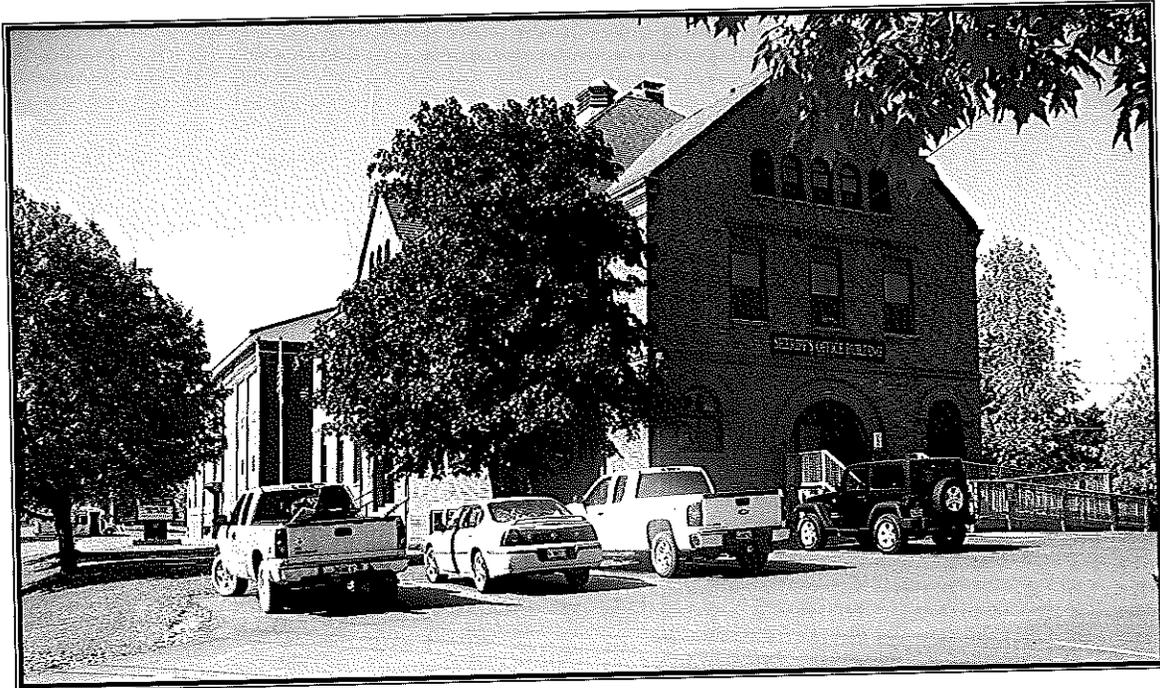


COUNTY OF AROOSTOOK



State of Maine

ANNUAL REPORT
FISCAL YEAR 2010

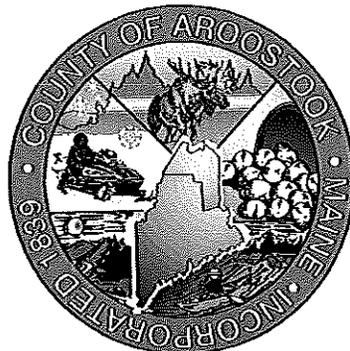


TABLE ON CONTENTS

30-A MRSA, Sections 183 & 952	2
Official Register:	
Courts	3
County Officials	4
Legislative Delegation	5
Finance Committee	5
Report of County Commissioners and County Administrator	6-7
Report of County Treasurer	8
Expenditures and Estimated Revenues by Department	9
County Tax Assessments	10-11
Report of District Attorney	12-15
Report of County Sheriff	16-18
Report of Register of Probate	19
Report of Register of Deeds (Fort Kent)	20
Report of Register of Deeds (Houlton)	21
Report of Emergency Management Agency	22-23
Report of Maintenance Department	24-25
General Fund Audit	26-61
Report of County Public Works Director	62-63
Unorganized Territory Audit	64-90
Letter from Representative Bernard L. A. Ayotte	91
Phone/Fax/E-Mail Directory	92



ANNUAL REPORT OF AROOSTOOK COUNTY

For Fiscal Year 2010
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 2010

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

District Courts

DISTRICT I (AROOSTOOK COUNTY)
Hon. David Soucy, *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
Houlton District Court Building
Southern Aroostook
Houlton, Maine 04730
532-2147

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

COUNTY COMMISSIONERS

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

Houlton
Wallagrass
Presque Isle

COUNTY ADMINISTRATOR

Douglas F. Beaulieu

Madawaska

JUDGE OF PROBATE

James P. Dunleavy

Presque Isle

REGISTER OF PROBATE

Joanne Carpenter

Houlton

REGISTER OF DEEDS, SOUTHERN DISTRICT

Patricia Brown

Houlton

REGISTER OF DEEDS, NORTHERN DISTRICT

Louise M. Caron

Fort Kent

COUNTY TREASURER

Wilfred J. Bell

Caribou

SHERIFF

James P. Madore

Madawaska

COUNTY CLERK

Douglas F. Beaulieu

Madawaska

DIRECTOR, EMERGENCY MANAGEMENT AGENCY

Vernon R. Ouellette

Van Buren

PUBLIC WORKS DIRECTOR FOR THE UNORGANIZED TERRITORY

Paul G. Bernier

Frenchville

OFFICE OF THE DISTRICT ATTORNEY

Neale T. Adams – District Attorney
Todd R. Collins, Assistant District Attorney
Carrie L. Linthicum – Deputy District Attorney
Patrick H. Gordon – Assistant District Attorney
John Pluto, Assistant District Attorney

Presque Isle
Presque Isle
Castle Hill
Houlton
Van Buren

**2010
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

**2010
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 2010 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 \$6,702,383.00. Revenues and credits used to lower the tax burden were projected at \$1,824,855.00, thus leaving an amount of \$4,877,528.00 plus \$93,268.00 in overlay to be raised by taxes.

Highlights - Capital Improvement Account

Building improvements and equipment purchases scheduled for 2010 included the following:

Emergency Management Agency – Vehicle	\$ 5,000.00
District Attorney – Office & Computer Equipment	\$ 4,000.00
Administration – Vehicle & Computer Equipment	\$ 6,000.00
Superior Court Bldg. - Improvements	\$ 23,000.00
Houlton Building Complex – Improvements & Equipment	\$ 36,750.00
Houlton Sheriff's Office Building – Improvements	\$ 32,700.00
Caribou Courthouse – Improvements	\$ 22,600.00
Fort Kent Registry Building – Improvements	\$ 2,430.00
Registry of Deeds Houlton – Office & Computer Equipment	\$ 1,800.00
Registry of Deeds Fort Kent – Computer	\$ 1,500.00
Register of Probate – Office Equipment	\$ 1,090.00
Sheriff's Dept. (Law Enforcement) - Vehicles & Equipment	\$ 57,350.00
Telecommunications	\$ 3,000.00
Underground Tanks	\$ 2,000.00
	<u>\$199,220.00</u>

Unorganized Territory Fund

Expenditures for services to the Unorganized Territory for the year 2010-11 amounted to \$1,272,366.00. Revenues and credits used to lower the tax assessment were projected at \$339,076.00. The net assessment was \$933,290.00. 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

2010 was a year of mutual challenges for all Maine counties.

The increase cost of fuel oil, gasoline, insurance, vehicles, etc., along with earning low interest rates from banks, adds to the strain of available funds to balance the yearly budgets.

Aroostook began the 2010 year with a balance of \$1,609,172.74. 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 \$1,753,901.03, with the line-of-credit repaid.

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

Respectfully submitted,
Wilfred J. Bell

**COUNTY OF AROOSTOOK
FOR THE YEAR 2010**

Expenses estimated by the County Commissioners of Aroostook County for the year 2010,
for which a County Tax was assessed.

Emergency Management Agency	117,248.00
District Attorney	407,825.00
Administration	434,168.00
Workforce Investment Act (WIA)	230,867.00
Superior Court Building	86,169.00
Houlton Building Complex	66,713.00
Houlton District Court Building	32,692.00
Caribou Courthouse	198,217.00
Fort Kent Registry Building	59,132.00
Registry of Deeds South	117,524.00
Registry of Deeds North	131,885.00
Registry of Probate	191,611.00
Law Enforcement	1,175,134.00
Fire Marshal	10,000.00
Audit	4,200.00
Wide Area Network (WAN)	49,000.00
Interest Expense	27,000.00
Employee Benefits	3,000.00
Copiers	20,000.00
Program Grants	228,862.00
County Insurance	45,325.00
5-Year Capital Improvements	199,220.00
Capital Reserves	357,775.00
PSAP	184,500.00
MCCA Convention	500.00
Personnel Services	<u>7,150.00</u>
TOTAL (NON-CORRECTIONAL SERVICES) APPROPRIATIONS	\$4,385,717.00
ESTIMATED NON-CORRECTIONAL SERVICES REVENUES	<u>\$1,824,855.00</u>
NET NON-CORRECTIONAL ASSESSMENT	<u>\$2,560,862.00</u>
CORRECTIONAL SERVICES ASSESSMENT	<u>\$2,316,666.00</u>
TOTAL AMOUNT TO BE RAISED BY TAXES	<u>\$4,877,528.00</u>
2% OVERLAY	<u>\$93,268.00</u>
TOTAL TAX COMMITMENT FOR 2010	<u>\$4,970,796.00</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>2010 TAX</u>	<u>2010 PAID</u>
Allagash	\$30,111.95	\$30,111.95
Amity	\$13,377.35	\$13,377.35
Ashland	\$83,879.60	\$83,879.60
Bancroft	\$7,231.00	\$7,231.00
Blaine	\$30,783.40	\$30,783.40
Bridgewater	\$32,901.05	\$32,901.05
Caribou	\$354,009.10	\$354,009.10
Castle Hill	\$23,965.60	\$23,965.60
Caswell	\$17,406.05	\$17,406.05
Chapman	\$28,562.45	\$28,562.45
Crystal	\$15,340.05	\$15,340.05
Dyer Brook	\$16,269.75	\$16,269.75
Eagle Lake	\$73,188.05	\$73,188.05
Easton	\$160,941.40	\$160,941.40
Fort Fairfield	\$178,657.35	\$178,657.35
Fort Kent	\$212,901.30	\$212,901.30
Frenchville	\$51,133.50	\$51,133.50
Grand Isle	\$19,058.85	\$19,058.85
Hamlin	\$19,833.60	\$19,833.60
Hammond	\$6,507.90	\$6,507.90
Haynesville	\$9,606.90	\$9,606.90
Hersey	\$8,315.65	\$8,315.65
Hodgdon	\$57,383.15	\$57,383.15
Houlton	\$287,070.70	\$287,070.70
Island Falls	\$77,010.15	\$77,010.15
Limestone	\$70,295.65	\$70,295.65
Linneus	\$63,632.80	\$63,632.80

