009, and I am confident that my previous 25 years experience has properly prepared me for the tasks expected of me.

A new employment opportunity always presents unique challenges and sometimes unassuming learning curves. I honestly feel that my transition has been a relatively smooth one, and I have to thank all of our service providers, contractors, and the residents of Aroostook County for making this possible.

There were many substantial projects and issues that were either initiated, completed, or studied and moved into planning stages. Multiple road maintenance projects and annual infrastructure improvements were completed in both Area One (southern) and Area Two (northern) of Aroostook County. These included: Aroostook Road reclaiming and overlay project in Molunkus Township (TARS); major ditching and multiple culvert installations and replacements on the Aroostook Road in Benedicta; survey, ditch, install 6" of asphalt millings, grade and compact on the Adams Road in Connor Township; and other improvement measures such as mowing, brushing and grading gravel surface roads throughout the county.

Throughout the entire road system of the unorganized territory, all regulatory and warning signs were inspected, replaced if damaged or faded, and new ones installed if deemed necessary. The majority of the costs for these expenses were provided by the MDOT Local Road Signs Replacement Program.

A combination of Maine DEP Small Community Grant Program funds and homeowner investment provided for three complete septic system replacement projects in our service area. Over the years this program has provided valuable resources in order to assist in protecting the health of our citizens, as well as our environment and waterways.

The Public Works Department has also been involved with local ATV Clubs which have trail systems which pass through areas of the unorganized territory. A major trail artery was constructed in the Cross Lake and Sinclair region, along with trail rehabilitation in the Madawaska Lake region. With this project being completed, the final link to connecting northern Aroostook County trails to those to the south finally became a reality.

Moving forward, an application for funding for a housing rehabilitation project in Sinclair/T17R4 will be submitted, the development of a 3-5 year road maintenance plan will be developed, and more DEP resources will be sought after for septic system replacements.

I would especially like to thank the support staff at the County Commissioners Office, and all the contractors and various agencies that provide their invaluable skills and resources on a daily basis for the citizens of Aroostook County.



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To the Management of the
Unorganized Territories Fund

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities and major fund of the Unorganized Territories Fund, as of and for the year ended June 30, 2009, which collectively comprise the Municipality's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Territories' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Territories' internal control over financial reporting. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audits, 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 Unorganized Territories Fund, as of June 30, 2009, and the respective changes in financial position where applicable, thereof and the respective budgetary comparison of the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2009 on our consideration of the Unorganized Territories Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Unorganized Territories Fund's basic financial statements. The combining and individual non-major fund financial statements and schedules are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The remaining schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. All such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Chester M. Kearney

Presque Isle, Maine
November 2, 2009

UNORGANIZED TERRITORIES FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Unorganized Territory Fund of the Territories of Aroostook, Maine, we offer readers of the Territories' financial statements this narrative overview and analysis of the financial activities of the Territories for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with the Territories' financial statements.

Financial Highlights

- The assets of the Territories exceeded its liabilities at the close of the most recent fiscal year by \$1,139,479 (net assets). Of this amount, \$112,638 (unrestricted net assets) may be used to meet the government's on-going obligations to citizens and creditors.
- The government's total net assets increased by \$161,580.
- As of the close of the current fiscal year, the Territories' governmental funds reported combined ending fund balances of \$317,336, an increase of \$64,900 in comparison with the prior year. Approximately 35% of this total amount, \$112,638 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was 110,964, or 6.5% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Unorganized Territories Fund's basic financial statements. The basic financial statements are comprised of three (3) 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 Territories' finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the Territories that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

UNORGANIZED TERRITORIES FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS

The government-wide financial statements can be found on pages 9 and 10 of this report.

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 Unorganized Territories Fund, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Territories can be divided into 2 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 Unorganized Territories Fund maintains 3 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 which is considered to be a major fund. Data from the other 2 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Unorganized Territories Fund adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 11 to 15 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Territories' own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The Unorganized Territories Fund does not maintain any fiduciary funds.

