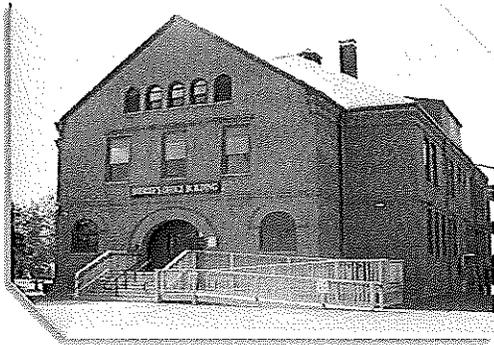


***County of Aroostook***



***State of Maine  
ANNUAL REPORT  
FISCAL YEAR  
2011***



## ***About the Cover***

*Houlton Superior Court Building  
Built in 1859  
Additions in 1890, 1891 and 1928*

*Sheriff's Office Building  
Built in 1800's  
Completely Remodeled in 1977*

*Houlton Jail Building  
Built in 1889  
Additions in 1935, 1960 and 1986*

*Caribou Courthouse  
Built in 1895  
Addition in 1975*

*Fort Kent Registry of Deeds  
Built in 1846  
Additions in 1965 and 1996*

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# **ANNUAL REPORT OF AROOSTOOK COUNTY**

**For Fiscal Year 2011**  
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 available 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, the 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 2011*

**Superior Court**

**Hon. E. Allen Hunter**, *Justice* – Diane Glidden, *Clerk of Courts*

**District Courts**

**DISTRICT I (AROOSTOOK COUNTY)**

**Hon. David Soucy**, *Presiding Judge*

Diane Glidden, 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	Houlton
Norman L. Fournier	Wallagrass
Paul J. Underwood	Presque Isle

**COUNTY ADMINISTRATOR**

Douglas F. Beaulieu	Madawaska
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**JUDGE OF PROBATE**

James P. Dunleavy	Presque Isle
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**REGISTER OF PROBATE**

Joanne Carpenter	Houlton
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**REGISTER OF DEEDS, SOUTHERN DISTRICT**

Patricia Brown	Houlton
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**REGISTER OF DEEDS, NORTHERN DISTRICT**

Louise M. Caron	Fort Kent
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**COUNTY TREASURER**

Wilfred J. Bell	Caribou
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**SHERIFF**

James P. Madore	Madawaska
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**COUNTY CLERK**

Douglas F. Beaulieu	Madawaska
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**DIRECTOR, EMERGENCY MANAGEMENT AGENCY**

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

Paul G. Bernier	Frenchville
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**OFFICE OF THE DISTRICT ATTORNEY**

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

**2011  
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. Alexander Reginald Willette – Dist. 7	Mapleton
Rep. Joyce Ann Fitzpatrick – Dist. 8	Houlton
Rep. Ricky D. Long – Dist. 9	Sherman

**2011  
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

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## TO THE CITIZENS OF AROOSTOOK COUNTY

The County's annual report for 2011 includes a summary of the accomplishments of each county department. The audits and financial statements for the General Fund, Jail Operations 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 \$6,523,779.00. Revenues and credits used to lower the tax burden were projected at \$1,557,312.00, thus leaving an amount of \$4,966,467.00 plus \$95,752.20 in overlay to be raised by taxes.

### Highlights - Capital Improvement Account

Building improvements and equipment purchases scheduled for 2011 included the following:

Emergency Management Agency – Vehicle & Improvements	\$ 20,500.00
District Attorney – Vehicle, Office & Computer Equipment	\$ 7,250.00
Administration – Vehicle & Computer Equipment	\$ 6,000.00
Superior Court Bldg. - Improvements	\$ 32,362.00
Houlton Building Complex – Improvements & Equipment	\$ 1,500.00
Houlton Sheriff's Office Building – Improvements	\$ 43,000.00
Caribou Courthouse – Improvements	\$ 48,574.00
Fort Kent Registry Bldg. – Improvements	\$ 2,000.00
Registry of Deeds Fort Kent – Computer Equipment	\$ 2,000.00
Register of Probate – Office Equipment	\$ 1,640.00
Sheriff's Dept. (Law Enforcement) - Vehicles & Equipment	\$ 61,200.00
Telecommunications	\$ 3,000.00
Underground Tanks	\$ 2,000.00
	<u>\$231,026.00</u>

### **Jail Operations Fund**

Since the advent of the State of Maine Board of Corrections, the Jail has been consistently underfunded, resulting in “kicker payments” being made to the Jail Operations Fund to balance year-end. These “kicker payments” are above and beyond our authorized budget for Jail Operations.

### **Unorganized Territory Fund**

Expenditures for services to the Unorganized Territory for the year 2011-12 amounted to \$1,279,264.00. Revenues and credits used to lower the tax assessment were projected at \$326,100.00. The net assessment was \$953,164.00. 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

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In December 2011, Treasurer Wilfred Bell unexpectedly passed after a brief illness. He will be missed by many colleagues, friends, and family.

Here are some highlights of Aroostook County's General Fund and Unorganized Territory Fund finances:

- General Fund ended the year with cash-on-hand of \$1,693,066;
- General Fund ended the year with a total fund balance of \$1,762,196;
- General Fund ended the year with an unreserved (undesignated) fund balance of \$958,193;
- Unorganized Territory Fund ended the year with cash-on-hand of \$368,182;
- Unorganized Territory Fund ended the year with a total fund balance of \$333,160;
- Unorganized Territory Fund ended the year with an unreserved (undesignated) fund balance of \$84,083.

A line of credit for the General Fund was secured through Katahdin Trust Company in the amount of \$1,500,000 in anticipation of county taxes. Only \$1,190,000 was used and it was paid back by October 2011.

Expenditures for Federal Awards amounted to \$1,301,027. These federal awards, of which most are funds passed from the federal government through the State of Maine to Aroostook County, were for various programs such as victim advocacy, domestic violence, drug enforcement, housing assistance, and homeland security.

The detailed 2011 Financial Statements for the General Fund and the Unorganized Territory Fund are included at the end of this report.

Wilfred J. Bell  
(Deceased December 23, 2011)

**COUNTY OF AROOSTOOK  
FOR THE YEAR 2011**

Expenses estimated by the County Commissioners of Aroostook County for the year 2011,  
for which a County Tax was assessed.