Littleton	\$53,406.10	\$53,406.10
Monticello	\$41,113.40	\$41,113.40
New Canada	\$21,279.80	\$21,279.80
New Limerick	\$196,321.65	\$196,321.65
New Sweden	\$36,155.00	\$36,155.00
Oakfield	\$44,212.40	\$44,212.40
Orient	\$38,582.55	\$38,582.55
Perham	\$22,467.75	\$22,467.75
Portage Lake	\$74,840.85	\$74,840.85
Presque Isle	\$562,365.20	\$562,365.20
St. Agatha	\$65,647.15	\$65,647.15
St. Francis	\$29,957.00	\$29,957.00
Sherman	\$43,076.10	\$43,076.10
Smyrna	\$19,575.35	\$19,575.35
Stockholm	\$14,875.20	\$14,875.20
Van Buren	\$69,727.50	\$69,727.50
Wade	\$14,255.40	\$14,255.40
Wallagrass	\$36,568.20	\$36,568.20
Washburn	\$62,186.60	\$62,186.60
Westfield	\$28,304.20	\$28,304.20
Westmanland	\$13,842.20	\$13,842.20
Weston	\$39,254.00	\$39,254.00
Woodland	\$56,453.45	\$56,453.45
Cary Plantation	\$12,189.40	\$12,189.40
Cyr Plantation	\$9,658.55	\$9,658.55
Garfield Plantation	\$9,038.75	\$9,038.75
Glenwood Plantation	\$5,268.30	\$5,268.30
Macwahoc Plantation	\$7,127.70	\$7,127.70
Moro Plantation	\$10,588.25	\$10,588.25
Nashville Plantation	\$25,928.30	\$25,928.30
Oxbow Plantation	\$9,400.30	\$9,400.30
Reed Plantation	\$10,846.50	\$10,846.50
St. John Plantation	\$16,992.85	\$16,992.85
Winterville Plantation	\$34,295.60	\$34,295.60
Unorganized Territory	\$602,290.65	\$602,290.65
TOTAL	\$4,970,796.00	\$4,970,796.00



OFFICE OF THE DISTRICT ATTORNEY PROSECUTORIAL DISTRICT 8 2010 Annual Report

The year 2010 was a year of endings for the Aroostook County District Attorney's Office. Most notably, Neale T. Adams ended his 29 year career with this Office. He began as an Assistant District Attorney in 1981, and quickly ascended to the position of Deputy DA. He was appointed as District Attorney in 1989, after John McElwee retired. Neale then spent the next 21 years managing the office and guiding the prosecution of criminal law in Aroostook County into the 21st Century. Neale established protocols for the investigation and prosecution of Child Abuse, Adult Sexual Assaults, Drug Trafficking, and Domestic Violence, among many others. Neale was at the forefront of the computerization of the office and spearheaded a state-wide commitment to creating a computerized database of crime information from the ground up; this year the JustWare program will be instituted in all 8 prosecutorial districts in Maine. On a related note and building upon the work done by Neale, this year the Maine Prosecutors will be working with the State Police and the Courts to create a system by which each separate but equal part of the criminal justice system will be able to freely communicate and exchange information via a Justice Data Broker electronic file sharing program.

As Neale's retirement date approached, the DA's Office and the Aroostook Chiefs of Police presented him with a unique expression of our gratitude. Every law enforcement agency in Aroostook County donated an official department badge and patch to a shadow box of the only complete set of Aroostook County Law Enforcement Agency badges and patches known to exist. (It is the only one as it also includes a one-of-a-kind Aroostook DAO badge – the less-than-sappy placard was made to honor Neale's less-than-ordinary sense of humor).



The Presque Isle Office was able to end the vacant Victim Witness Advocate position when Kathleen Braueninger graciously joined the office in March (which also ended DDA Carrie Linthicum's lock on being the only Maryland native in the Office).

Todd Collins, John Pluto, and Patrick Gordon ended their collective non-political lives to throw their hats into the political arena in order to run for Neale's soon to be empty desk. All three Democratic candidates ran collegial but competitive campaigns. Because there were no Republican candidates, the political fireworks ended on June 8, 2010, with me as the Democratic nominee and presumptive DA elect (I was unopposed in the General Election in November.).

After the DA race ended, Pat ended his two-year association with the Aroostook DAO in order to run for the state legislature. In order to end the year on a high note, Kurt Kafferlin ended his

brief but bright career as a solo practitioner and accepted the offer to replace Pat as the Assistant District Attorney in Houlton.

Notwithstanding the changes we experienced, we still managed to tackle some of our duties. The table below reflects our efforts over the years at obtaining restitution for victims of crime.

Year	Money Court Ordered	Money Collected
2004	\$107,014	\$74,213.90
2005	\$153,945	\$79,233.48
2006	\$195,481	\$110,853
2007	\$182,762	\$72,246
2008	\$157,561	\$60,841
2009	\$182,367	\$67,931
2010	\$141,211	\$36,864
% change	-22%	-45%

It is clear that we are collecting from defendants far less than 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.

INDICTMENTS 1997-2010

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	40	26	46	48	36	60	186
2006	17	30	28	38	23	50	186
2007	17	30	28	38	23	50	290
2008	38	64	43	63	38	44	290
2009	38	64	43	63	38	44	319
2010	47	68	24	69	43	68	319
	37	53	42	49	57	59	297
	46	51	64	53	47	56	317
	63	61	34	72	66	70	366

Our total number of indictments (which are for felony level crimes) was much higher than our 14 year average, and was the office's highest year's total over that time. Certainly, our trend is higher, reflecting the significant impact that drug and alcohol abuse and related crimes have on all of us.

Our caseload backlog continued to grow as we ended 2010 with 817 open and active cases.

CASELOAD 2004 - 2010

Year	Total Cases	Closed Cases	Active Cases	Arrest Warrant Outstanding
2004	3305	2344	554	88
2005	3061	2812	367	105
2006	3318	2499	383	96
2007	3314	2406	470	110
2008	3358	2289	613	88
2009	3459	2110	437	74
2010	3154	2337	817	60

When defendants have fled the jurisdiction, we use our extradition account (funded with forfeited bail) to retrieve them from other states. In 2010, as other years, we generally maintained the maximum permitted balance of \$20,000 in the account. This account is a valuable resource that helps us manage our costs.

Finally I can report that we have obtained a little money from defendants (again attempting to reduce their cost to society) the statute-permitted imposition of up to \$80 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 we need to seek more balanced treatment of offenders.

**REPORT OF JAIL REIMBURSEMENT ORDERED BY AROOSTOOK COUNTY
COURTS TO BE PAID BY DEFENDANTS, AND AMOUNTS COLLECTED FOR 2010**

Court	Amount Ordered in 2010	Amount Collected in 2010	Amount Ordered in 2009 (Collected)	Amount Ordered in 2008 (Collected)
Fort Kent and Madawaska District	\$3865	\$1275	\$4320	
Caribou District	\$760	\$510	\$3030	
Presque Isle District	\$8030	\$1580	\$2850	
Houlton District	\$60	\$60	\$650	
Houlton Superior Court	\$1500	\$1200	\$0	
Caribou Superior Court	\$8850	\$3318	\$9840	
Total	\$23065	\$7943	(\$9135)	(\$15220)

As we close this year's Annual Report, I want to express my gratitude to Neale Adams for his guidance in transitioning into the District Attorney, for his continued faith in me; to the people Aroostook County for putting their faith in me; and to the attorneys and the staff of the District Attorney's Office, those whom Neale described as "the smoothest team I have ever worked with. You each do your share, and more. You work with one another; you work for each other. And you obviously care and protect one another." Thank you for continuing to work with, and for, me.

Be Well and Stay Safe,
Todd R. Collins
District Attorney



ARROOSTOOK COUNTY SHERIFF'S DEPARTMENT

2010 Annual Report

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 following Sheriff's Office activities outline what the Sheriff's Office does.

The Law Enforcement division consists of the following highly dedicated personnel; Lt. Keith Wheeler oversees this division comprised of three sergeants (one patrol sergeant, one training sergeant, and one Crime Stoppers sergeant) along with five patrol deputies and two detectives. Cathy Kennedy and Terri Sennett are secretaries assigned to this division with a portion of their duties assisting 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 all vehicle are serviced on a regular basis.

Our grant funded Domestic Violence Investigator, Detective Larry Goff, has been extremely busy since taking on the role. He has investigated numerous Domestic Violence cases as well as assisted other agencies with their investigations. The grant has since been extended for another year.

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 was not active in 2010 due to lack of funding; however, we hope the program gets revitalized in the near future. The 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 / 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 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. (The MDEA positions are 100% funded with federal dollars and do not impact the Aroostook County Budget)

The Aroostook County Crime Stoppers program celebrated its 25th anniversary in 2010 and was a featured story in the Channel 2 WLBZ newscast. The news story outlined the successes of Crime Stoppers. The Aroostook Crime Stoppers program has been responsible for the solving of 100's of crimes and the recovery of millions of dollars in stolen property as well as the seizure of illegal drugs valued at hundreds of thousands of dollars. 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, Rudy Levesque along with numerous part-time deputies. The year 2010 was, as usual, a busy one for this division. Due to the jail overcrowding, many inmates are boarded at other facilities throughout the State. 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.

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.

The Dispatch/Communications center is manned by four full-time certified terminal operators. Along with dispatching for the Sheriff's Department, we dispatch for the Limestone Police Department, fire department and ambulance service, the Van Buren Police Department, fire department and ambulance service and for 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. continues 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 Services continues to work extremely well and although our inmate population is extremely high, it would certainly be unmanageable without the services of Maine Pretrial Services. Maine Pretrial Services occupy office space at the new Sheriff's Office Building in Houlton as well as at the County Courthouse in Caribou.

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 passing out medications. Numerous inmates were also transported outside the facility for treatment ranging from dental work to cancer treatments.

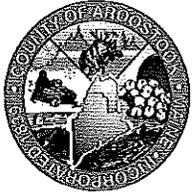
Law enforcement and corrections training are coordinated by Training/Recruitment Sergeant Kris Miller. Training classes are being taught at the Maine Criminal Justice Academy along with numerous classes being taught within Aroostook County through the Aroostook County Training Council. Sgt. Miller notifies Sheriff's Department employees of upcoming training and maintains records as required by the Maine Criminal Justice Academy. Again, in 2010, employees were 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 Chaplin, Pastor Wayne Robertson, of the Houlton Wesleyan Church continues to be a valuable resource for the department. 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, he/she 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 2010 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 overwhelming support during the 2010 election, which resulted in my re-election to another four (4) year term, and your continued support.

Respectfully submitted,
James P. Madore, Sheriff



REGISTER OF PROBATE

2010 Annual Report

The Aroostook County Probate Court received 408 new filings for the year 2010. The Registrar scheduled 385 hearings: 353 scheduled for regular hearings and 42 matters were set aside to be scheduled for a contested hearing date.

Judge Dunleavy heard 372 matters: 171 hearings heard in Caribou; 170 hearings held in Houlton; and 31 cases heard in Fort Kent. At the request of the Aroostook County Probate Court the Hon. Lyman L. Holmes heard 13 contested cases in Houlton.

2009	2010	Difference
449 new files	408 new files	down 41 filings from 2009
402 cases heard	385 cases heard	down 17 filings from 2009
Probate filing fees collected for the year 2010 totaled:		\$56,441.23
Probate form fees collected for the year 2010 totaled:		\$ 2,049.00
Restoration Surcharge fees collected for the year 2010:		\$ 3,970.00

Respectfully submitted,
Joanne M. Carpenter
Register of Probate



REGISTER OF DEEDS (N)

2010 Annual Report

As I reflect back at what we have achieved and what we have done in 2010 I have to say it is amazing. We managed to keep our revenues up even though the unsteady economy is making it almost impossible.

Our indexing project is coming along very well. As of December 2010 we have completed 265 books since the project started in 2007. We have 91 books left to complete. These remaining 91 will be a little more time consuming, due to the size of the books. This is a huge task but, with team effort it is possible and gives us a great sense of accomplishment.

My staff is to be praised for the ambition and dedication they have for their work. It is a pleasure having them on board.