UNORGANIZED TERRITORIES FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS

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. The notes to the financial statements can be found on pages 16 to 23 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents the combining statements referred to earlier in connection with nonmajor governmental funds. Combining and individual fund statements and schedules can be found on pages 24 and 25 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Territories, assets exceeded liabilities by \$1,139,479 at the close of the most recent fiscal year.

A large portion of the Territories' net assets (71%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The Territories uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Territories' 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.

UNORGANIZED TERRITORIES FUND, Net assets

	<u>Governmental Activities</u>	
	June 30, <u>2009</u>	June 30, <u>2008</u>
Current and other assets	341,095	302,723
Capital assets	<u>822,143</u>	<u>725,463</u>
Total assets	<u>1,163,238</u>	<u>1,028,186</u>
Liabilities	<u>23,759</u>	<u>50,287</u>
Net assets:		
Invested in capital assets, net of related debt	822,143	725,463
Reserved for future designated use	204,698	125,728
Unrestricted	<u>112,638</u>	<u>126,708</u>
Total net assets	<u>1,139,479</u>	<u>977,899</u>

UNORGANIZED TERRITORIES FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS

The remaining balance of unrestricted net assets (\$112,638) may be used to meet the government's on-going obligations to citizens and creditors.

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

The government's net assets increased by \$161,580 during the current fiscal year.

Governmental activities. Governmental activities increased the Territories' net assets by \$161,580, thereby accounting for 100% of the increase in the net assets of the Territories. Key elements of this increase are as follows:

TERRITORIES OF AROOSTOOK, Changes in Net assets

	July 1, 2008 to June <u>30, 2009</u>	July 1, 2007 to June <u>30, 2008</u>
Revenues		
Property taxes	1,389,973	1,366,792
Investment income	20,489	15,223
Other revenues	<u>284,268</u>	<u>279,162</u>
Total revenues	<u>1,694,730</u>	<u>1,661,177</u>
Expenses		
County tax	567,317	567,316
Roads	128,820	121,405
Public works	87,044	71,942
Public safety	31,695	11,130
Snow removal	251,041	241,045
Solid waste disposal	106,810	104,672
Fire protection	103,468	77,874
Ambulance service	20,505	22,454
Administration	55,940	52,630
Capital outlays	75,667	160,884
Other	104,612	137,632
Community septic systems grant	<u>232</u>	<u>(36,119)</u>
Total expenses	<u>1,533,151</u>	<u>1,532,865</u>
Change in net assets	<u>161,580</u>	<u>128,312</u>

UNORGANIZED TERRITORIES FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the Government's Funds

As noted earlier, the Unorganized Territories Fund uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the Territories' governmental funds reported combined ending fund balances of \$317,336, an increase of \$64,900 in comparison with the prior year. Approximately 35% of this total amount (\$112,638) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to capital expenditures (\$181,871), and future year's expenditures (\$22,827).

The general fund is the chief operating fund of the Territories. At the end of the current fiscal year, unreserved fund balance of the general fund was \$110,964, while total fund balance reached \$315,662. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 6.5% of total general fund expenditures, while total fund balance represents 18.5% of that same amount.

The fund balance of the Territories' general fund increased by \$64,900 during the current fiscal year. Key factors in this increase are as follows:

- Actual revenues exceeded anticipated revenues by \$55,293, consisting mostly of snowmobile grant funds and interest income.
- Anticipated expenditures exceeded actual expenditures by \$160,566, consisting mostly of positive variances in capital outlays and ambulance service.
- The use of \$25,000 of undesignated fund balance was budgeted to reduce the tax commitment for the year ended June 30, 2009.

General Fund Budgetary Highlights

During the year, however, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates, thus eliminating the need to draw upon existing fund balance to the extent that was originally anticipated.