Emergency Management Agency	120,521.00
District Attorney	392,564.00
Administration	434,985.00
Superior Court Building	85,596.00
Houlton Building Complex	66,089.00
Sheriff's Office Building	32,166.00
Caribou Courthouse	201,516.00
Fort Kent Registry Building	60,681.00
Registry of Deeds South	112,130.00
Registry of Deeds North	139,702.00
Registry of Probate	186,379.00
Law Enforcement	1,247,166.00
Fire Marshal	9,500.00
Audit	6,920.00
Wide Area Network (WAN)	48,000.00
Interest Expense	10,000.00
Employee Benefits	3,000.00
Copiers	20,500.00
Program Grants	228,862.00
County Insurance	49,800.00
5-Year Capital Improvements	231,026.00
Capital Reserves	322,360.00
PSAP	190,000.00
MCCA Convention	500.00
Personnel Services	<u>7,150.00</u>
TOTAL (NON-CORRECTIONAL SERVICES) APPROPRIATIONS	\$4,207,113.00
ESTIMATED NON-CORRECTIONAL SERVICES REVENUES	<u>\$1,557,312.00</u>
NET NON-CORRECTIONAL ASSESSMENT	<u>\$2,649,801.00</u>
CORRECTIONAL SERVICES ASSESSMENT	<u>\$2,316,666.00</u>
TOTAL AMOUNT TO BE RAISED BY TAXES	<u>\$4,966,467.00</u>
2% OVERLAY	<u>\$95,752.20</u>
<b>TOTAL TAX COMMITMENT FOR 2011</b>	<b><u>\$5,062,219.20</u></b>

## 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>2011 TAX</u>	<u>2011 PAID</u>
Allagash	\$28,933.65	\$28,933.65
Amity	\$13,576.95	\$13,576.95
Ashland	\$90,309.60	\$90,309.60
Bancroft	\$7,322.40	\$7,322.40
Blaine	\$31,323.60	\$31,323.60
Bridgewater	\$33,561.00	\$33,561.00
Caribou	\$356,051.70	\$356,051.70
Castle Hill	\$24,967.35	\$24,967.35
Caswell	\$17,289.00	\$17,289.00
Chapman	\$29,594.70	\$29,594.70
Crystal	\$15,458.40	\$15,458.40
Dyer Brook	\$16,322.85	\$16,322.85
Eagle Lake	\$71,545.95	\$71,545.95
Easton	\$240,673.05	\$240,673.05
Fort Fairfield	\$177,873.30	\$177,873.30
Fort Kent	\$220,689.00	\$220,689.00
Frenchville	\$50,341.50	\$50,341.50
Grand Isle	\$18,509.40	\$18,509.40
Hamlin	\$19,526.40	\$19,526.40
Hammond	\$6,813.90	\$6,813.90
Haynesville	\$9,508.95	\$9,508.95
Hersey	\$8,593.65	\$8,593.65
Hodgdon	\$57,969.00	\$57,969.00
Houlton	\$286,285.50	\$286,285.50
Island Falls	\$74,088.45	\$74,088.45
Limestone	\$69,715.35	\$69,715.35
Linneus	\$62,647.20	\$62,647.20
Littleton	\$54,104.40	\$54,104.40
Ludlow	\$23,441.85	\$23,441.85

Madawaska	\$396,680.85	\$396,680.85
Mapleton	\$123,362.10	\$123,362.10
Mars Hill	\$97,733.70	\$97,733.70
Masardis	\$25,984.35	\$25,984.35
Merrill	\$13,729.50	\$13,729.50
Monticello	\$42,917.40	\$42,917.40
New Canada	\$22,068.90	\$22,068.90
New Limerick	\$207,061.20	\$207,061.20
New Sweden	\$53,391.60	\$35,391.60
Oakfield	\$44,341.20	\$44,341.20
Orient	\$40,222.35	\$40,222.35
Perham	\$22,424.85	\$22,424.85
Portage Lake	\$73,529.10	\$73,529.10
Presque Isle	\$574,757.55	\$574,757.55
St. Agatha	\$64,884.60	\$64,884.60
St. Francis	\$29,340.45	\$29,340.45
Sherman	\$44,544.60	\$44,544.60
Smyrna	\$18,814.50	\$18,814.50
Stockholm	\$14,797.35	\$14,797.35
Van Buren	\$67,020.30	\$67,020.30
Wade	\$14,390.55	\$14,390.55
Wallagrass	\$36,306.90	\$36,306.90
Washburn	\$64,223.55	\$64,223.55
Westfield	\$28,323.45	\$28,323.45
Westmanland	\$14,949.90	\$14,949.90
Weston	\$41,035.95	\$41,035.95
Woodland	\$58,680.90	\$58,680.90
Cary Plantation	\$12,153.15	\$12,153.15
Cyr Plantation	\$11,390.40	\$11,390.40
Garfield Plantation	\$9,051.30	\$9,051.30
Glenwood Plantation	\$5,186.70	\$5,186.70
Macwahoc Plantation	\$7,169.85	\$7,169.85
Moro Plantation	\$10,424.25	\$10,242.25
Nashville Plantation	\$23,543.55	\$23,543.55
Oxbow Plantation	\$9,559.80	\$9,559.80
Reed Plantation	\$10,678.50	\$10,678.50
St. John Plantation	\$16,831.35	\$16,831.35
Winterville Plantation	\$34,476.30	\$34,476.30
Unorganized Territory	\$577,198.35	\$577,198.35
<b>TOTAL</b>	<b>\$5,062,219.20</b>	<b>\$5,062,219.20</b>



## **OFFICE OF THE DISTRICT ATTORNEY PROSECUTORIAL DISTRICT 8 2011 Annual Report**

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If the year 2010 was a year of endings for the Aroostook County District Attorney's Office, then 2011 was a year of beginnings. On January 3, 2011, I was sworn into my elected position of District Attorney by our County Administrator and Dedimus Justice, Douglas Beaulieu. My wife and my parents were able to attend the swearing-in ceremony. After about 5 minutes of celebration, I climbed the three flights of stairs to my office to begin my first term as Aroostook County District Attorney.

In late January, Aroostook County's newest import from the west coast, April Hare began her career as a prosecutor covering the St. John Valley courts. April moved from Washington State to Aroostook in the middle of January, undaunted by our snowy weather. She has quickly adopted the local police departments in her jurisdiction and is a vital team member coordinating the prosecution of their criminal cases and has begun taking a leadership role on the issues of domestic violence and cruelty to animals cases.

Early on in the State Legislative session, I was able to begin a working alliance with newly elected Representative Alex Willette of Mapleton. Alex sponsored 6 bills co-authored by me at the beginning of his legislative term. The bills spanned issues dealing with financing of witness fees and costs of prosecution, to protecting child victims' most sensitive private information from prying eyes, to curbing the ever-growing wave of prescription trafficking and methamphetamine manufacturing and abuse, to enhancing the State's ability to remove the driving privileges of drugged-drivers in Maine. At Alex's request I spent many hours testifying before Legislative Committees in support of our proposals. Some were successful in becoming Law, and other not so much.