Thanks goes out to Doug Beaulieu, County Administrator, the County Commissioners, and their staff for their guidance and support throughout the year. It is greatly appreciated.

The following is an itemized report of revenue collected for 2010.

Recording Fees	\$ 94,910.00
Plans	300.00
Photo Copies	12,750.75
Plan Copies	1,937.50
Fax Copies	1,027.75
Assessor Copies	1,293.25
Indexing	201.00
Attestations	40.00
Surcharge	10,632.00
Miscellaneous	2.00
Marginal References	1,040.00
Deeds on-line	1,400.00
Transfer Tax (10% of \$130,501.80)	<u>13,050.18</u>
Total Revenue to the County	\$138,584.43
Interest collected on checking account	\$ 431.61
Interest collected on surcharge account	\$ 1,463.85

Respectfully submitted,
Louise Caron
Register



REGISTER OF DEEDS (S) **2010 Annual Report**

In submitting my report for 2010, you can see we took in a sizable amount of revenue for the County, although document count was down.

Our goal for 2010 was to continue indexing our old books.

Assessors Copies	\$ 11,637.85
Enrollment Fees	900.00
Interest	1,728.00
Marginal Reference	5,226.00
Name Fees	568.00
Postage/Fax Add	133.44
Recording Fees	246,381.00
Renewals	7,500.00
Surcharge	26,889.00
10% Transfer Tax (\$677,150.98)	67,715.10
WP-on-line Copies	21,155.00
Plans	535.00
Copies	25,383.38
Total Revenue to County of Aroostook	\$415,751.77
Total Revenue	\$1,025,187.65
Less amount to Maine Revenue Service	609,435.88
Total Revenue to the County:	\$415,751.77

Respectfully submitted,
Patricia Brown
Register



EMERGENCY MANAGEMENT AGENCY 2010 Annual Report

On behalf of the Aroostook County Emergency Management Agency (AKEMA), I respectfully submit the following annual report.

Areas we continue to focus on is making sure Aroostook County communities remain compliant with the National Incident Management System (NIMS). NIMS specifically identifies areas of training relative to response activities and how the responses are coordinated. Training is the primary focus for NIMS, assuring all responders, not only here in Aroostook County but in the entire nation are trained in the same way. All Homeland Security grants specifically state that the requesting agency must be NIMS compliant, thus it's imperative we make sure all communities receive the required training, maintaining compliancy.

Again this year, we worked with local schools in the enhancement of their school emergency response plans to assure they meet the new all hazards approach required by the Department of Education. Part of the newly adopted State Legislation requires schools to develop an emergency operations plan that focuses on all hazards planning rather than just crisis response. Having planning experience in all hazards planning became apparent that we as a County planning agency could assist schools in meeting their planning needs.

In December of 2004, the Federal Communications Commission (FCC) announced requirements to narrow band radio frequencies. We are now quickly approaching the deadline for compliance with that order. January 1, 2013 is just around the corner. By that date, all radios and radio systems covered by the narrowband order must be compliant with that order. We have been and will continue to assist all county communities in making sure they meet all the requirements. This means taking inventory of all equipment being used by our first responders, checking to see that all the equipment meets the requirements, and identifying any shortfalls. By identifying the shortfalls, we can then make plans for replacement of equipment that does not meet the new standards. By identifying the shortfalls we can also attempt to locate grants that could assist with funding.

Another added responsibility is the overseeing of the North Lakes Fire & Rescue department which covers Sinclair, Cross Lake, Square Lake & Madawaska Lake unorganized territories. This department consists of 32 members staffing three stations. The call volume has increased 300% over the last two (2) years, but the dedication of our firefighters shines through as they prepare for and answer every call. Our website is constantly updated at www.northlakesfireandrescue.org, and our “download” section contains newsletters with lots of information for anyone to review. The firefighters continue to train and the quality of service from this department has increased dramatically.



The staff of the Aroostook County Emergency Management Agency look forward to working with the local communities and first responders in the upcoming years as we strive to improve our disaster preparedness keeping in mind that disasters will occur, we just don't know when and what type of event we will have to deal with.

Respectfully submitted,
Vernon R. Ouellette
Director



MAINTENANCE DEPARTMENT

2010 Annual Report

At the beginning of 2010 the last two parts of our “like services” department reorganization was implemented. The first part consisted of moving our Dispatch Center from the Jail to our 25 School Street facility. This move encompassed the physical remodeling of the space; extensive network upgrades; a backup generator; security cameras; new dispatching equipment and furniture. The second part consisted of officially renaming the old District Court Building as the Sheriff’s Office Building as well as exterior remodeling that consisted of the repair of structural bricks; the building of two (2) new landings, steps and ramp; new signage; and the repaving of the parking lot.



The dispatching space that was vacated at the jail was cleaned and received minor repairs to accommodate a supervisor office that had previously been housed in a hallway of the jail.



A very large portion of the year was dedicated to numerous projects at all of our locations funded by an Energy Efficiency Community Block Grant (EECBG) through the American Recovery and Reinvestment Act (ARRA). By the end of the year thirteen (13) projects had been completed. They included:

Fort Kent

- Electrical and lighting replacements
- Motion sensor installations

Caribou

- Electronic HVAC expansion valves, phase I
- Motion sensor installations
- Window replacements
- Electronic HVAC speed drives and motors

Houlton

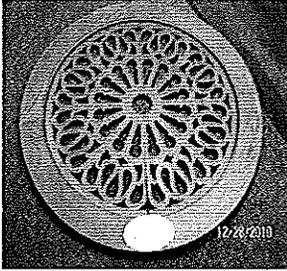
- Insulating heating pipes
- Main entry door replacements
- Programmable thermostats
- Boiler replacements
- Oil pre-heater installations
- Air conditioning
- Window replacements

Other maintenance related activities at our Houlton location included: new floors in the public restrooms in the Sheriff’s Office Building; the hiring of an architect to design the Superior Court mansard roof replacement project; tree replacements and landscaping; underground fuel tank repairs; concrete step repairs to the Superior Court Building and replacing several printers with single-networked printing equipment. At the jail a number of doors and windows were replaced; minor driveway paving was done; new jail shower



curtains, refrigerator, and sewer repair equipment were purchased; one of the larger holding cells was renovated; a new ceiling installed in the kitchen; and new picnic tables were built for the recreation area.

At our Caribou location new flooring was installed in the transport department; new stair treads in the back stairwell; call-out monitoring was added to the existing fire alarm system; minor repairs were made to the courthouse foundation; landscaping improvements; modifications made to the HVAC systems to improve air flow and air conditioning to the superior courtroom; repairs to the broken ventilation system for the public restrooms; several



offices were painted in the District Attorney's Department and Emergency Management Agency; as well as the refinishing of the ceiling medallion that was part of the original main entry of the Caribou Courthouse.

At our Fort Kent location several network upgrades were made; there were repairs to the basement due to flooding; and the parking lot was repaved.

Respectfully submitted,
Bryan V. Jandreau
Facilities Manager

INDEPENDENT AUDITOR'S REPORT

To the Management of the
County of Aroostook, Maine

I 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, 2010, 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. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the County of Aroostook, Maine, as of December 31, 2010, and the respective changes in financial position where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated June 20, 2011 on my consideration of the County of Aroostook, Maine's internal control over financial reporting and my 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 my 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 my audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 thru 6 and 26 thru 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Aroostook, Maine's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes 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 also not a required part of the basic financial statements of the County of Aroostook, Maine. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

Davis CPA P.A.

Presque Isle, Maine
June 20, 2011

COUNTY OF AROOSTOOK, MAINE

Management's Discussion & Analysis

As management of the County of Aroostook, Maine, we offer readers of the County of Aroostook's financial statements this narrative overview and analysis of the financial activities of the County of Aroostook for the fiscal year ended December 31, 2010. We encourage readers to consider the information presented in conjunction with the basic financial statements. This is the County's seventh year of full implementation of Statement No. 34 of the Governmental Accounting Standards Board (GASB) Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

FINANCIAL HIGHLIGHTS

- Total assets of the County of Aroostook exceed liabilities by \$3,224,579, which represents the total net assets of the County.
- The ending fund balance for all governmental funds (which includes the special revenue funds) was \$2,022,232. This is a \$489,153 increase from the prior year total.
- The General Fund reports a fund balance of \$1,791,469 which represents 33% of annual general fund expenditures.

USING THIS ANNUAL REPORT

The County of Aroostook's financial statements are comprised of a series of statements. The Statement of Net Assets and the Statement of Activities provide an overview of the government as a whole and its activities. The Fund Financial Statements, which begin immediately after the Statement of Activities, provide a more detailed look at the governmental funds. Next are the notes to the financial statements, which provide information essential to a complete understanding of the data provided. Following the notes are the combining and individual fund schedules, including non-major governmental funds.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements present financial information in two statements - the Statement of Net Assets and the Statement of Activities. These statements provide an overview of the government as a whole (similar to private-sector statements). All of the current year's revenues are taken into account regardless of when cash is received.

The Statement of Net Assets provides a picture of the difference between assets and liabilities, which is called Net Assets. The Statement of Activities provides a look at how the net assets have changed from the prior year to the current year. Increases or decreases in net assets can show whether the County is improving or deteriorating. In the statement of Net Assets and the Statement of Activities, activities are classified as follows:

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). The government-wide financial statements can be found on pages 7 and 8 of this report.

FUND FINANCIAL STATEMENTS

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

The Fund Financial Statements provide details of the County's most significant funds, not the County as a whole. These statements begin immediately after the Statement of Activities. Some funds are required to be established by state law and by bond covenants, however, management establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain grants and other money.

Governmental funds - Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end which are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets which can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's operations and the basic services it provides. Governmental funds information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. 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 9 to 13 of this report.

Fiduciary funds - These funds are used to account for monies held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County of Aroostook's operational programs. These funds consist of registry of deeds and registry of probate accounts.

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 14 to 25 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 non-major governmental funds. Combining and individual fund statements and schedules can be found on pages 29 and 30 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 34, notes to the schedule of expenditures of federal awards, page 35, the schedule of finding and questioned costs on pages 36 and the additional independent auditor's reports, pages 32 to 33.

THE COUNTY AS A WHOLE -STATEMENT OF NET ASSETS and STATEMENT OF ACTIVITIES

The following information is a condensed version of the Statement of Net Assets with comparative information included as this is the seventh year of the GASB-34 implementation. The analysis below focuses on the net assets of the County's governmental activities.

	Governmental Activities
Current and other assets	\$ 2,113,002
Capital assets	1,333,840
Total assets	<u>3,446,842</u>
Current liabilities	222,264
Total liabilities	<u>222,264</u>
Net Assets:	
Invested in Capital Assets, net of related debt	1,315,440
Unrestricted	1,909,138
Total net assets	<u>\$ 3,224,578</u>

Comparative information will be provided in the future.

The following summarizes the changes in net assets of the County's governmental activities:

	Governmental Activities
Revenue:	
Tax assessments	\$ 3,812,502
Federal / State grants	294,415
Investment income	22,919
Other revenues	153,270
Total revenues	<u>4,283,106</u>
Expenses:	
Operation of courts	568,419
Jail operations	937,501
General and administrative	706,930
Registry operations	(116,314)
Capital outlays	68,318
Transportation	7,068
Law enforcement	1,026,414
Fire marshal	9,931
Emergency management agency	54,182
Local emergency planning	(8,674)
Interest	6,184
Outside requests	228,862
Other postemployment benefits	-
Unallocated depreciation	113,717
Total expenses	<u>3,602,538</u>
Change in net assets	<u>\$ 680,568</u>

The County of Aroostook's net assets for the governmental funds increased by \$680,568 during the fiscal year ended December 31, 2010.