Capital Asset and Debt Administration

Capital assets. The Territories' investment in capital assets for its governmental and business type activities as of June 30, 2009, amounts to \$822,143, (net of accumulated depreciation). This investment in capital assets includes land, buildings and machinery and equipment. The total increase in the Territories' investment in capital assets for the current fiscal year was 13%.

Major capital asset events during the current fiscal year included the following:

- Purchase of various machinery and equipment totaling \$120,555.
- Depreciation expense in the amount of \$23,875.

Additional information regarding the changes in fixed assets can be found at note # 4.

UNORGANIZED TERRITORIES FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County of Aroostook is currently 11.0% which is an increase from a rate of 6.8% a year ago. The County's rate is higher than the national rate of 9.7%, and the state rate of 8.3%.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the Territories' budget for the 2009/2010 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Unorganized Territories Fund of Aroostook County, Maine's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Commissioners, County of Aroostook, 144 Sweden Street, Suite 1, Caribou, Maine 04736.

UNORGANIZED TERRITORIES FUND

STATEMENT OF NET ASSETS

JUNE 30, 2009

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and cash equivalents	341,095
Capital assets, net of accumulated depreciation	<u>822,143</u>
TOTAL ASSETS	<u>1,163,238</u>
LIABILITIES	
Accounts payable	<u>23,759</u>
NET ASSETS	
Invested in capital assets, net of related debt	822,143
Reserved for designated future use	204,698
Unrestricted	<u>112,638</u>
TOTAL NET ASSETS	<u><u>1,139,479</u></u>

See notes to financial statements

UNORGANIZED TERRITORIES FUND

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

Functions/Programs:	Program Revenues			Net (Expense) Revenues and Changes in Net Assets
	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:				
County tax	Expenses			
Roads	567,317			(567,317)
Public works	128,820			(128,820)
Public safety	87,044			(87,044)
Snow removal	31,695			(31,695)
Solid waste disposal	251,041			(251,041)
Fire protection	106,810			(106,810)
Ambulance service	103,468			(103,468)
Administration	20,505			(20,505)
Capital outlays	55,940			(55,940)
Other	75,667	77,636		(75,667)
Community septic systems	182,248			(182,248)
Total governmental activities	232			(232)
	<u>1,610,787</u>	<u>77,636</u>	<u>-</u>	<u>(1,533,150)</u>
General revenues:				
Property tax				1,389,973
Investment income				20,489
Other revenues				284,268
Total general revenues				<u>1,694,730</u>
Change in net assets				161,580
Net assets - July 1, 2008				<u>977,899</u>
Net assets - June 30, 2009				<u>1,139,479</u>

See notes to financial statements

Chester M. Kearney, Certified Public Accountants

UNORGANIZED TERRITORIES FUND

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2009

	<u>GENERAL</u>	<u>SPECIAL REVENUE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS			
Cash	<u>339,421</u>	<u>1,674</u>	<u>341,095</u>
TOTAL ASSETS	<u><u>339,421</u></u>	<u><u>1,674</u></u>	<u><u>341,095</u></u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	<u>23,759</u>		<u>23,759</u>
TOTAL LIABILITIES	<u><u>23,759</u></u>		<u><u>23,759</u></u>
FUND BALANCES			
Reserved for:			
Capital expenditures	181,871		181,871
Designated for subsequent years' expenditures	<u>22,827</u>		<u>22,827</u>
Unreserved	<u>110,964</u>	<u>1,674</u>	<u>112,638</u>
TOTAL FUND BALANCES	<u><u>315,662</u></u>	<u><u>1,674</u></u>	<u><u>317,336</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u><u>339,421</u></u></u>	<u><u><u>1,674</u></u></u>	<u><u><u>341,095</u></u></u>

See notes to financial statements

UNORGANIZED TERRITORIES FUND

RECONCILIATION OF THE GOVERNMENTAL FUNDS' BALANCE SHEET

TO THE STATEMENT OF NET ASSETS

JUNE 30, 2009

Total fund balances for governmental funds	317,336
Total net assets reported for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	<u>822,143</u>
Total net assets of governmental activities	<u><u>1,139,479</u></u>