Alex and I were able to pass Laws increasing the penalties for large-scale prescription drug trafficking operations, requiring a mandatory minimum prison sentence of 4 years for the most prolific traffickers; and we were able to protect our highways and streets from drivers operating on our roads while under the influence of drugs. We all know that Maine has a tough OUI law, often times resulting in the Secretary of State administratively suspending the driver's licenses of those operators with a blood-alcohol content of .08% or greater; but it wasn't until Alex was willing to sponsor my Operating Under the Influence of Drugs (OUID) bill and shepherded it into law, that the Secretary of State could administratively suspend a driver's license for those operators with drugs affecting their ability to safely drive in their systems. Now drugged-drivers on Maine's roads and highways face the same swift consequences of a license suspension that drunk drivers do.

Our office is a combination of seasoned trial attorneys and attorneys that are just beginning to get their trail legs beneath, with the addition of April Hare in early 2011, and Kurt Kafferlin in late 2010. With that in mind, the Aroostook County District Attorney's Office remains one of the busiest trial offices in the State with our attorneys trying nearly as many cases as some of our larger counterparts in Southern Maine. With trials, successful trials anyway, come appeals; and Aroostook had its share of appellate work to do in 2011. While a number of unpublished *memorandum decisions* were made in our favor, we also had four published opinions issued by the Maine Law Court that sustained the convictions we won at trial. These cases are: *State of Maine v. Eric Erickson*, 2011 ME 28; *State of Maine v. John Lagasse*, 2011 ME 30; *State of Maine v. Timothy Burns*, 2011 ME 92, and *State of Maine v. John Taylor*, 2011 ME 111. We also argued several more cases before the Law Court, but as of December 31, 2011, the Law Court had not rendered any decision on those cases.

Notwithstanding the busy trial and appellate schedules 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.

<b>Year</b>	<b>Money Court Ordered</b>	<b>Money Collected</b>
<b>2005</b>	<b>\$153,945</b>	<b>\$79,233.48</b>
<b>2006</b>	<b>\$195,481</b>	<b>\$110,853</b>
<b>2007</b>	<b>\$182,762</b>	<b>\$72,246</b>
<b>2008</b>	<b>\$157,561</b>	<b>\$60,841</b>
<b>2009</b>	<b>\$182,367</b>	<b>\$67,931</b>
<b>2010</b>	<b>\$141,211</b>	<b>\$36,864</b>
<b>2011</b>	<b>\$92,328</b>	<b>\$25,306</b>

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 1998-2011

Year	January	March	May	July	September	November	Total
1998		44	22	22	38	45	171
1999	39	30	32	41	18	28	189
2000	39	26	36	34	21	34	190
2001	23	17	27	22	18	26	133
2002	52	32	47	43	24	39	237
2003	27	32	40	21	37	38	195
2004	40	26	46	48	36	60	256
2005	17	30	28	38	23	50	186
2006	38	64	43	63	38	44	290
2007	47	68	24	69	43	68	319
2008	37	53	42	49	57	59	297
2009	46	51	64	53	47	56	317
2010	63	61	34	72	66	70	366
2011	59	65	54	52	39	52	321

Our total number of indictments—which are for felony level crimes—was more in line with our 14 year average, and was the office’s second 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 2011 with 669 open and Active cases. Despite our growing caseload, we were able to achieve a fairly impressive 79% clearance rate of our cases in 2011.

## CASELOAD 2004 - 2011

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
2011	3242	2573	669	57

When defendants have fled the jurisdiction, we use our extradition account—funded with forfeited bail—to retrieve them from other states. In 2011, 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.

Be Well and Stay Safe,

Todd R. Collins  
District Attorney



# **AROOSTOOK COUNTY SHERIFF'S DEPARTMENT**

## **2011 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 L. Clossey. The following 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 (3) sergeants (one patrol sergeant, one training sergeant, and one Crime Stoppers sergeant) along with five (5) patrol deputies and two (2) detectives. Cathy Kennedy and Terri Sennett are secretaries assigned to this division with a portion of Terri's duties assisting the corrections division. They have the monumental task of handling the endless paperwork generated by the entire Sheriff's Department.

The Aroostook Sheriff's Office and the State Police have "resource coordination", commonly known as a call sharing agreement, to better serve the citizens of Aroostook County. This agreement has been in effect for several years and is working well.

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 tracked. 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 vehicles are serviced on a regular basis.

Detective Ross McQuade was selected to fill the Domestic Violence Detective position that was vacated due to the promotion of Lt. Larry Goff who now oversees the prisoner transport division. Detective McQuade has been extremely busy since taking on that role. He has investigated numerous domestic violence cases as well as assisted other agencies with their investigations. The grant has since been extended for yet another year.

Along that same vein, Chief Deputy Clossey is the chair of the Aroostook County Task Force on Domestic Violence and Sexual Assault. He coordinates meetings with partners in order to make training available and to acquire the best practice for Law Enforcement, and others, in dealing with domestic violence and sexual assault issues. This group has hosted many days of training in the most contemporary tools and models of investigating Domestic Violence and Sexual Assault with the primary goal of keeping victims safe now and in the future and holding offenders accountable for their actions. This task force has active members from ten other law enforcement

agencies, three (3) victims' advocacies and several treatment providers from within Aroostook County.

The Sheriff's Department has one (1) lieutenant, Darrell Crandall, one (1) 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 Transportation division is supervised by newly promoted Lieutenant Larry Goff and one (1) full-time deputy, Rudy Levesque along with numerous part-time deputies. The year 2011 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.

Former Prisoner Transport Lieutenant Mike Berube retired after 28 years with the Aroostook County Sheriff's Office. He and his wife Carrie have relocated to Virginia where Mike is actively involved with doing employment background investigations for the government while Carrie is working as a Registered Nurse. Good luck to them both!

The Corrections division consists of one (1) 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.

Over the past several years we have been faced with inmate overcrowding at our facility. Transporting inmates to other facilities for boarding has become a necessity. Inmates are boarded, throughout the state, at facilities that have available space. On any given day we have 15-30 inmates boarded out.

The Dispatch/Communications Center is manned by four (4) full-time certified terminal operators. Along with dispatching for the Sheriff's Department, we dispatch for the Van Buren Police Department, Fire Department and Ambulance Service along with seventeen (17) other volunteer fire departments in the county.