The total cost of governmental activities was \$6,052,890. However, many programs are subsidized by user fees, grants and contributions. Therefore, the ultimate cost to the taxpayers was \$3,308,123 after taking into consideration the program revenues. See the Statement of Activities for greater detail.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

GOVERNMENTAL 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 \$2,022,232, an increase of \$489,153 in comparison with the prior year. Approximately 59% of this total amount (\$1,201,824) 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 (\$443,339), and future year's expenditures (\$377,069). 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 \$971,062, while total fund balance reached \$1,791,470. 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 18% of total general fund expenditures, while total fund balance represents 33% of that same amount. The fund balance of the County's general fund increased by \$310,023 during the current fiscal year. Key factors in this increase are as follows:

- Anticipated revenues exceeded actual revenues by \$449,230, consisting mostly of board of corrections revenues from the State of Maine and Registry revenues for deeds and probate. Additionally, jail operations have been removed from the financial data and the County no longer administers the Workforce Investment Act grant.
- Anticipated expenditures exceeded actual expenditures by \$1,421,992, consisting mostly of positive variances in capital outlays.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year revenues were less than budgetary estimates by \$449,230 and expenditures were less than budgetary estimates by \$1,421,992, thus eliminating the need to draw upon existing fund balance to the extent that was originally anticipated.

CAPITAL ASSETS

Governmental activities capital assets net of depreciation totaled \$1,333,840 as of December 31, 2010, representing a \$191,415 increase from the prior year end. This is mainly due to the purchase of several vehicles and various building renovations. See financial statement note 8 for further details.

The most significant capital asset acquisitions by the County in 2010 were: building and land improvements of \$226,669, equipment \$85,547, and the purchase of four vehicles totaling \$96,538.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the County Commissioners, County of Aroostook, 144 Sweden Street, Suite 1, Caribou, ME 04736.

COUNTY OF AROOSTOOK, MAINE

GOVERNMENT WIDE STATEMENT OF NET ASSETS DECEMBER 31, 2010

	GOVERNMENTAL ACTIVITIES
Assets	
Cash and cash equivalents	\$ 1,873,875
Accounts receivable	239,127
<i>Non-current capital assets</i>	
Land	18,400
Property, plant and equipment (net)	1,315,440
	\$ 3,446,842
Liabilities	
Accounts payable	\$ 25,809
Due to other governments	1,293
Deferred revenue	2,330
Other postemployment benefits	131,492
Compensated absences payable	61,339
Total liabilities	222,264
Net Assets	
Investment in capital assets, net of related debt	1,333,840
Unrestricted	1,890,738
Total net assets	3,224,579
	\$ 3,446,842

COUNTY OF AROOSTOOK, MAINE

**GOVERNMENT WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010**

Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Assets
Governmental activities:					
Operation of courts	\$ (655,419)	\$ 87,000	-	-	(568,419)
Jail operations	(1,527,275)	291,637	298,137	-	(937,501)
General and administrative	(833,026)	126,096	-	-	(706,930)
Registry operations	(464,531)	580,844	-	-	116,314
Capital outlays	(68,318)	-	-	-	(68,318)
Transportation	(7,068)	-	-	-	(7,068)
Law enforcement	(1,247,571)	221,157	-	-	(1,026,414)
Fire marshal	(9,931)	-	-	-	(9,931)
Emergency management agency	(115,958)	61,776	-	-	(54,182)
Local emergency planning	(20,234)	28,908	-	-	8,674
Interest	(6,184)	-	-	-	(6,184)
Outside requests	(228,862)	-	-	-	(228,862)
Federal/State grants	(754,797)	-	1,049,212	-	294,415
Unallocated depreciation	(113,717)	-	-	-	(113,717)
Total governmental activities	\$ (6,052,890)	\$ 1,397,419	\$ 1,347,349	\$ -	(3,308,123)
General revenues					3,812,502
Tax assessment					22,919
Investment income					153,269
Other revenues					3,988,690
Total revenues					680,568
Change in net assets					2,544,011
Net assets - beginning					\$ 3,224,579
Net assets - ending					\$ 5,768,590

See Notes to Financial Statements

COUNTY OF AROOSTOOK, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Totals</u>
Assets			
Cash and cash equivalents	\$ 1,873,875	\$ -	\$ 1,873,875
Accounts receivable	239,127	-	239,127
Due from other funds	1,200	231,962	233,162
	<u>\$ 2,114,202</u>	<u>\$ 231,962</u>	<u>\$ 2,346,164</u>
Liabilities			
Accounts payable	\$ 25,809	\$ -	\$ 25,809
Due to other funds	231,961	1,200	233,161
Due to other governments	1,293	-	1,293
Compensated absences payable	61,339	-	61,339
Deferred revenue	2,330	-	2,330
	<u>322,733</u>	<u>1,200</u>	<u>323,933</u>
Fund Balance:			
Reserved fund balance			
Capital projects	443,339	-	443,339
Designated for subsequent years' expenditures	377,069	-	377,069
Unreserved	971,062	230,762	1,201,824
Total fund balance	<u>1,791,470</u>	<u>230,762</u>	<u>2,022,232</u>
	<u>\$ 2,114,202</u>	<u>\$ 231,962</u>	<u>\$ 2,346,164</u>

Total fund equity as noted above: \$ 2,022,232

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation and related debt: 1,333,840

Accrual for other postemployment benefits is recorded on the Statement of Net Assets but not on the governmental fund balance sheet: (131,492)

Total net assets of governmental activities: \$ 3,224,580

COUNTY OF AROOSTOOK, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2010

	General Fund	Workforce Investment Act Fund	Other	Totals
Revenues				
Municipal taxes	\$ 3,812,502	\$ -	\$ -	\$ 3,812,502
Federal and state assistance	-	508,564	540,648	1,049,212
Fees of office	580,844	-	-	580,844
Intergovernmental	220,684	-	-	220,684
Service fees	804,984	-	-	804,984
Local emergency planning	28,908	-	-	28,908
Investment income	22,919	-	-	22,919
Other revenues	183,240	-	32,360	215,600
Total revenues	<u>5,654,082</u>	<u>508,564</u>	<u>573,008</u>	<u>6,735,654</u>
Expenditures				
Operation of courts	655,419	-	-	655,419
Jail operations	1,578,578	-	-	1,578,578
General and administration	829,029	-	-	829,029
Registry operations	464,531	-	-	464,531
Capital outlays	273,292	-	152,477	425,769
Law enforcement	1,162,041	-	-	1,162,041
Fire marshal	9,931	-	-	9,931
Emergency management agency	115,958	-	-	115,958
Local emergency planning	20,234	-	-	20,234
Debt service				
Interest	6,184	-	-	6,184
Outside requests	228,862	-	-	228,862
Federal/state grants	-	507,064	247,733	754,797
Total expenditures	<u>5,344,059</u>	<u>507,064</u>	<u>400,210</u>	<u>6,251,333</u>
Interfund transfers	-	-	4,832	4,832
Change in fund balance	310,023	1,500	177,630	489,153
Fund Balance - beginning	1,481,446	(1,500)	53,132	1,533,078
Fund Balance - ending	<u>\$ 1,791,469</u>	<u>\$ -</u>	<u>\$ 230,762</u>	<u>\$ 2,022,231</u>

COUNTY OF AROOSTOOK, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2010

Net changes in fund balances - all governmental funds (page 10)	\$ 489,153
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The amount of capital assets recorded is as follows:	
Capital purchases	408,754
Loss on retired assets	(7,027)
Depreciation expense	(210,312)
Change in net assets of governmental activities (page 8)	<u>\$ 680,568</u>

COUNTY OF AROOSTOOK, MAINE

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - FIDUCIARY FUNDS
DECEMBER 31, 2010

	<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>\$ 33,352</u>	<u>\$ 79,303</u>	<u>\$ 3,194</u>	<u>\$ 115,849</u>
LIABILITIES				
Due to State of Maine	\$ 11,887	\$ 33,933	\$ -	\$ 45,820
Due to County of Aroostook	<u>10,363</u>	<u>30,957</u>	<u>4,304</u>	<u>45,624</u>
	<u>22,250</u>	<u>64,890</u>	<u>4,304</u>	<u>91,444</u>
NET ASSETS	<u>\$ 11,102</u>	<u>\$ 14,413</u>	<u>\$ (1,110)</u>	<u>\$ 24,405</u>

COUNTY OF AROOSTOOK, MAINE

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
DECEMBER 31, 2010

	<u>Registry of Deeds North</u>	<u>Registry of Deeds South</u>	<u>Registry of Probate</u>	<u>Total Fiduciary Funds</u>
ADDITIONS				
Program Revenue	<u>\$ 265,272</u>	<u>\$ 1,029,968</u>	<u>\$ 65,229</u>	<u>\$ 1,360,469</u>
DEDUCTIONS				
Program Expenses	<u>(255,491)</u>	<u>(1,024,900)</u>	<u>(65,092)</u>	<u>(1,345,483)</u>
CHANGE IN NET ASSETS	9,781	5,068	137	14,986
NET ASSETS - BEGINNING	<u>1,321</u>	<u>9,345</u>	<u>(1,248)</u>	<u>9,418</u>
NET ASSETS - ENDING	<u>\$ 11,102</u>	<u>\$ 14,413</u>	<u>\$ (1,111)</u>	<u>\$ 24,404</u>

1. SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

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 accounting and reporting policies of the County of Aroostook relating to the funds included in the accompanying basic 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 Government Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Government Units and by the Financial Accounting Standards Board (when applicable). The more significant of the government's accounting policies are described below.

Financial Reporting Entity

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, Maine holds the corporate powers of the organization
- the County of Aroostook, Maine 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, Maine

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

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e. statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the County (the primary government) and its component units. For the most part, the effect of inter-fund activity has been removed from these financial statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate statements are provided for government funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The revenues susceptible to accrual are property taxes and interest income. All other governmental fund revenues are recognized when received and are recognized as revenue at that time.

The County reports the following major governmental funds:

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

The Workforce Investment Act (special revenue fund) – is to account for the specific proceeds of 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.

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

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual, (i.e. when they become measurable and available). Available means collectible within the current period or soon enough thereafter to be used to pay liabilities for the current period. Expenditures, other than principal and interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt is recognized when due.

The revenues susceptible to accrual are property taxes, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

BUDGETS

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

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 is not available. Infrastructure assets capitalized have an original cost of \$50,000 or more. Contributed assets are reported 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 are recorded as expenses.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives. Estimated useful lives are as follows:

Buildings	40 years
Building improvements	20-30 years
Vehicles/equipment	5-10 years

COMPENSATED ABSENCES

County employees are granted vacation and sick leave in varying amounts based on years of service. Upon termination, an employee is paid the full amount of accumulated vacation and/or sick days not taken. Accumulated vacation days are paid up to 30 days and 25% to 50% of accumulated sick leave is paid up to 90 days. Accumulated vacation and sick leave days as of December 31, 2010 amounted to \$23,578 and \$37,761, respectively. Vacation and sick leave is only recorded at 50% of accrued totals.

ESTIMATES

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

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 a 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.

FUND BALANCE

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.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 the enabling legislations adopted by the County of Aroostook, Maine or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

COMMITMENTS AND CONTINGENCIES

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 significantly exceeded commercial insurance coverage.