See notes to financial statements

UNORGANIZED TERRITORIES FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2009

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES			
Property taxes	1,389,973		1,389,973
State assistance	139,021		139,021
Excise tax	220,928		220,928
Investment income	20,489		20,489
Other revenues	1,955		1,955
TOTAL REVENUES	<u>1,772,366</u>	<u>-</u>	<u>1,772,366</u>
EXPENDITURES			
County tax	567,317		567,317
Roads	113,000		113,000
Public works	87,044		87,044
Public safety	31,695		31,695
Snow removal	251,041		251,041
Solid waste disposal	106,810		106,810
Fire protection	99,057		99,057
Ambulance service	20,505		20,505
Administration	55,940		55,940
Capital outlays	196,222		196,222
Other	178,604	231	178,835
TOTAL EXPENDITURES	<u>1,707,235</u>	<u>231</u>	<u>1,707,466</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>65,131</u>	<u>(231)</u>	<u>64,900</u>
NET CHANGE IN FUND BALANCES	65,131	(231)	64,900
FUND BALANCES - JULY 1, 2008	<u>250,531</u>	<u>1,905</u>	<u>252,436</u>
FUND BALANCES - JUNE 30, 2009	<u>315,662</u>	<u>1,674</u>	<u>317,336</u>

See notes to financial statements

UNORGANIZED TERRITORIES FUND
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES

JUNE 30, 2009

Net change in fund balances - total governmental funds 64,900

The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital asset additions and depreciation expense is recorded as follows.

Capital asset additions	120,555
Depreciation expense	<u>(23,875)</u>

Change in net assets of governmental activities 161,580

See notes to financial statements

UNORGANIZED TERRITORIES FUND

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Property taxes				
Local taxes	822,656	822,656	822,656	
County tax	567,317	567,317	567,317	
State assistance				
Local road assistance	65,300	65,300	59,564	(5,736)
Snowmobile funds	1,500	1,500	79,457	77,957
Small community grant program	12,000	12,000		(12,000)
Excise taxes	232,500	232,500	220,928	(11,572)
Interest income	15,000	15,000	20,489	5,489
Other Revenues	800	800	1,955	1,155
TOTAL REVENUES	1,717,073	1,717,073	1,772,366	55,293
EXPENDITURES				
County tax	567,317	567,317	567,317	
Roads	113,000	113,000	113,000	
Public works	80,200	80,200	87,044	(6,844)
Public safety	19,495	19,495	31,695	(12,200)
Snow removal	249,520	249,520	251,041	(1,521)
Solid waste disposal	114,150	114,150	106,810	7,340
Fire protection	100,172	100,172	99,057	1,115
Ambulance service	48,900	48,900	20,505	28,395
Administration	55,960	55,960	55,940	20
Capital outlays	277,365	378,093	196,222	181,871
Other	115,994	140,994	178,604	(37,610)
TOTAL EXPENDITURES	1,742,073	1,867,801	1,707,235	160,566
DEFICIENCY OF REVENUES OVER EXPENDITURES	(25,000)	(150,728)	65,131	215,859
NET CHANGE IN FUND BALANCE	(25,000)	(150,728)	65,131	215,859
FUND BALANCE - JULY 1, 2008			250,531	
FUND BALANCE - JUNE 30, 2009			315,662	

See notes to financial statements

UNORGANIZED TERRITORIES FUND

NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Unorganized Territories Fund of the Territories of Aroostook provides various services to the Territories' residents. The Municipality operates under the Manager-Selectmen form of government. The Territories' major operations include the payment of Territories' tax and maintenance of roads.

Financial Reporting Entity

The accounting and reporting policies of the Territories relating to the funds included in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governments* and by the Financial Accounting Standards Board (when applicable). The more significant of the governments accounting policies are described below.