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 Service continues to work extremely well and although our inmate population is extremely high, it would certainly be unmanageable without the services of the Maine Pretrial Services. Maine Pretrial Services occupy office space at the new Sheriff's Office Building 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 2011 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, 2011 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 of the Aroostook County Sheriff's Office.

Respectfully submitted,  
James P. Madore, Sheriff



## **REGISTER OF PROBATE**

### **2011 Annual Report**

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The Aroostook County Probate Court received 415 new filings for the year 2011. The Registrar scheduled 400 matters for uncontested hearings and 65 matters were set aside to be scheduled for contested hearings, totaling 465 hearings for the year 2011.

Judge Dunleavy heard 465 matters: 211 hearings were heard in Caribou; 193 hearings were heard in Houlton; 44 cases were heard in Fort Kent and 15 cases were heard at the Presque Isle District Courthouse. Judge Dunleavy recused himself on 2 matters due to a conflict of interest. At the request of the Aroostook County Probate Court, the Hon. Lyman L. Holmes Probate Judge for Washington County agreed to travel to Houlton to preside over the 2 contested matters mentioned above.

<u>2010</u>	<u>2011</u>	<u>Difference</u>
408 new files	415 new files	up 7 new filings from 2010
395 cases heard	465 cases heard	up 70 cases heard in 2010
Probate filings fees collected for the year 2011 totaled:		\$ 65,162.27
Probate form fees collected for the year 2011 totaled:		\$ 2,478.00
Restoration Surcharge fees collected for the year 2011:		\$ 4,160.00

Respectfully submitted,  
Joanne M. Carpenter  
Register of Probate



## **REGISTER OF DEEDS (N)**

### **2011 Annual Report**

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Other than a small decline in recordings in the past year we have still managed to turn over a reasonable amount of revenue. People did not borrow as much in 2010. We recorded 818 mortgages as compared to 710 in 2011. That is just a reflection of how all our recordings compare from 2010 to 2011. Nearly every type of document was less in 2011 compared to 2010.

With less volume of recording it has allowed us to devote more time on our indexing project. We are one step closer to seeing the light at the end of the tunnel. We anticipate the project to be complete no later than March of 2013.

I would like to thank my staff for being so ambitious at getting our project done. I am pleased at the progress they made in such a short time for such a huge undertaking.

I want to thank the Commissioners and their staff for their support throughout the year. Also, a special thanks to Doug Beaulieu, County Administrator, for all his support this past year. It is reassuring to know that I can depend on him with the different challenges that we may face.

At this time I am pleased to submit to you my report of revenue collected for 2011.

Recording Fees	\$ 90,921.00
Plans	1,125.00
Photo Copies	11,068.15
Plan Copies	1,967.50
Fax Copies	997.50
Assessor Copies	1,409.45
Indexing	167.00
Attestations	52.00
Surcharge	10,062.00
Miscellaneous	19.00
Marginal References	572.00
Deeds on-line enrollment	2,400.00
Renewals	11,100.00
Transfer Tax (10% of \$196,488.60)	<u>19,648.86</u>
<b>Total Revenue to the County</b>	<b>\$151,509.46</b>
<b>Interest (Checking)</b>	\$227.96
<b>Interest (Surcharge)</b>	374.77

Respectfully submitted,  
Louise Caron  
Register



## **REGISTER OF DEEDS (S)**

### **2011 Annual Report**

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I am pleased to report that we once again took in a substantial amount of revenue in the Southern Aroostook Registry.

The year 2011 brought a great deal of change to the office, and the staff is to be commended for their efforts. We will continue to work on our indexing project throughout the coming year in hopes of adding a sizeable number of books to our online files.

Many thanks to Doug Beaulieu, County Administrator, Louise Caron, Northern Register of Deeds, and their staff for their assistance and support.

Enrollment Fees	\$ 2,600.00
Indexing	\$ 787.50
Marginal Reference	\$ 4,173.00
Name Fees	\$ 700.00
Postage Add-On	\$ 8.36
Recording Fees	\$ 240,527.00
Renewals	\$ 12,700.00
Surcharge	\$ 25,485.00
10% Transfer Tax (\$744,071.90)	\$ 74,407.19
Deeds on-line Copies	\$ 19,198.50
Plans	\$ 1,305.00
Copies	\$ 20,177.73
Assessor Copies	\$ 10,729.95
<b>TOTAL REVENUE</b>	<b>\$ 12,799.23</b>
Interest collected on checking account	\$ 947.61
Total Revenue	\$ 1,083,411.55
Amount Paid to Maine Revenue Services	\$ 669,664.71
<b>TOTAL REVENUE TO COUNTY</b>	<b>\$ 413,746.84</b>

Respectfully Submitted,  
Patricia Brown  
Register



## **EMERGENCY MANAGEMENT AGENCY**

### **2011 Annual Report**

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

Planning and preparedness continues to be the major area of work that we strive to improve. This past year we focused on the development of Emergency Response Plans for Long Term Care Facilities. A grant was received by the Regional Response Center for guidance and document development. Part of the process included the coordination of meetings with Long Term Care Facilities, more specifically, facilities located in Aroostook County. Those facilities included Borderview Rehab & Living Van Buren, Country Village Madawaska, Forest Hill Fort Kent, Highview Manor Madawaska, Maine Veterans' Caribou, Northern Maine Franciscan, Assisted Living & Mercy Home Eagle Lake, Presque Isle Rehab and Nursing Presque Isle, St. Joseph Nursing & Rehabilitation Center Frenchville, and Visiting Nurses of Aroostook Caribou and Houlton. Many hours of their time was spent in the development of an Emergency Response Plan Template that will be used by not only their facilities but could be used by other Long Term Care Facilities.

Being prepared for an emergency response is one of those areas we place a great deal of emphasis on. This past year during one of our response exercises we focused on the activation of our Emergency Operation Centers. We included eight communities in a drill focused on assuring communities are prepared to function on their own for the first 72 hours during an emergency event. Many minor issues were discovered and have been corrected for future training events, hopefully better preparing communities in the event of disasters.



Aroostook County Emergency Management Agency has embarked on a major grant opportunity focusing on improving communications with our Canadian response counterparts in the event of a disaster affecting both countries. The current grant opportunity is called BIDP standing for Border Interoperability Demonstration Project. This is an opportunity to demonstrate a new and innovative concept to improving communications with our Canadian Counterpart that could be used by other states improving their communication needs. This is a three year project of which we are currently in year two, actually beginning to purchase equipment to meet the project needs. This is a five county grant opportunity of which Aroostook County has an approximately \$1 million dollar project scope which includes the purchase of equipment, planning and training funds, and required deployment needs. As well the Maine Emergency Management Agency has made great strides in helping our communities with the purchase of much needed radio communication equipment. Every need submitted to this agency has been met, assuring we meet the required Narrow



Banding Requirements set forth by Federal Communication Commission, a requirement that must be met by year's end 2011.