INVENTORIES AND PREPAID ITEMS

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

RECEIVABLES AND PAYABLES

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

CASH AND CASH EQUIVALENTS

For purpose of these financial statements, the County of Aroostook considered all highly liquid investments, included any restricted assets, with a maturity of three months or less when purchased, to be cash equivalents.

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 types of investments are reported by the applicable funds generating the investments. All deposits are carried at cost.

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 the 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.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

2. 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 district. The committee reviews the proposed itemized 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 increase, decrease or alter the proposed budget provided that:

- The finance committee enters into its minutes a statement of 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 Board of County Commissioners. The Board will not increase, decrease, alter or revise the budget as adopted by the finance committee, except by unanimous vote of the Board. If the adopted budget is changed by the Board, 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 Board or Finance Committee.

When the county tax is authorized, the County 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.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd)

2. ASSESSMENT OF COUNTY TAXES (cont'd)

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. This 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.

3. CASH

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

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 the FDIC, the National Credit Union Share Insurance or successors to these federal agencies.

Custodial credit risk: Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a policy with respect to custodial credit risk for deposits.

As of December 31, 2010, the County's cash deposits and equivalents totaled \$2,695,673, none of which were exposed to custodial credit risk.

Investing is performed in accordance with investment policies complying with State Statutes. Funds may be invested in: (1) direct obligations of the United States government pledged by its full faith and credit, (2) certificate of deposits at savings and loan associations and federally insured banks when secured by acceptable collateral, (3) savings accounts at savings and loan associations and banks, to the extent fully are appointed by the County Commissioners, or issued by any public trust of which it is sole beneficiary.

4. 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.

Workforce Investment Act 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 terms of the grants, 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 of recovery from the subcontractors.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd)

4. CONTINGENCIES (cont'd)

For the year ended December 31, 2010, agency costs of various amounts were 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.

5. ACCOUNTS RECEIVABLE

Accounts receivable consist mostly of amounts due from the Registry of Deeds and the State of Maine and are considered fully collectible by management.

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.

7. RELATED PARTY - UNORGANIZED TERRITORY OF AROOSTOOK COUNTY, MAINE

The County of Aroostook, Maine, administers, for the State of Maine, the day to day operations of the Unorganized Territory 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 Territory. The County also maintains the accounting records for the Unorganized Territory. The Unorganized Territory paid the County an annual administration fee of \$59,674 for the year ended December 31, 2010.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd)

8. PROPERTY AND EQUIPMENT

	Balance January 1	Additions	Deletions	Balance December 31
<i>Depreciable Assets:</i>				
Land	\$ 18,400	\$ -	\$ -	\$ 18,400
Land improvements	183,243	68,186	-	251,429
Building and contents	11,775,500	-	-	11,775,500
Building improvements	137,735	75,596	-	213,331
Roofing	49,309	4,450	-	53,759
Communications equip.	344,029	13,261	(872)	356,418
Computer hardware	423,268	8,170	(34,473)	396,965
Custodial equipment	45,390	3,993	(180)	49,203
Engineering equipment	420	-	-	420
Firefighting equipment	89,308	-	-	89,308
Furniture / fixtures	256,763	1,220	(8,545)	249,438
Grounds equipment	39,411	500	(850)	39,061
Heating systems	198,030	78,437	-	276,467
Electrical / plumbing	63,882	7,581	-	71,463
Kitchen equipment	67,592	5,424	-	73,016
Medical equipment	2,188	-	-	2,188
Office equipment	12,805	7,987	-	20,792
Photocopier	98,160	12,387	(29,295)	81,252
Police equipment	147,623	6,240	-	153,863
Telephone equipment	-	18,784	-	18,784
Vehicles	584,459	96,538	(14,797)	666,200
	<u>14,537,515</u>	<u>408,754</u>	<u>(89,012)</u>	<u>14,857,257</u>
<i>Accumulated Depreciation:</i>				
Land improvements	57,014	9,766	-	66,780
Building and contents	11,775,500	-	-	11,775,500
Building improvements	22,981	3,746	-	26,727
Roofing	8,602	6,114	-	14,716
Communications equip.	190,581	27,657	(872)	217,366
Computer hardware	349,700	29,670	(31,299)	348,071
Custodial equipment	26,383	3,629	(154)	29,858
Engineering equipment	386	27	-	413
Firefighting equipment	9,057	3,046	-	12,103
Furniture / fixtures	249,802	3,961	(8,441)	245,322
Grounds equipment	10,857	3,623	(319)	14,161
Heating systems	65,020	11,323	-	76,343
Electrical / plumbing	9,013	3,952	-	12,965
Kitchen equipment	41,767	4,703	-	46,470
Medical equipment	970	318	-	1,288
Office equipment	3,512	3,479	-	6,991
Photocopier	76,895	6,481	(26,103)	57,273
Police equipment	68,333	17,050	-	85,383
Telephone equipment	-	2,975	-	2,975
Vehicles	428,717	68,792	(14,797)	482,712
	<u>13,395,090</u>	<u>210,312</u>	<u>(81,985)</u>	<u>13,523,417</u>
<i>Net book value</i>	<u>\$ 1,142,425</u>	<u>\$ 198,442</u>	<u>\$ (7,027)</u>	<u>\$ 1,333,840</u>

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd)

8. PROPERTY AND EQUIPMENT

	Balance January 1	Additions	Deletions	Balance December 31
<i>Depreciable Assets:</i>				
Land	\$ 18,400	\$ -	\$ -	\$ 18,400
Land improvements	183,243	68,186	-	251,429
Building and contents	11,775,500	-	-	11,775,500
Building improvements	137,735	75,596	-	213,331
Roofing	49,309	4,450	-	53,759
Communications equip.	344,029	13,261	(872)	356,418
Computer hardware	423,268	8,170	(34,473)	396,965
Custodial equipment	45,390	3,993	(180)	49,203
Engineering equipment	420	-	-	420
Firefighting equipment	89,308	-	-	89,308
Furniture / fixtures	256,763	1,220	(8,545)	249,438
Grounds equipment	39,411	500	(850)	39,061
Heating systems	198,030	78,437	-	276,467
Electrical / plumbing	63,882	7,581	-	71,463
Kitchen equipment	67,592	5,424	-	73,016
Medical equipment	2,188	-	-	2,188
Office equipment	12,805	7,987	-	20,792
Photocopier	98,160	12,387	(29,295)	81,252
Police equipment	147,623	6,240	-	153,863
Telephone equipment	-	18,784	-	18,784
Vehicles	584,459	96,538	(14,797)	666,200
	<u>14,537,515</u>	<u>408,754</u>	<u>(89,012)</u>	<u>14,857,257</u>
<i>Accumulated Depreciation:</i>				
Land improvements	57,014	9,766	-	66,780
Building and contents	11,775,500	-	-	11,775,500
Building improvements	22,981	3,746	-	26,727
Roofing	8,602	6,114	-	14,716
Communications equip.	190,581	27,657	(872)	217,366
Computer hardware	349,700	29,670	(31,299)	348,071
Custodial equipment	26,383	3,629	(154)	29,858
Engineering equipment	386	27	-	413
Firefighting equipment	9,057	3,046	-	12,103
Furniture / fixtures	249,802	3,961	(8,441)	245,322
Grounds equipment	10,857	3,623	(319)	14,161
Heating systems	65,020	11,323	-	76,343
Electrical / plumbing	9,013	3,952	-	12,965
Kitchen equipment	41,767	4,703	-	46,470
Medical equipment	970	318	-	1,288
Office equipment	3,512	3,479	-	6,991
Photocopier	76,895	6,481	(26,103)	57,273
Police equipment	68,333	17,050	-	85,383
Telephone equipment	-	2,975	-	2,975
Vehicles	428,717	68,792	(14,797)	482,712
	<u>13,395,090</u>	<u>210,312</u>	<u>(81,985)</u>	<u>13,523,417</u>
<i>Net book value</i>	<u>\$ 1,142,425</u>	<u>\$ 198,442</u>	<u>\$ (7,027)</u>	<u>\$ 1,333,840</u>

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 first use 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 county 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 county commissioners may not commit taxes to be raised in any fiscal year until the county commissioners have complied with this subsection.
3. The county commissioners may use any remaining unencumbered surplus funds to fund 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. PARTICIPATION IN PUBLIC ENTITY RISK POOL

The County is a member of the Maine Municipal Association – Worker Compensation Trust Fund (“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, 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.

13. EXPENDITURES OVER GENERAL FUND APPROPRIATIONS

The following appropriations were exceeded by actual expenditures:

	<u>Excess</u>
General and Administrative	
Administration	\$ 38,009
Auditing	\$ 3,831
Wide Area Network	\$ 7,567
Registry Operations	
Registry of Deeds - North	\$ 3,061
Emergency Planning	\$ 20,234

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd)

14. 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 County teachers, state employees and political subdivisions. The System maintains a defined benefit pension plan.

Various full-time employees participate in the System. Benefits vest after 5 years of service. Employees who retire at or after age 60 with 10 year of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2% of the average of their 3 highest years of service 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 participants are required to contribute 6.5% of their annual salary to the System. The County of Aroostook contributes the remaining amounts necessary to fund the System, using the actuarial basis specified by statute. The County does not have any outstanding loans with the System.

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

	09-10	10-11
Retirement benefits		
Employer normal costs	7.9%	7.5%
Unfunded actuarial costs	-5.1%	-4.0%
	-2.8%	3.5%
Disability costs	None	None
Survivor benefit costs	None	None
Contribution rate	2.8%	3.5%
(as a percentage of payroll)		

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

Trend information - Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Trend information is not currently available from the Maine State Retirement System as of December 31, 2010.

COUNTY OF AROOSTOOK, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd)

15. 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. GASB 45 provides that employers with up to 200 employees in their health insurance plan, (such as the County) obtain new actuarial valuations every 3 years. Therefore, the information for 2010 has not changed from 2009.

Plan Description – The County is a member of the Main 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 ARS 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 2010 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.

16. SUBSEQUENT EVENTS REVIEW

Management has evaluated subsequent events for the period January 1, 2011 through June 15, 2011 for any possible disclosures. None were needed. This is not however, when the financial statements were issued.