The Unorganized Territories Fund's basic financial statements include the accounts of all of the Unorganized Territories Fund's operations. The criteria for including organizations as component units within the Unorganized Territories Fund's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the Organization is legally separate (can sue and be sued in their own name)
- the Unorganized Territories Fund hold the corporate powers of the Organization
- the Unorganized Territories Fund appoints a voting majority of the Organization's board
- the Organization has the potential to impose a financial benefit/burden on the Unorganized Territories Fund.

Based on the above criteria, the Unorganized Territories Fund has no component units.

Fund Accounting

The modified accrual basis of accounting is used by all governmental fund types and non-expendable fiduciary fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, (i.e. when they become measurable and available). Measurable means that the amount of the transaction can be determined and available means that the amount of the transaction is collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the state of Maine are recognized when susceptible to accrual. Miscellaneous revenues are recorded when received and earnings are recorded as earned since they are measurable and available. Grant revenues are considered measurable and available and are recorded simultaneously with the grant expenditure.

UNORGANIZED TERRITORIES FUND

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Fund Accounting (cont'd.)

Fund financial statements provide information about the Territories' funds. Each individual fund is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Separate statements for each fund category – governmental, propriety and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

The Territories report the following major governmental funds:

General Fund - To account for all financial resources except those required to be accounted for in another fund. The general fund is the Territories' operating fund.

Other governmental funds are:

All Other Special Revenue Funds – To account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

In addition, all funds are reported as governmental activities, or fiduciary funds. The definitions for these types of activities are discussed below.

Finally, all non-fiduciary funds are further classified as major or nonmajor funds. In reporting financial condition and results of operations for governmental units, GASB #34 concentrates on major funds versus nonmajor funds.

The statement of net assets and the statement of activities display information about the Territories as a whole. These statements include the financial activities of the overall government, except the fiduciary activities. These statements reflect governmental type activities and there were no business-type activities of the Territories. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Territories and for each function of the Territories' governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Territories do not allocate indirect expenses to functions in the statement of activities. Program revenues include (a) fee, fines, and charges paid by those recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including taxes, are presented as general revenues.

Separate financial statements are provided for governmental funds, propriety funds, and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

UNORGANIZED TERRITORIES FUND

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Measurement Focus and Basis of Accounting

Government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Territories gives (or receives) value without directly receiving (or giving) equal value in exchange, includes property taxes, grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes, interest income and inter-governmental revenues and grants are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt are reported as other financing sources.

Deposits and Investments

Available cash is deposited in interest-bearing accounts to as great a degree as possible. These residual investments are classified for reporting purposes as cash. Earnings from these investments are reported by the applicable funds generating the investments. All deposits are carried at cost plus accrued interest.

The laws of the State of Maine under 30-A M.R.S.A. Sections 5706-5719 limit investment of municipal funds to investments described within that law. The law authorizes the Territories to invest in various financial institutions insured by Federal Deposit Insurance Corporation and the National Credit Union Association.

Repurchase agreements are allowed to the extent secured by the obligations of the United States Government, as defined in Section 5712, Subsection 1, provided that the market value of the underlying obligation is equal to or greater than the amount of the municipality's investment and that the municipality's security interest is perfected.

Investment in mutual funds is limited to bonds and other direct obligations of the United States Government or repurchase agreements secured by bonds and other direct obligations of the United States Government.

UNORGANIZED TERRITORIES FUND

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

For other securities, including the above-mentioned investment vehicles, minimum security quality grade requirements are mandated in conjunction with percentage limitations of reserve amounts or portfolio balances, depending upon the type of the applicable securities purchased.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Unorganized Territories Fund considers all highly liquid investments (including restricted assets) with a maturity of three (3) months or less when purchased to be cash equivalents.