Our other responsibility of North Lakes Fire & Rescue is going well. The department covers four (4) Unorganized Territories consisting of 144 square miles as a primary response area. Even with increasing call volume, the thirty-five (35) member team continued to answer the calls and keep up with required training. This year the department was involved with the Maine Forest Service equipment reutilization program. This allowed us to obtain one (1) tanker truck and one (1) tender to assist with responses, with fuel costs only to get them, saving taxpayers approximately \$160,000.00. Over the next few years upgrades to our training grounds will be completed and regional trainings will be offered to area departments at a low cost.

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 Ouellette  
EMA Director



## ***MAINTENANCE DEPARTMENT*** ***2011 Annual Report***

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In 2011 the remainder of our Energy Efficiency Community Block Grant (EECBG) projects through the American Recovery and Reinvestment Act (ARRA) were completed. These projects included:

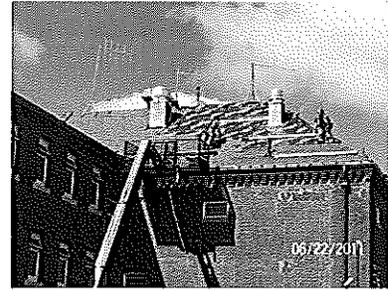
- Outside Lighting – Houlton Superior Court Building, Cross Lake Fire Station, Emergency Management Building and Caribou Courthouse - Replacement of old exterior building and parking lot lighting with new energy efficient lighting;
- Electrical Lighting – Houlton Superior Court and Sheriff's Office Buildings - Replacement of forty year old interior lighting with new energy efficient lighting;
- Air Condition, Phases II and III – Houlton Probate and District Attorneys' Offices - Replacement of existing out of date window air conditioners with an energy efficient split air conditioning unit;
- Lobby Windows – Caribou Courthouse - Replacement of forty [40] year old lobby windows with new energy efficient window;
- Air Handling and Heat Recovery Units – Sheriff's Office Building - replacement of conventional air handling and heat recovery system components with electronic and computerized components to increase overall system efficiency;
- Electronic Expansion Valves, Phase II – Caribou Courthouse - Replacement of conventional valves with electronic valves that regulate the superheat of an evaporator within one [1] to two [2] degrees. Improves overall system efficiency.

A total of nineteen (19) projects were completed over a two and one half (2 ½) year period and funded with a grant amount of \$306,800.00.

In 2011 there were three (3) roof projects completed; the Houlton Superior Court Building, the Jail Building and the Emergency Management Agency (EMA) Building. The mansard roof of the Superior Court had quite a bit of structural deterioration that was repaired along with scalloped trim replacement and repairs to two (2) chimneys that intersected with the roof. The estimated costs for repairs came in at \$91,000.00. The project was successfully completed for \$77,010.86. The EMA metal roof was replaced with a new rubber membrane system at a cost of \$9,250.00.



The gabled roof portions of the Jail Building that covers the administration offices and the original portion of the jail were also replaced during the summer months as several areas of this roof were leaking quite extensively. This project was completed for \$31,380.00.



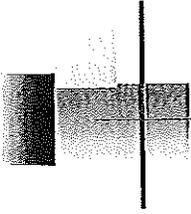
Other structural building maintenance projects included remodeling the garage area of the Emergency Management Agency to accommodate more office space; creating a juvenile holding area in the upstairs area of the Jail administration building; exterior reconstruction brick work on the Sheriff's Office Building; exterior painting of the Fort Kent Registry of Deeds Building; and Jail security fence work.

There were numerous miscellaneous water leaks at most of our buildings from roofs, heating systems or domestic water pipes. The most substantial water damage problem in 2011 was at the Fort Kent Registry Building where ground surface water extensively flooded the first floor of the building.

Capital equipment purchases for the year included a clothes washing machine, two (2) water softeners, deep fryer and vacuum cleaners.

Several small telecommunication changes and work were done to our Network to accommodate growing departmental needs such as the State of Maine Portal for Registry of Deeds; Jail data equipment for booking; computer access for District Attorney's in the Caribou Superior Courtroom, crash reporting software for the Sheriff's Office and the conversion of the County's video conferencing from an Integrated Services Digital Network (ISDN) to an Internet Protocol (IP) Network. The largest upgrade to our network consisted of replacing our T-1 Frame Relay backbone with new technology called E-LAN Vantage Point. This upgrade provides larger access ports and faster transfer of data at less cost than the old system.

Respectfully submitted,  
Bryan Jandreau  
Facilities Manager



# DAVIS CPA P.A.

CERTIFIED PUBLIC ACCOUNTANT

Peter Davis, CPA

Dave Alward

## 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, 2011, 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, 2011, and the respective changes in financial position and cash flows, 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 11, 2012 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 through 6 and pages 26 through 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me 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 financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. 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 financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Presque Isle, Maine  
June 11, 2012

# 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, 2011. We encourage readers to consider the information presented in conjunction with the basic financial statements.

### FINANCIAL HIGHLIGHTS

- Total assets of the County of Aroostook exceed liabilities by \$3,011,902, which represents the total net assets of the County.
- The ending fund balance for all governmental funds (which includes the special revenue funds) was \$1,783,389. This is a \$238,842 decrease from the prior year total.
- The General Fund reports a fund balance of \$1,762,196 which represents 44% 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 and notes to the schedule of expenditures of federal awards on page 34, the schedule of finding and questioned costs on pages 35 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.

	<u>Governmental Activities</u>
Current and other assets	\$ 1,902,870
Capital assets	1,360,005
Total assets	<u>3,262,875</u>
Current liabilities	<u>250,973</u>
Total liabilities	<u>250,973</u>
Net Assets:	
Invested in Capital Assets, net of related debt	1,360,005
Unrestricted	1,651,897
Total net assets	<u>\$ 3,011,902</u>

Comparative information will be provided in the future.