COUNTY OF AROOSTOOK, MAINE

SCHEDULE OF GENERAL FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts			Actual	Variance Favorable (Unfavorable)
	Original	Adjusted	Final		
REVENUES					
Municipal taxes	\$ 4,877,528	\$(1,158,333)	\$ 3,719,195	\$ 3,812,502	\$ 93,307
Fees of Office					
Register of Deeds-south	310,000	-	310,000	356,000	46,000
Register of Deeds-south (surcharge)	286,600	-	286,600	30,458	(256,142)
Register of Deeds-north	115,000	-	115,000	125,160	10,160
Register of Deeds-north (surcharge)	63,400	-	63,400	11,131	(52,269)
Register of Probate	63,000	-	63,000	54,392	(8,608)
Register of Probate (surcharge)	7,775	-	7,775	3,703	(4,072)
	<u>845,775</u>	<u>-</u>	<u>845,775</u>	<u>580,844</u>	<u>(264,931)</u>
Intergovernmental					
District Attorney	65,345	-	65,345	63,171	(2,174)
District Court - Rent	87,000	-	87,000	87,000	-
Probation and Parole - Rent	8,736	-	8,736	8,737	1
Local emergency planning	-	-	-	28,908	28,908
Emergency management agency	84,741	-	84,741	61,776	(22,965)
	<u>245,822</u>	<u>-</u>	<u>245,822</u>	<u>249,592</u>	<u>3,770</u>
Service Fees					
Correction Improvements	298,139	-	298,139	298,138	(1)
Board of corrections	218,218	-	218,218	174,208	(44,010)
Support of prisoners	74,871	-	74,871	54,258	(20,613)
Law enforcement	171,000	-	171,000	177,544	6,544
Extension maintenance	2,628	-	2,628	2,628	-
Extension rent	4,500	-	4,500	8,355	3,855
Dispatching	30,450	-	30,450	43,613	13,163
Copies	52,000	-	52,000	46,241	(5,759)
	<u>851,806</u>	<u>-</u>	<u>851,806</u>	<u>804,984</u>	<u>(46,822)</u>
Investment income	45,000	-	45,000	22,919	(22,081)
Other Revenues					
Administration	88,463	-	88,463	77,248	(11,215)
Firefighter insurance	600	-	600	536	(64)
Community based programs	74,534	-	74,534	-	(74,534)
Workforce Investment Act	230,867	-	230,867	55,875	(174,992)
Miscellaneous	1,250	-	1,250	49,581	48,331
	<u>395,714</u>	<u>-</u>	<u>395,714</u>	<u>183,240</u>	<u>(212,474)</u>
TOTAL REVENUES	<u>\$ 7,261,645</u>	<u>\$(1,158,333)</u>	<u>\$ 6,103,312</u>	<u>\$ 5,654,082</u>	<u>\$ (449,230)</u>

COUNTY OF AROOSTOOK, MAINE

SCHEDULE OF GENERAL FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (cont'd)
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

EXPENDITURES	Budgeted Amounts			Actual	Variance Favorable (Unfavorable)
	Original	Adjusted	Final		
Operation of courts					
Houlton courthouse	\$ 66,713	\$ -	\$ 66,713	\$ 49,521	\$ 17,192
Caribou Courthouse	198,217	-	198,217	181,772	16,445
District Attorney	407,825	10,481	418,306	374,158	44,148
District Court Building	-	-	-	-	-
Houlton Complex	86,169	-	86,169	49,968	36,201
	<u>758,924</u>	<u>10,481</u>	<u>769,405</u>	<u>655,419</u>	<u>113,986</u>
Jail operations					
Support of prisoners	<u>3,015,120</u>	<u>(1,158,333)</u>	<u>1,856,787</u>	<u>1,578,578</u>	<u>278,209</u>
General and Administration					
Administration	434,168	-	434,168	472,177	(38,009)
Website fee	-	2,964	2,964	700	2,264
Audit and accounting services	4,200	-	4,200	8,031	(3,831)
Employee benefits	3,000	-	3,000	1,856	1,144
Copiers	20,000	-	20,000	19,221	779
Insurance	45,325	-	45,325	22,531	22,794
Contingent	-	90,619	90,619	12,796	77,823
PSAP	184,500	-	184,500	182,625	1,875
Personnel services	7,150	-	7,150	6,384	766
MCCA convention	500	-	500	159	341
Welcome to Aroostook sign	-	3,081	3,081	100	2,981
Workforce Investment Act	230,867	-	230,867	45,881	184,986
Wide area network	49,000	-	49,000	56,567	(7,567)
	<u>978,710</u>	<u>96,664</u>	<u>1,075,374</u>	<u>829,029</u>	<u>246,345</u>
Registry operations					
Registry building - north	59,132	-	59,132	54,321	4,811
Registry of Deeds - north	131,885	-	131,885	134,946	(3,061)
Registry of Deeds - south	117,524	-	117,524	102,126	15,398
Register of Probate	191,611	-	191,611	173,138	18,473
	<u>500,152</u>	<u>-</u>	<u>500,152</u>	<u>464,531</u>	<u>35,621</u>
Capital Outlays	<u>556,995</u>	<u>449,093</u>	<u>1,006,088</u>	<u>273,292</u>	<u>732,796</u>

COUNTY OF AROOSTOOK, MAINE

SCHEDULE OF GENERAL FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (cont'd)
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts			Actual	Variance Favorable (Unfavorable)
	Original	Adjusted	Final		
Law enforcement	\$ 1,175,134	\$ -	\$ 1,175,134	\$ 1,162,041	\$ 13,093
Fire marshall	10,000	-	10,000	9,931	69
Local emergency planning	-	-	-	20,234	(20,234)
Emergency Management Agency	117,248	-	117,248	115,958	1,290
Interest expense	27,000	-	27,000	6,184	20,816
Outside requests					
Extension Association	60,430	-	60,430	60,430	-
ACAP	5,298	-	5,298	5,298	-
NMDC	24,695	-	24,695	24,695	-
Aroostook Mental Health Center	42,380	-	42,380	42,380	-
Hope and Justice Project	5,045	-	5,045	5,045	-
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	7,308	-	7,308	7,308	-
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	-
	<u>228,862</u>	<u>-</u>	<u>228,862</u>	<u>228,862</u>	<u>-</u>
TOTAL EXPENDITURES	<u>7,368,145</u>	<u>(602,095)</u>	<u>6,766,050</u>	<u>5,344,059</u>	<u>1,421,992</u>
NET CHANGE IN FUND BALANCE	<u>\$ (106,500)</u>	<u>\$ (556,238)</u>	<u>\$ (662,738)</u>	310,023	<u>\$ 972,762</u>
FUND BALANCE - BEGINNING				1,481,446	
FUND BALANCE - ENDING				<u>\$ 1,791,469</u>	

COUNTY OF AROOSTOOK, MAINE

COMBINING BALANCE SHEET - ALL NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	Ardent Sentry Grant	District Court Witness Fees	Wellness Program	Weapons of Mass Destruction Grant	Department of Energy	School Planning Grant	High School Training Grant	
Assets:								
Due from other funds	\$ -	\$ 67,652	\$ 609	\$ 6,866	\$ 154,323	\$ 1,541	\$ 971	\$ 231,962
Liabilities								
Due to other funds	\$ 1,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,200
Fund Balance								
Undesignated	\$ (1,200)	\$ 67,652	\$ 609	\$ 6,866	\$ 154,323	\$ 1,541	\$ 971	\$ 230,762
	\$ -	\$ 67,652	\$ 609	\$ 6,866	\$ 154,323	\$ 1,541	\$ 971	\$ 231,962

COUNTY OF AROOSTOOK, MAINE

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

	Ardent Sentry Grant	District Court Witness Fees	Wellness Program	Weapons of Mass Destruction Grant	Generator Grant	Wired Grant
Revenues						
Federal/State assistance	\$ 27,665	\$ 66,500	\$ -	\$ 119,595	\$ 1,632	\$ 8,713
Other income	27,665	66,500	4,695	119,595	1,632	8,713
Expenditures						
Current outlays	29,378	51,222	4,877	111,932	2,259	-
Net change in fund balance	(1,713)	15,278	(182)	7,663	(627)	8,713
Other Items Transfer	-	-	-	-	-	5,840
Fund balance (deficit) - Beg of year	513	52,374	791	(797)	627	(14,553)
Fund balance (deficit) - End of year	\$ (1,200)	\$ 67,652	\$ 609	\$ 6,866	\$ -	\$ -

	PSIC Grant	School Planning Grant	High School Training Grant	Dept of Energy	C.D.B.G.	Totals
Revenues						
Federal/State assistance	\$ -	\$ 18,101	\$ 19,307	\$ 306,800	\$ 93,118	\$ 661,431
Other income	-	18,101	19,307	306,800	93,118	666,126
Expenditures						
Current outlays	3,522	24,525	20,018	152,477	93,118	493,328
Net change in fund balance	(3,522)	(6,424)	(711)	154,323	-	172,798
Other Items Transfer	(1,008)	-	-	-	-	4,832
Fund balance (deficit) - Beg of year	4,530	7,965	1,682	-	-	53,132
Fund balance (deficit) - End of year	\$ -	\$ 1,541	\$ 971	\$ 154,323	\$ -	\$ 230,762

See Independent Auditor's Report on Supplemental Information

INDEPENDENT AUDITOR'S 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

Christine Morneau-
David Alward

To the Management of the
County of Aroostook, Maine

I 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, 2010, which collectively comprise the County's basic financial statements and have issued my report thereon dated June 20, 2011. I conducted my 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 my audit, I considered the County of Aroostook, Maine's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my 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, I 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 or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above, however, I noted other items that were reported to management in a separate letter.

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, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the County's 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.

Davis CPA P.A.
Presque Isle, Maine

**Report on Compliance With Requirements That Could Have a Direct
and Material Effect on Each Major Program and on Internal Control
Over Compliance in Accordance With OMB Circular A-133**

Independent Auditor's Report

To the Management of
County of Aroostook, Maine

I have audited County of Aroostook, Maine's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Aroostook, Maine's major federal programs for the year ended December 31, 2010. The County of Aroostook, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying 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. My responsibility is to express an opinion on the County of Aroostook, Maine's compliance based on my audit.

I 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. Those standards and OMB Circular A-133 require that I 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 I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the County of Aroostook, Maine's compliance with those requirements.

In my opinion, the County of Aroostook, Maine complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

Management of the County of Aroostook, Maine is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the County of Aroostook, Maine's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing my opinion on compliance and to test and report on 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, I do not express an opinion on the effectiveness of the County of Aroostook, Maine's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Institute of

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 of 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 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. However, other items were reported to management in a separate letter dated June 20, 2011.

This report is intended solely for the information and use of management, others within the entity, 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.

Davis CPA P.A.