Capital Assets

Capital assets, not including infrastructure assets, purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost if actual historical cost is not available. Infrastructure assets capitalized have an original cost of \$50,000 or more. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Repairs and maintenance costs are recorded as an expense.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40
Building improvements	20-30
Vehicles	5-15
Office equipment	5-15
Computer equipment	5-15

Fund Equity

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

Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislations adopted by the Territories or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

UNORGANIZED TERRITORIES FUND

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. The commitments (purchase orders, contracts, and other commitments for the expenditure of funds) are not treated as expenditures until the liability for payment is incurred, but are merely used to facilitate effective budget control, cash planning and management. Encumbrance accounting where a portion of the applicable appropriation is reserved for open purchase orders is not employed by the Territories.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported accounts and disclosures. Accordingly, actual results could differ from those estimates.

Other General Items

The Unorganized Territories are exposed to various risks of loss related to torts; theft of, damages to and destruction of assets; errors and omissions; and natural disasters for which the Unorganized Territories carries commercial insurance. Settled claims, if any, resulting from these risks have not exceeded commercial insurance coverage.

(2) BUDGETARY INFORMATION

An operating budget is adopted each year for the General Fund on the same modified accrual basis used to reflect actual revenues and expenditures.

(3) CASH AND INVESTMENTS

The Unorganized Territories' deposits at year end were partly covered by Federal Depository Insurance Corporation (FDIC) and by a collateral pledge agreement with Katahdin Trust Company.

The Unorganized Territories' cash is categorized to give an indication of the level of risk assumed by the Unorganized Territories at year end. These categories are defined as follows:

- Category #1 - Insured or collateralized with securities held by the Unorganized Territories or by its agent in the Unorganized Territories' name.
- Category #2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the Unorganized Territories' name.
- Category #3 - Uncollateralized, which includes any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the Unorganized Territories' name.

UNORGANIZED TERRITORIES FUND

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(3) CASH AND INVESTMENTS (cont'd.)

At June 30, 2009, the Unorganized Territories' funds were on deposit with the bank listed below:

<u>BANK - TYPE OF ACCOUNT</u>	<u>CARRYING AMOUNT</u>	<u>BANK BALANCE</u>	<u>CATEGORY</u>		
			<u>#1</u>	<u>#2</u>	<u>#3</u>
Katahdin Trust Company Checking -- General Fund	341,095	377,780	250,000	127,780	

(4) CAPITAL ASSETS

As of June 30, 2009 capital assets consisted of the following:

	<u>July 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2009</u>
<i>Non-depreciable assets</i>				
Land	74,900			74,900
<i>Depreciable assets</i>				
Land improvements	4,755			4,755
Buildings and contents	134,325		100	134,225
Vehicles	188,458	14,015	54,658	147,815
Equipment	23,100	824		23,924
Infrastructure	<u>544,696</u>	<u>105,716</u>		<u>650,412</u>
	<u>970,234</u>	<u>120,555</u>	<u>54,758</u>	<u>1,036,031</u>
<i>Accumulated depreciation</i>				
Land improvements	476	159		635
Buildings and contents	32,123	3,210	100	35,233
Vehicles	156,304	1,867	54,658	103,513
Equipment	18,016	2,819		20,835
Infrastructure	<u>37,852</u>	<u>15,820</u>		<u>53,672</u>
	<u>244,771</u>	<u>23,875</u>	<u>54,758</u>	<u>213,888</u>
<i>Net Book Value</i>	<u>725,463</u>	<u>96,680</u>	<u>None</u>	<u>822,143</u>

Depreciation expense was charged to governmental activities as follows:

Roads	15,820
Fire protection	4,411
Other	<u>3,644</u>
Total depreciation expense	<u>23,875</u>

UNORGANIZED TERRITORIES FUND

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(5) RELATED-PARTY TRANSACTIONS

The County of Aroostook administers, for the State of Maine, the day to day operations of the Unorganized Territories of Aroostook County, Maine. The County oversees the maintenance of roads and bridges, snow removal, solid waste disposal, fire and ambulance protection and other needs of the residents of the Unorganized Territories. The County also maintains the accounting records for the Unorganized Territories. The Unorganized Territories pays the County an annual administration fee for these services. For the year ended June 30, 2009 the Unorganized Territories paid the County of Aroostook \$55,940 for these services.