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

	<u>Governmental Activities</u>
Revenue:	
Tax assessments	\$ 2,745,564
Federal / State grants	186,689
Investment income	7,337
Other revenues	72,527
Total revenues	<u>3,012,117</u>
Expenses:	
Operation of courts	607,023
Jail operations	(40,555)
General and administrative	771,941
Registry operations	(104,382)
Capital outlays	50,097
Law enforcement	1,121,343
Fire marshal	9,420
Emergency management agency	52,188
Local emergency planning	7,168
Interest	5,470
Outside requests	228,862
Federal / State grants	398,766
Unallocated depreciation	117,453
Total expenses	<u>3,224,794</u>
Change in net assets	<u>\$ (212,677)</u>

The total cost of governmental activities was \$4,357,315. However, many programs are subsidized by user fees, grants and contributions. Therefore, the ultimate cost to the taxpayers was \$3,038,105 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 \$1,783,389, a decrease of \$29,273 in comparison with the prior year. Approximately 54% of this total amount (\$979,386) 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 (\$445,818), and future year's expenditures (\$358,185). 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 \$958,193, while total fund balance reached \$1,762,196. 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 24% of total general fund expenditures, while total fund balance represents 44% of that same amount. The fund balance of the County's general fund decreased by \$29,273 during the current fiscal year. Key factors in this decrease are as follows:

- Anticipated revenues exceeded actual revenues by \$245,602, consisting mostly of Registry revenues for deeds and probate.
- Anticipated expenditures exceeded actual expenditures by \$318,749, consisting mostly of positive variances in capital outlays, operation of courts and administration. There were over expenditures in law enforcement.

### GENERAL FUND BUDGETARY HIGHLIGHTS

During the year revenues were less than budgetary estimates by \$146,667 and expenditures were less than budgetary estimates by \$318,749, 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 \$1,360,005 as of December 31, 2011, 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 2011 were: building and land improvements of \$152,589 and purchase of four vehicles totaling \$78,700.

### 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.

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COUNTY OF AROOSTOOK, MAINE

GOVERNMENT WIDE STATEMENT OF NET ASSETS  
DECEMBER 31, 2011

	<u>GOVERNMENTAL ACTIVITIES</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,693,066
Accounts receivable	209,804
<i>Non-current capital assets</i>	
Land	18,400
Property, plant and equipment (net)	1,341,605
	<u>\$ 3,262,875</u>
<b>Liabilities</b>	
Accounts payable	\$ 62,374
Due to other governments	(12,890)
Deferred revenue	728
Other postemployment benefits	131,492
Compensated absences payable	69,269
Total liabilities	<u>250,973</u>
<b>Net Assets</b>	
Investment in capital assets, net of related debt	1,360,005
Unrestricted	1,651,897
Total net assets	<u>\$ 3,011,902</u>
	<u>\$ 3,262,875</u>



**COUNTY OF AROOSTOOK, MAINE**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2011**

	General Fund	Special Revenue Fund	Totals
<b>Assets</b>			
Cash and cash equivalents	\$ 1,693,066	\$ -	\$ 1,693,066
Accounts receivable	209,804	-	209,804
Due from other funds	3,037	24,230	27,267
	\$ 1,905,907	\$ 24,230	\$ 1,930,137
<b>Liabilities</b>			
Accounts payable	\$ 62,374	\$ -	\$ 62,374
Due to other funds	24,230	3,037	27,267
Due to other governments	(12,890)	-	(12,890)
Compensated absences payable	69,269	-	69,269
Deferred revenue	728	-	728
	143,711	3,037	146,748
<b>Fund Balance:</b>			
Reserved fund balance			
Assigned - Capital projects	445,818	-	445,818
Unassigned			
Reserved	358,185	-	358,185
Unreserved	958,193	21,193	979,386
Total fund balance	1,762,196	21,193	1,783,389
	\$ 1,905,907	\$ 24,230	\$ 1,930,137
 Total fund equity as noted above:			 \$ 1,783,389
 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:			1,360,005
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			 <u>\$ 3,011,902</u>

## COUNTY OF AROOSTOOK, MAINE

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2011

	General Fund	Other	Totals
<b>Revenues</b>			
Municipal taxes	\$ 2,745,564	\$ -	\$ 2,745,564
Federal and state assistance	-	186,689	186,689
Fees of office	586,758	-	586,758
Intergovernmental	230,324	-	230,324
Service fees	317,201	-	317,201
Investment income	7,337	-	7,337
Other revenues	73,263	2,508	75,771
<b>Total revenues</b>	<u>3,960,447</u>	<u>189,197</u>	<u>4,149,644</u>
<b>Expenditures</b>			
Operation of courts	694,023	-	694,023
Jail operations	26,365	-	26,365
General and administration	821,523	-	821,523
Registry operations	482,376	-	482,376
Capital outlays	299,673	-	299,673
Law enforcement	1,294,984	-	1,294,984
Fire marshall	9,420	-	9,420
Emergency management agency	119,856	-	119,856
Local emergency planning	7,168	-	7,168
Debt service			
Interest	5,470	-	5,470
Outside requests	228,862	-	228,862
Federal/state grants	-	398,766	398,766
<b>Total expenditures</b>	<u>3,989,720</u>	<u>398,766</u>	<u>4,388,486</u>
Interfund transfers	-	-	-
Change in fund balance	(29,273)	(209,569)	(238,842)
Fund Balance - beginning	1,791,469	230,762	2,022,231
Fund Balance - ending	<u>\$ 1,762,196</u>	<u>\$ 21,193</u>	<u>\$ 1,783,389</u>

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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, 2011

Net changes in fund balances - all governmental funds (page 10)	\$ (238,842)
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	249,576
Loss on retired assets	(5,006)
Depreciation expense	(218,405)
Change in net assets of governmental activities (page 8)	<u>\$ (212,677)</u>

**COUNTY OF AROOSTOOK, MAINE**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - FIDUCIARY FUNDS  
DECEMBER 31, 2011

	Registry of Deeds North	Registry of Deeds South	Registry of Probate	Total Fiduciary Funds
<b>ASSETS</b>				
Cash	\$ 18,947	\$ 137,694	\$ 3,306	\$ 159,947
Receivables	-	-	1,989	1,989
	<u>18,947</u>	<u>137,694</u>	<u>5,295</u>	<u>161,936</u>
<b>LIABILITIES</b>				
Due to State of Maine	-	81,931	-	81,931
Due to County of Aroostook	12,143	35,513	5,263	52,919
	<u>12,143</u>	<u>117,444</u>	<u>5,263</u>	<u>134,850</u>
<b>NET ASSETS</b>	<u>\$ 6,804</u>	<u>\$ 20,250</u>	<u>\$ 32</u>	<u>\$ 27,086</u>

**COUNTY OF AROOSTOOK, MAINE**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS  
DECEMBER 31, 2011

	<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>\$ 328,656</u>	<u>\$ 1,086,525</u>	<u>\$ 75,348</u>	<u>\$ 1,490,529</u>
DEDUCTIONS				
Program Expenses	<u>(332,954)</u>	<u>(1,080,688)</u>	<u>(74,205)</u>	<u>(1,487,847)</u>
CHANGE IN NET ASSETS	(4,298)	5,837	1,143	2,682
NET ASSETS - BEGINNING	<u>11,102</u>	<u>14,413</u>	<u>(1,111)</u>	<u>24,404</u>
NET ASSETS - ENDING	<u>\$ 6,804</u>	<u>\$ 20,250</u>	<u>\$ 32</u>	<u>\$ 27,086</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.