Presque Isle, Maine
June 20, 2011

COUNTY OF AROOSTOOK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2010

	CFDA #	Number	Grant	2010 Expenditures
Direct from Federal Government:				
U.S. Dept of Energy				
Energy Efficiency and Conservation Block Grant (ARRA Funds 12/23/09 - 12/22/12)	81.128	DE-SC0003436	\$ 306,800	\$ 154,323
Pass thru from the State of Maine:				
Department of Labor				
Workforce Investment Act (WIA) 7/1/07-6/30/08	17.258	CT12A2007*2730	1,170,502	7,103
Workforce Investment Act (WIA) 7/1/08-6/30/09	17.258	CT12A2008*1090	1,203,327	7,169
Workforce Investment Act (WIA) 7/1/09-6/30/11	17.258	CT12A2009*7062	1,190,884	289,350
WIA American Recovery (ARRA) 2/18/09-3/31/10	17.258	CT12A2009*7059	1,216,958	33,888
National Emergency Grant/Forest 7/1/08-6/30/10	17.260	CT12A2008*3657	457,205	66,454
Dept of Economic & Community Development				
2009 CDBG Employment Training (7/1/09-6/30/10)	14.228	20100304*4554	200,000	93,118
Dept of Economic & Community Development				
7/1/10-6/30/12 Housing Assistance	14.228	20100816*1029	250,000	-
DHHS				
Victim Advocacy (Recovery Act - ARRA) (10,1/09-9/30/12)	16.801	CFS-10-2301RA	39,697	16,131
Victim Advocacy - 10/1/09-9/30/10	16.575	CFS-10-2301	52,112	33,860
Victim Advocacy - 10/1/10-9/30/11	16.575	2009-VA-GX-0079	52,112	12,373
Department of Public Safety				
Development of Critical Public Safety Infrastructure (ARRA) 11/1/09-10/31/11 Dispatch Console, Security Camera	16.803	20091016*02485	20,800	20,800
Domestic Violence Detective 11/1/09-3/31/11	16.588	200911240*03113	55,000	41,865
Domestic Violence Detective 1/1/11-3/31/2112	16.588	2010WFAX0058	49,500	-
Aroos City Task Force, DV & SA	16.588	AR-02-10	9,375	-
Maine Drug Enforcement Agency				
Drug Enforcement Agents (2) BJA - ARRA Funds (3/1/09-9/30/11)	16.803	2009-SU-B9-0013	-	142,445
BJA Byrne Justice Grant (10/1/10-12/31/11)	16.738	2009-DJ-BX-1062	-	47,622
Drug Enforcement Agent (1) BJA Award	16.753	2009-GD1-BX-0169	-	65,853
BJA Congressional Award (8/1/2009-7/31/2011)				
Maine Emergency Management Agency				
County Emergency Management Planning Grant 10/1/09-9/30/10 (Operating Expenses - 50%)	97.042	2010-EP-E0-0057	83,101	59,457
10/1/10-9/30/11 (Operating Expenses - 50%)	97.042	2010-EP-E0-0057	85,594	15,970
12/7/09-8/31/12 (Mobile Communications Tower)	97.067	2009-SS-T9-0077	81,165	81,165
10/1/09-9/30/2010 EMA Program for City of Caribou	97.042	2010-EP-E9-0046	10,000	9,516
1/15/09-8/31/11 County Training	97.067	2008-GE-T8-0037	27,585	14,593
10/1/07-9/1/11 PCIS (Narrowband Planning)	11.555	2007-GS-H7-0056	20,000	-
10/1/07-9/1/11 (Cross Border Cache Program-Equip&Planning)	11.555	2007-GS-H7-0056	35,918	-
7/1/07-12/31/10 (Exercises)	97.067	2007-GE-T7-0055	26,431	26,431
10/1/09-9/30/11 (EMA Planner)	97.067	2009-SS-T9-0077	40,000	26,159
7/1/09-7/30/2012 (Hazard Mitigation Plans)	97.067		35,000	13,173
FY2008 Operation Stonegarden	97.069	2008-SG-T8-0015	199,704	195,373
FY2009 Operation Stonegarden	97.069	2009-SJ-T9-0013	22,643	22,643
			\$ 6,941,414	\$ 1,496,835

COUNTY OF AROOSTOOK, MAINE

NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
DECEMBER 31, 2010

1. *General*

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the County of Aroostook, Maine. All federal awards received are included on the schedule.

2. *Basis of accounting*

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

3. *Major Programs - Federal*

The following programs were considered major programs as defined by OMB Circular A-133:

<u>Program</u>	<u>CFDA #</u>
Workforce Investment Act	17.258
National Emergency Grant	17.260
Energy Efficiency and Conservation Block Grant	81.128

COUNTY OF AROOSTOOK, MAINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2010

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Reportable conditions identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted:	No

Federal Awards

Internal Control over major programs:	
Material weaknesses identified?	No
Reportable conditions identified not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No

Identification of major programs:

<u>None.</u>	<u>CFDA #</u>
Workforce Investment Act	17.258
National Emergency Grant	17.260
Energy Efficiency and Conservation Grant	81.128

Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
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Auditee qualified as low-risk auditee?	Yes
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Section II - Financial Statement findings: NONE

Section III - Federal Award Findings and Questioned Costs: NONE



UNORGANIZED TERRITORY PUBLIC WORKS DEPARTMENT 2010 Annual Report

It is my pleasure to submit this report on behalf of the citizens and organizations of the Unorganized Territory of Aroostook County. In 2010, my second full year as Public Works Director, I am very proud of the progress and achievements that we have accomplished throughout Aroostook County's UT. First and foremost, I must thank all of our dedicated service providers, contractors, and other professionals for their continued service and commitment to the residents and property of Maine's largest county and unorganized territory.

Last year, in an effort to address all major road maintenance issues and potential projects throughout Aroostook County, a very basic 3-5 year Road Maintenance Plan was initiated. We feel this approach allows for larger projects to be completed in phases from year to year, and at the same time, dealing with normal annual maintenance, all within our budgeted capacity. Aside from annual infrastructure improvements, four major projects were either initiated or completed in both Area One (southern) and Area Two (northern) of Aroostook County.

Area One projects included 14,000 feet of asphalt reclaiming on the Aroostook Road in Molunkus Township (TAR5), and the same process on 2,300 feet of the Mill Road in Benedicta. These roads will remain as gravel surfaced roads, and plans for 2011 are to add substantial gravel overlay, followed by grading and compacting.

In Area Two, the Adams Road in Connor received asphalt overlay (Phase II) on approximately 2,200 feet. Phase I; survey, ditching, raising road surface with asphalt millings was completed last year. Over 10,000 feet of asphalt reclaiming was also completed on the Cote and Damboise Roads in Connor. Overlay projects for these roads are planned for the 2011 season.

As was the case in 2009, a combination of Maine DEP Small Community Grant Program funds and homeowner investment provided for three complete septic system replacement projects in the Cross Lake and Madawaska Lake region in 2010. 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 also continues to be involved with local ATV clubs which have trail systems which pass through areas of the unorganized territory. With the assistance of the ATV Municipal Grant-In-Aid Program, the County of Aroostook was able to secure funding for the Aroostook Valley ATV Club for the completion of their "Power Line Trail" rehabilitation project. Some technical assistance was also provided to the Caribou ATV Club as a connector trail from Caribou to Caswell is being researched in the Connor region.

In May 2010, a Community Development Block Grant application for housing rehabilitation projects in Sinclair/T17R4 was awarded to the County of Aroostook. Under the Housing Assistance Program, \$250,000 of CDBG funds was committed to this project. Applications for assistance from Sinclair residents were solicited and scored, and it is anticipated that 15-20 households will benefit from this program. Rehabilitation projects are expected to begin and be completed during the 2011 construction season.

Finally, I would like to thank the great support staff at the County Commissioners Office, all the contractors and various agencies that provide their invaluable skills and resources on a daily basis for the citizens of Aroostook County. I have made many friends and acquaintances over the past two years, and looking forward to many more years.

Respectfully submitted,
Paul Bernier
Public Works Director



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

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, 2010, 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, 2010, 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 October 14, 2010 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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
October 14, 2010

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, 2010. 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 \$1,396,789 (net assets). Of this amount, \$75,991 (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 \$214,739.
- As of the close of the current fiscal year, the Territories' governmental funds reported combined ending fund balances of \$398,456, an increase of \$81,120 in comparison with the prior year. Approximately 19% of this total amount, \$75,991, 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 \$75,991, or 4.1% 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 2 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 governmental fund is combined into a single, aggregated presentation. Individual fund data for the nonmajor governmental fund 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 24 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 25 and 26 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 \$1,396,789 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 use 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>2010</u>	June 30, <u>2009</u>
Current and other assets	450,985	341,095
Capital assets	<u>1,088,333</u>	<u>822,143</u>
Total assets	<u>1,539,318</u>	<u>1,163,238</u>
Liabilities	<u>142,529</u>	<u>23,759</u>
Net assets:		
Invested in capital assets, net of related debt	998,333	822,143
Reserved for future designated use	322,465	204,698
Unrestricted	<u>75,991</u>	<u>112,638</u>
Total net assets	<u>1,396,789</u>	<u>1,139,479</u>

UNORGANIZED TERRITORIES' FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS

The remaining balance of unrestricted net assets (\$75,991) 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 \$214,739 during the current fiscal year.

Governmental activities. Governmental activities increased the Territories' net assets by \$214,739, 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, 2009 to June <u>30, 2010</u>	July 1, 2008 to June <u>30, 2009</u>
Revenues		
Property taxes	1,485,939	1,389,973
Investment income	17,294	20,489
Other revenues	<u>206,419</u>	<u>284,268</u>
Total revenues	<u>1,709,652</u>	<u>1,694,730</u>
Expenses		
County tax	600,522	567,317
Roads	79,679	128,820
Public works	99,571	87,044
Public safety	26,646	31,695
Snow removal	253,145	251,041
Solid waste disposal	108,598	106,810
Fire protection	79,882	103,468
Ambulance service	21,168	20,505
Administration	58,760	55,940
Capital outlays	62,083	75,667
Other	104,859	104,612
Community septic systems grant	<u> </u>	<u>232</u>
Total expenses	<u>1,494,913</u>	<u>1,533,151</u>
Change in net assets	<u>214,739</u>	<u>161,579</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 \$398,456, an increase of \$81,120 in comparison with the prior year. Approximately 19% of this total amount (\$75,991) 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 (\$300,638), and future year's expenditures (\$21,827).

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 \$74,317, while total fund balance reached \$396,782. 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 4% of total general fund expenditures, while total fund balance represents 21.5% of that same amount.

The fund balance of the Territories' general fund increased by \$81,120 during the current fiscal year. Key factors in this increase are as follows:

- Actual revenues exceeded anticipated revenues by \$120,165, consisting mostly of snowmobile grant funds and interest income. Excise tax revenue was \$28,369 less than budgeted.
- Anticipated expenditures exceeded actual expenditures by \$190,653, 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, 2010.

General Fund Budgetary Highlights

During the year 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, 2010, amounts to \$1,088,333, (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 24%.

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

- Purchase of various machinery and equipment totaling \$261,245.
- Depreciation expense in the amount of \$37,626.

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

UNORGANIZED TERRITORIES' FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-term liabilities

In October 2009, the County of Aroostook entered into a lease/purchase agreement with the State of Maine Department of Transportation to lease real property in Stockholm. The terms of the agreement call for lease payments through July 2014, totaling \$200,000. At any time prior to the end of the agreement the County may exercise an option to purchase the property for \$200,000 with all lease payments made being applied to the purchase price. At this time it is the intention of management to exercise the option at some point.

Half of this commitment has been allocated to the Unorganized Territories' Fund and the other half is being paid by the County's Emergency Management Agency through Federal grants. As of June 30, 2010 the Unorganized Territory's share of the outstanding liability was \$90,000. Additional information can be found in note (10) on page 24.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County of Aroostook is currently 9.7% which is a decrease from the rate of 11% a year ago. The County's rate is higher than the national rate of 9.5%, and the state rate of 8.0%.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the Territories' budget for the 2010/2011 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, 2010

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and cash equivalents	396,802
Accounts receivable	340
Due from other governments	53,843
Capital assets, net of accumulated depreciation	<u>1,088,333</u>
TOTAL ASSETS	<u><u>1,539,318</u></u>
LIABILITIES	
Accounts payable	52,529
Capital lease payable	<u>90,000</u>
	<u>142,529</u>
NET ASSETS	
Invested in capital assets, net of related debt	998,333
Reserved for designated future use	322,465
Unrestricted	<u>75,991</u>
TOTAL NET ASSETS	<u><u>1,396,789</u></u>

UNORGANIZED TERRITORIES' FUND

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

	Program Revenues			Net (Expense) Revenues and Changes in Net Assets
	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<u>Expenses</u>				
Governmental activities:				
County tax	600,522			(600,522)
Roads	137,331			(79,679)
Public works	99,571	57,652		(99,571)
Public safety	26,646			(26,646)
Snow removal	253,145			(253,145)
Solid waste disposal	108,598			(108,598)
Fire protection	79,882			(79,882)
Ambulance service	21,168			(21,168)
Administration	58,760			(58,760)
Capital outlays	62,083			(62,083)
Other	267,207		29,852	(104,859)
Total governmental activities	<u>1,714,913</u>	<u>190,148</u>	<u>29,852</u>	<u>(1,494,913)</u>
General revenues:				
Property tax				1,485,939
Investment income				17,294
Other revenues				206,419
Total general revenues				<u>1,709,652</u>
Change in net assets				214,739
Net assets - July 1, 2009				<u>1,182,050</u>
Net assets - June 30, 2010				<u><u>1,396,789</u></u>