Occasionally, the Unorganized Territories and County of Aroostook loan monies to one another. As of June 30, 2009 no balances were due between the two parties.

(6) EXPENDITURES OVER GENERAL FUND APPROPRIATIONS

The following appropriations were exceeded by actual expenditures:

	<u>Excess</u>
Public works	6,844
Public safety	12,200
Snow removal	1,521
Other	37,610

(7) DESIGNATED FUND BALANCES

CAPITAL RESERVES

Title 30-A, Section 921, Maine Revised Statutes Annotated of 1964, as amended, permits the establishment of capital accounts. The Territories has established such funds for acquisitions of land, buildings and equipment, and roads and bridges as provided by statutory requirements. At June 30, 2009 the balance of the reserves amounted to \$181,871.

SUBSEQUENT YEARS' EXPENDITURES

Title 30-A, Section 923, Maine Revised Statutes Annotated of 1964, provides that any unexpended balance of capital expenditures shall not lapse, but shall be carried forward to next year or until the purpose for which said account was established and has been completed.

At June 30, 2009, designated fund balance consisted of the following:

Capital reserves	
Road/bridge maintenance	80,932
Pavement resurface	24,925
Dry hydrant	4,047
911-E program	4,149
Cemetery improvement	2,350
T17R5 fire building	4,474
T17R4 transfer station	2,453
T17R4 fire building	6,670
T17R4 fire truck	1,604
T17R4 fire equipment	2,071

UNORGANIZED TERRITORIES FUND

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(7) DESIGNATED FUND BALANCES (cont'd.)

DEDC administration	1,793
E. Plantation bridge	20,000
Vehicle	8,418
Connor recreation park	4,175
Computer	1,510
Community signs	4,500
Sinclair community building	800
Vehicle – Fire department	<u>7,000</u>
	181,871
Contingent account	<u>22,827</u>
Total	<u>204,698</u>

Title 30-A, Section 922, Maine Revised Statutes Annotated of 1964, provides that the Territories can establish a contingent account not to exceed \$100,000. As noted above, this account did not lapse at year end into undesignated fund balance.

(8) JOINT VENTURES

The Northwestern Aroostook County Septage Board is owned jointly by the Municipalities of Ashland, Portage Lake, Masardis, Oxbow, Garfield, Nashville and the Unorganized Territories of Aroostook County, Township 11, Range 4 and Township 10, Range 4.

The facility is administered by a seven-member board of representatives from each community. The board is responsible for establishing the facility's annual budget and overseeing its operation.

The Organization issues an audited financial statement biannually. The latest financial statement is not available as of the date of this report.

As of June 30, 2009 the Unorganized Territories Fund owned 7% of the assets and liabilities of this Organization. Based on the Organization's most recent audited financial statement as of December 31, 2006 its total assets were \$49,173 and liabilities were \$0. With 7% ownership the Unorganized Territories Fund's investment in this venture is \$3,442 as of December 31, 2006. Because this amount is immaterial in nature and an audited financial statement is not received on a regular basis, management has elected not to record this investment on the Unorganized Territories Fund's financial statements.

UNORGANIZED TERRITORIES FUND
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2009

	<u>SPECIAL REVENUE FUNDS</u>	
	<u>SEPTIC GRANT</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
ASSETS		
Cash	1,674	1,674
TOTAL ASSETS	1,674	1,674
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable		
TOTAL LIABILITIES	None	None
FUND BALANCES		
Unreserved, undesignated	1,674	1,674
TOTAL FUND BALANCES	1,674	1,674
TOTAL LIABILITIES AND FUND BALANCES	1,674	1,674

See notes to financial statements

UNORGANIZED TERRITORIES FUND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2009