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**COUNTY OF AROOSTOOK, MAINE**

NOTES TO FINANCIAL STATEMENTS (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

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.

**COUNTY OF AROOSTOOK, MAINE**

NOTES TO FINANCIAL STATEMENTS (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONT'D)

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.

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, 2011 amounted to \$24,932 and \$44,337, 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.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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. Designated fund balances represent tentative plans for future use of financial resources. The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. *Non-spendable*, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),
2. *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Selectmen (the Town's highest level of decision-making authority),
4. *Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and
5. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications

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.

**COUNTY OF AROOSTOOK, MAINE**

NOTES TO FINANCIAL STATEMENTS (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

2. ASSESSMENT OF COUNTY TAXES (cont'd)

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.

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.

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**COUNTY OF AROOSTOOK, MAINE**

NOTES TO FINANCIAL STATEMENTS (cont'd)

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, 2011, 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

For the year ended December 31, 2011, 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.

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 \$64,740 for the year ended December 31, 2011.

**COUNTY OF AROOSTOOK, MAINE**

NOTES TO FINANCIAL STATEMENTS (cont'd)

8. PROPERTY AND EQUIPMENT

	<u>Beg balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>
<i>Depreciable Assets:</i>				
Land	\$ 18,400	\$ -	\$ -	\$ 18,400
Land improvements	251,429	-	-	251,429
Building and contents	11,775,500	-	-	11,775,500
Building improvements	213,331	152,589	-	365,920
Roofing	53,759	-	-	53,759
Communications equip.	356,418	-	(1,125)	355,293
Computer hardware	396,965	9,044	(29,307)	376,702
Custodial equipment	49,203	1,633	(1,270)	49,566
Engineering equipment	420	-	-	420
Firefighting equipment	89,308	-	-	89,308
Furniture / fixtures	249,438	312	(1,149)	248,601
Grounds equipment	39,061	-	(4,553)	34,508
Heating systems	276,467	-	-	276,467
Electrical / plumbing	71,463	170	-	71,633
Kitchen equipment	73,016	-	-	73,016
Medical equipment	2,188	-	-	2,188
Office equipment	20,792	2,304	-	23,096
Photocopier	81,252	-	-	81,252
Police equipment	153,863	-	-	153,863
Telephone equipment	18,784	-	-	18,784
Vehicles	666,200	83,524	(96,579)	653,145
	<u>14,857,257</u>	<u>249,576</u>	<u>(133,983)</u>	<u>14,972,850</u>
<i>Accumulated Depreciation:</i>				
Land improvements	66,780	12,431	-	79,211
Building and contents	11,775,500	-	-	11,775,500
Building improvements	26,727	12,305	-	39,032
Roofing	14,716	6,189	-	20,905
Communications equip.	217,366	23,483	(598)	240,251
Computer hardware	348,071	24,770	(28,872)	343,969
Custodial equipment	29,858	4,027	(1,244)	32,641
Engineering equipment	413	7	-	420
Firefighting equipment	12,103	3,048	-	15,151
Furniture / fixtures	245,322	2,191	(1,149)	246,364
Grounds equipment	14,161	2,033	(828)	15,366
Heating systems	76,343	13,751	-	90,094
Electrical / plumbing	12,965	4,107	-	17,072
Kitchen equipment	46,470	4,898	-	51,368
Medical equipment	1,288	317	-	1,605
Office equipment	6,991	4,289	-	11,280
Photocopier	57,273	6,087	-	63,360
Police equipment	85,383	16,120	-	101,503
Telephone equipment	2,975	3,672	-	6,647
Vehicles	482,712	74,680	(96,286)	461,106
	<u>13,523,417</u>	<u>218,405</u>	<u>(128,977)</u>	<u>13,612,845</u>
<i>Net book value</i>	<u>\$ 1,333,840</u>	<u>\$ 31,171</u>	<u>\$ (5,006)</u>	<u>\$ 1,360,005</u>

**COUNTY OF AROOSTOOK, MAINE**

NOTES TO FINANCIAL STATEMENTS (cont'd)

8. PROPERTY AND EQUIPMENT (cont'd)

Depreciation expense was charged to governmental activities as follows:

Law enforcement	\$ 90,800
Administration	\$ 10,152
Unallocated	<u>\$ 117,453</u>
	<u>\$ 218,405</u>

9. ASSIGNED FUND BALANCES

CAPITAL RESERVES

Title 30-A, Section 921, Maine Revised Statutes Annotated of 1964, as amended, permits the establishment of capital accounts. The County has established such funds for acquisition of land, buildings and equipment, and roads and bridges as provided by statutory requirements. At December 31, 2011, the balance of the reserves amounted to \$445,818.

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 into next year or until the purpose for which said account was established has been completed.

At December 31, 2011, unexpended expenditure balances were carried forward as follows:

	Amount
Consulting	\$ 5,000
Registry of Deeds South	238,329
Registry of Deeds North	8,855
Contingent	100,000
Registry of Probate Surcharge	2,596
Welcome to Aroostook Signs	1,941
County Internet Web Site	<u>1,464</u>
Total	<u>\$ 358,185</u>

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

10. JAIL OPERATIONS

Revenues and expenses of the Jail operations were previously included as part of the County of Aroostook's general fund. In 2009, the State of Maine Board of Corrections took control of the administration of the jail operations from each county statewide. As of July 1, 2010, all jail operations transactions were reported in a separate fund. The counties are still responsible for the cost of operations and retain title to all facilities.

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	\$ 20,664
Copiers	\$ 93
Wide Area Network	\$ 97
MCCA Convention	\$ 176
Emergency Planning	\$ 7,168
Law enforcement	\$ 47,818

14. LINE OF CREDIT

The County has a \$1,500,000 line of credit with Katahdin Trust Company. Interest is fixed at 3.25%. There is no balance due at December 31, 2011.

**COUNTY OF AROOSTOOK, MAINE**

NOTES TO FINANCIAL STATEMENTS (cont'd)

15. 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.