See notes to financial statements

Chester M. Kearney, Certified Public Accountants

UNORGANIZED TERRITORIES' FUND

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2010

	<u>GENERAL</u>	<u>SPECIAL REVENUE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS			
Cash	395,128	1,674	396,802
Accounts receivable	340		340
Due from other governments	<u>53,843</u>		<u>53,843</u>
TOTAL ASSETS	<u><u>449,311</u></u>	<u><u>1,674</u></u>	<u><u>450,985</u></u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	<u>52,529</u>		<u>52,529</u>
TOTAL LIABILITIES	<u><u>52,529</u></u>		<u><u>52,529</u></u>
FUND BALANCES			
Reserved for:			
Capital expenditures	300,638		300,638
Designated for subsequent years' expenditures	21,827		21,827
Unreserved	<u>74,317</u>	<u>1,674</u>	<u>75,991</u>
TOTAL FUND BALANCES	<u><u>396,782</u></u>	<u><u>1,674</u></u>	<u><u>398,456</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>449,311</u></u>	<u><u>1,674</u></u>	<u><u>450,985</u></u>

UNORGANIZED TERRITORIES' FUND
RECONCILIATION OF THE GOVERNMENTAL FUNDS' BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010

Total fund balances for governmental funds	398,456
Total net assets reported for governmental activities in the statement of net assets is different because:	
Long-term liabilities applicable to the governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets.	(90,000)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	<u>1,088,333</u>
Total net assets of governmental activities	<u><u>1,396,789</u></u>

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

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2010

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES			
Property taxes	1,485,939		1,485,939
State assistance	221,489		221,489
Excise tax	204,131		204,131
Investment income	17,294		17,294
Other revenues	799		799
TOTAL REVENUES	<u>1,929,652</u>		<u>1,929,652</u>
EXPENDITURES			
County tax	600,522		600,522
Roads	118,650		118,650
Public works	99,571		99,571
Public safety	26,646		26,646
Snow removal	253,145		253,145
Solid waste disposal	108,598		108,598
Fire protection	112,783		112,783
Ambulance service	21,168		21,168
Administration	58,760		58,760
Capital outlays	188,283		188,283
Other	260,406		260,406
TOTAL EXPENDITURES	<u>1,848,532</u>		<u>1,848,532</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>81,120</u>		<u>81,120</u>
NET CHANGE IN FUND BALANCES	81,120		81,120
FUND BALANCES - JULY 1, 2009	<u>315,662</u>	<u>1,674</u>	<u>317,336</u>
FUND BALANCES - JUNE 30, 2010	<u><u>396,782</u></u>	<u><u>1,674</u></u>	<u><u>398,456</u></u>

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, 2010

Net change in fund balances - total governmental funds	81,120
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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.

Payments for capital asset additions	171,245
Depreciation expense	<u>(37,626)</u>

Change in net assets of governmental activities	<u><u>214,739</u></u>
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UNORGANIZED TERRITORIES' FUND

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2010

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Property taxes				
Local taxes	885,417	885,417	885,417	
County tax	600,522	600,522	600,522	
State assistance				
Local road assistance	61,548	61,548	57,652	(3,896)
Snowmobile funds	1,500	1,500	133,985	132,485
Small community grant program	12,000	12,000	29,852	17,852
Excise taxes	232,500	232,500	204,131	(28,369)
Interest income	15,000	15,000	17,294	2,294
Other Revenues	1,000	1,000	799	(201)
TOTAL REVENUES	1,809,487	1,809,487	1,929,652	120,165
EXPENDITURES				
County tax	600,522	600,522	600,522	
Roads	118,650	118,650	118,650	
Public works	79,164	79,164	99,571	(20,407)
Public safety	27,829	27,829	26,646	1,183
Snow removal	259,595	259,595	253,145	6,450
Solid waste disposal	112,940	112,940	108,598	4,342
Fire protection	111,778	111,778	112,783	(1,005)
Ambulance service	43,014	43,014	21,168	21,846
Administration	58,760	58,760	58,760	
Capital outlays	297,050	478,921	188,283	290,638
Other	125,185	148,012	260,406	(112,394)
TOTAL EXPENDITURES	1,834,487	2,039,185	1,848,532	190,653
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(25,000)	(229,698)	81,120	310,818
NET CHANGE IN FUND BALANCE	(25,000)	(229,698)	81,120	310,818
FUND BALANCE - JULY 1, 2009			315,662	
FUND BALANCE - JUNE 30, 2010			396,782	

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.

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.

UNORGANIZED TERRITORIES' FUND
 NOTES TO FINANCIAL STATEMENTS (cont'd.)

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

Cash and Cash Equivalents

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.

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.

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.

Tax uncertainties

The Unorganized Territory Fund is not subject to income tax and does not have employees so it is not subject to payroll tax. As a result it has no tax returns subject to examination and has not made any provision for tax uncertainties.

Subsequent events

Management has evaluated for subsequent events through October 14, 2010, the date the financial statements were available to be issued. No subsequent events have occurred and none have been disclosed.

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, 2010, 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	396,802	489,747	250,000	239,747	

(4) CAPITAL ASSETS

As of June 30, 2010 capital assets consisted of the following:

	<u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2010</u>
<i>Non-depreciable assets</i>				
Land	<u>74,900</u>			<u>74,900</u>
<i>Depreciable assets</i>				
Land improvements	4,755			4,755
Buildings and contents	143,900	102,250		246,150
Vehicles	147,815			147,815
Equipment	115,633	42,795		158,428
Infrastructure	<u>650,412</u>	<u>116,200</u>		<u>766,612</u>
	<u>1,062,515</u>	<u>261,245</u>	<u>None</u>	<u>1,323,760</u>
<i>Accumulated depreciation</i>				
Land improvements	635	159		794
Buildings and contents	44,966	5,108		50,074
Vehicles	103,513	4,670		108,183
Equipment	69,915	9,008		78,923
Infrastructure	<u>53,672</u>	<u>18,681</u>		<u>72,353</u>
	<u>272,701</u>	<u>37,626</u>		<u>310,327</u>
<i>Net Book Value</i>	<u>864,714</u>	<u>223,619</u>	<u>None</u>	<u>1,088,333</u>

Depreciation expense was charged to governmental activities as follows:

Roads	18,681
Fire protection	9,894
Other	<u>9,051</u>
Total depreciation expense	<u>37,626</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, 2010 the Unorganized Territories paid the County of Aroostook \$57,760 for these services.

Occasionally, the Unorganized Territories and County of Aroostook loan monies to one another. As of June 30, 2010 a net amount of \$53,843 was due to the Unorganized Territories from the County of Aroostook.

(6) EXPENDITURES OVER GENERAL FUND APPROPRIATIONS

The following appropriations were exceeded by actual expenditures:

	<u>Excess</u>
Public works	20,407
Fire protection	1,005
Other	112,394

(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, 2010 the balance of the reserves amounted to \$300,638.

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, 2010, designated fund balance consisted of the following:

Capital reserves	
Road/bridge maintenance	184,178
Pavement resurface	34,925
Dry hydrant	4,228
911-E program	4,149
Cemetery improvement	2,175
T17R5 fire building	7,335
T17R4 transfer station	2,953
T17R4 fire building	124
T17R4 fire truck	603

UNORGANIZED TERRITORIES' FUND

NOTES TO FINANCIAL STATEMENTS (cont'd.)

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

T17R4 & 5 fire equipment	12,775
DEDC administration	196
E. Plantation bridge	20,000
Vehicle	8,012
Connor recreation park	3,746
Computer	1,510
Community signs	3,092
Sinclair community building	1,600
Grant match	537
Vehicle – Fire department	<u>8,500</u>
	300,638
Contingent account	<u>21,827</u>
Total	<u>322,465</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, 2010 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.

(9) ADJUSTMENT TO FUND BALANCE

During the fiscal year ended June 30, 2010 it was discovered that some equipment was not inventoried and cataloged during the GASB #34 conversion. The cost of this equipment was \$101,384 and depreciation through July 1, 2009 was \$58,813. As a result net assets on the Statement of Net Assets was adjusted as follows:

Net Assets per audited, June 30, 2009 financial statements	1,139,479
Additional capital assets, net of accumulated depreciation recorded	<u>42,571</u>
Net Assets as of July 1, 2009, per statement of activities	<u>1,182,050</u>

UNORGANIZED TERRITORIES' FUND

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(10) CAPITAL LEASE LIABILITY

On October 8, 2009 the County of Aroostook entered into an agreement with the State of Maine Department of Transportation to lease real property in Stockholm, Maine. The agreement called for lease payments totaling \$200,000 through July 1, 2014. The County has an option to purchase the building for \$200,000 at any time during the agreement with all prior payments being credited to the purchase price. There is no interest associated with this agreement.

Management has stated that ½ of the payments will be made by the Unorganized Territory fund and the other ½ by the Emergency Management Agency of the County with Federal grant funds received by the agency.

Future minimum lease payments payable by the Unorganized Territories are as follows:

July 1, 2010	20,000
July 1, 2011	20,000
July 1, 2012	20,000
July 1, 2013	20,000
July 1, 2014	<u>10,000</u>
	<u>90,000</u>

UNORGANIZED TERRITORIES' FUND
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2010

	<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



Chester M. Kearney

Certified Public Accountants

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207-764-3171

Steve E. Bird, CPA
Herman Belanger, CPA
Paul J. Callinan, 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, 2010, which collectively comprise the Unorganized Territories' Fund's basic financial statements and have issued our report thereon dated October 14, 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 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
October 14, 2010



HOUSE OF REPRESENTATIVES

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Bernard L. A. Ayotte

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January 2011

Dear Friends & Neighbors:

It is truly an honor to be a part of the 125th Legislature. The responsibility is one I will not take lightly, as I am humbled by the opportunity to be your voice in Augusta. With so many Maine people struggling to make ends meet due to the sluggish economy, I will be fervently working to restore Maine to a place where families can thrive, not merely survive.

House of Representatives Speaker Robert W. Nutting appointed me to the Joint Standing Committee on Environment and Natural Resources. Despite a change in the panel's name, its jurisdiction encompasses the same policy areas I have become accustomed to over my previous four years as a member of the Natural Resources Committee. Some specific proposals being considered by this working group include open burning, Maine's Product Stewardship Program, fuel containing ethanol, and above-ground storage tanks, just to name a few.

Approaching 2,000 individual bills will be deliberated in the coming months. As a seasoned policymaker, the legislative process is one I am quite familiar with; however, the routine is one I wish for my constituency to be more aware of as well. The Legislature's Web site provides both a brief overview and an in-depth explanation of the manner by which a bill is given consideration. You can find this information, along with other helpful documents and lists posted online at <http://www.maine.gov/legis/house/document.htm>.

Although much of my time will be spent away from The County until adjournment, I do wish to maintain an open line of communication with those I serve. Should you have any questions or concerns about the various measures being considered at the State House, please do not hesitate to contact me.

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

Printed on recycled paper

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District Court - Presque Isle	(207) 764-2055
District Court - Houlton	(207) 532-2147
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Register of Probate	(207) 532-1502
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Superior Court - Houlton	(207) 532-6563

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Superior Court - Houlton	(207) 532-6563