	<u>SPECIAL REVENUE FUNDS</u>	
	<u>SEPTIC GRANT</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
REVENUES		
State assistance	-	-
TOTAL REVENUES	-	-
EXPENDITURES		
Current and Capital Outlays	231	231
TOTAL USES OF FINANCIAL RESOURCES	231	231
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(231)	(231)
NET CHANGE IN FUND BALANCES	(231)	(231)
FUND BALANCES - JULY 1, 2008	1,905	1,905
FUND BALANCES - JUNE 30, 2009	1,674	1,674

See notes to financial statements



Chester M. Kearney

Certified Public Accountants

12 Dyer Street, Presque Isle, Maine 04769-1550
207-764-3171

Steve E. Bird, CPA
Herman Belanger, CPA
Paul J. Callnan, CPA
Chad E. Bartley, CPA

To the Management of the
Unorganized Territories Fund

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Unorganized Territories Fund, as of and for the year ended June 30, 2009, which collectively comprise the Unorganized Territories Fund's basic financial statements and have issued our report thereon dated November 2, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Unorganized Territories Fund's internal control over financial reporting as a basis for designing our procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Unorganized Territories Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Unorganized Territories Fund's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Unorganized Territories Fund's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than remote likelihood that a misstatement of the Unorganized Territories Fund's financial statements that is more than inconsequential will not be prevented or detected by the Unorganized Territories Fund's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Unorganized Territories Fund's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Unorganized Territories Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Chester M. Kearney

Presque Isle, Maine
November 2, 2009



HOUSE OF REPRESENTATIVES

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Bernard L. A. Ayotte

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State House E-Mail:

RepBernard.Ayotte@legislature.maine.gov

March 2010

Dear Friends & Neighbors:

As many of you may have heard, I recently suffered a heart attack during my service in the Legislature's Second Regular Session. Although this setback has caused me to be absent from the State House for several weeks, you can rest assured that I am on the mend and looking forward to resuming my duties as soon as possible. It is an ongoing pleasure serving my constituency in Augusta, and I am determined to get back to work before lawmakers adjourn in April.

Economic despair continues to plague our state and nation, although there are indicators of a pending recovery. In spite of an initial shortfall projection in excess of \$430 million, the Revenue Forecasting Committee just revised its proceeds speculation upwards for Fiscal Year 2010-11 at its latest meeting. The Committee now estimates that General Fund revenue for Fiscal Year 2010 will be approximately \$29.8 million higher than originally anticipated and about \$21.2 million higher for Fiscal Year 2011. Highway Fund returns were also re-projected upwards by \$4 million in FY10 and \$5.4 million in FY11.

These details were presented to the Joint Standing Committee on Appropriations and Financial Affairs last month, as this working group is still deliberating Governor Baldacci's proposed supplemental budget for FY 2010. Additional news shared with the budget panel pertained to Maine being scheduled to receive an additional \$27.8 million in federal stimulus funds. This revision of likely income and additional monies from Washington further reduces the overall State deficit.

Over the past several months I have been sending regular mailings to individuals whom I am in possession of their address. Comments from those receiving these bulletins have been positive, as I believe the facts contained within them are most helpful. In the event you would like to be added to my list of recipients, please feel free to provide me with your contact information so that you, too, can be included on these frequent disseminations.

Once more I wish to thank you for allowing me the distinct honor of ensuring your collective concerns are heard in the halls of the Capitol.

Best wishes,

Bernard L. A. Ayotte
State Representative

District 3 Caswell, Grand Isle, Hamlin, Limestone, New Sweden, Van Buren, Woodland and Cyr Plantation,
plus the unorganized territory of Connor Township

PHONE/FAX/E-MAIL DIRECTORY

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Fax – (207) 493-3491 E-mail - doug@aroostook.me.us

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District Attorney (207) 498-2557
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District Court - Madawaska (207) 728-4700
District Court - Presque Isle (207) 764-2055
District Court - Houlton (207) 532-2147

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Fax – (207) 532-1506 E-mail - pat@aroostook.me.us

Register of Probate (207) 532-1502
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Superior Court - Houlton (207) 532-6563