	<u>09-10</u>	<u>10-11</u>	<u>11-12</u>
Retirement benefits			
Employer normal costs	7.9%	7.5%	7.5%
Unfunded actuarial costs	<u>-5.1%</u>	<u>-4.0%</u>	<u>-3.1%</u>
	2.8%	3.5%	4.4%
Disability costs	None	None	None
Survivor benefit costs	None	None	None
Contribution rate	<u>2.8%</u>	<u>3.5%</u>	<u>4.4%</u>
(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, 2011.

**16. 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.

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 ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortizes the unfunded actuarial liability over a period of 30 years. For 2011 the County's OPEB expense of \$144,297 was equal to the ARC.

Funded Status and Funding Progress – The funded status of the plan as of December 31, 2011 was as follows:

Actuarial accrued liability	\$1,241,737
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability	<u>\$1,241,737</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, 2011 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.

**17. SUBSEQUENT EVENTS REVIEW**

Management has evaluated subsequent events for the period January 1, 2012 through June 11, 2012 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, 2011**

	Budgeted Amounts			Actual	Variance Favorable (Unfavorable)
	Original	Adjusted	Final		
<b>REVENUES</b>					
Municipal taxes	\$ 2,649,801	\$ -	\$ 2,649,801	\$ 2,745,564	\$ 95,763
Fees of Office					
Register of Deeds-south	330,000	-	330,000	352,637	22,637
Register of Deeds-south (surcharge)	279,700	-	279,700	29,124	(250,576)
Register of Deeds-north	120,000	-	120,000	126,415	6,415
Register of Deeds-north (surcharge)	36,900	-	36,900	11,414	(25,486)
Register of Probate	60,000	-	60,000	61,089	1,089
Register of Probate (surcharge)	5,760	-	5,760	6,079	319
	<u>832,360</u>	<u>-</u>	<u>832,360</u>	<u>586,758</u>	<u>(245,602)</u>
Intergovernmental					
District Attorney	65,345	-	65,345	66,920	1,575
District Court - Rent	87,000	-	87,000	87,000	-
Probation and Parole - Rent	8,736	-	8,736	8,736	-
Emergency management agency	84,741	-	84,741	67,668	(17,073)
	<u>245,822</u>	<u>-</u>	<u>245,822</u>	<u>230,324</u>	<u>(15,498)</u>
Service Fees					
Law enforcement	205,600	-	205,600	220,326	14,726
Extension maintenance	2,628	-	2,628	2,628	-
Extension rent	8,352	-	8,352	8,346	(6)
Dispatching	45,300	-	45,300	44,115	(1,185)
Copies	48,000	-	48,000	41,786	(6,214)
	<u>309,880</u>	<u>-</u>	<u>309,880</u>	<u>317,201</u>	<u>7,321</u>
Investment income	5,400	-	5,400	7,337	1,937
Other Revenues					
Administration	62,000	-	62,000	64,740	2,740
Firefighter insurance	600	-	600	710	110
Miscellaneous	1,250	-	1,250	7,812	6,562
	<u>63,850</u>	<u>-</u>	<u>63,850</u>	<u>73,262</u>	<u>9,412</u>
<b>TOTAL REVENUES</b>	<b>\$ 4,107,113</b>	<b>\$ -</b>	<b>\$ 4,107,113</b>	<b>\$ 3,960,446</b>	<b>\$ (146,667)</b>

**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, 2011**

	Budgeted Amounts			Actual	Variance Favorable (Unfavorable)
	Original	Adjusted	Final		
<b>EXPENDITURES</b>					
Operation of courts					
Houlton courthouse	\$ 85,596	\$ -	\$ 85,596	\$ 51,640	\$ 33,956
Caribou Courthouse	201,516	-	201,516	188,908	12,608
District Attorney	404,199	-	404,199	395,214	8,985
Sherriff's Office Building	32,166	-	32,166	26,365	5,801
Houlton Complex	66,089	-	66,089	58,261	7,828
	<u>789,566</u>	<u>-</u>	<u>789,566</u>	<u>720,388</u>	<u>69,178</u>
General and Administration					
Administration	434,985	-	434,985	455,649	(20,664)
Website fee	2,264	-	2,264	800	1,464
Audit and accounting services	6,920	-	6,920	6,920	-
Employee benefits	3,000	-	3,000	(2,046)	5,046
Copiers	20,500	-	20,500	20,593	(93)
Insurance	49,800	-	49,800	25,105	24,695
Contingent	77,823	-	77,823	73,592	4,231
PSAP	190,000	-	190,000	187,195	2,805
Personnel services	7,150	-	7,150	3,902	3,248
MCCA convention	500	-	500	676	(176)
Welcome to Aroostook sign	2,981	-	2,981	1,040	1,941
Wide area network	48,000	-	48,000	48,097	(97)
	<u>843,923</u>	<u>-</u>	<u>843,923</u>	<u>821,523</u>	<u>22,400</u>
Registry operations					
Registry building - north	60,681	-	60,681	58,662	2,019
Registry of Deeds - north	139,702	-	139,702	139,042	660
Registry of Deeds - south	112,130	-	112,130	97,845	14,285
Register of Probate	193,032	-	193,032	186,827	6,205
	<u>505,545</u>	<u>-</u>	<u>505,545</u>	<u>482,376</u>	<u>23,169</u>
Capital Outlays	<u>553,386</u>	<u>-</u>	<u>553,386</u>	<u>299,673</u>	<u>253,713</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, 2011**

	Budgeted Amounts			Actual	Variance Favorable (Unfavorable)
	Original	Adjusted	Final		
Law enforcement	\$ 1,247,166	\$ -	\$ 1,247,166	\$ 1,294,984	\$ (47,818)
Fire Marshal	9,500	-	9,500	9,420	80
Local emergency planning	-	-	-	7,168	(7,168)
Emergency Management Agency	120,521	-	120,521	119,856	665
Interest expense	10,000	-	10,000	5,470	4,530
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>4,308,469</u>	<u>-</u>	<u>4,308,469</u>	<u>4,016,085</u>	<u>292,384</u>
NET CHANGE IN FUND BALANCE	<u>\$ (201,356)</u>	<u>\$ -</u>	<u>\$ (201,356)</u>	<u>(55,639)</u>	<u>\$ 145,717</u>
FUND BALANCE - BEGINNING				1,791,469	
FUND BALANCE - ENDING				<u>\$ 1,735,830</u>	

COUNTY OF AROOSTOOK, MAINE

COMBINING BALANCE SHEET - ALL NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2011

	Ardent Sentry Grant	Sheriff's equipment	Wellness Program	Weapons of Mass Destruction Grant	Domestic Violence Detective	School Planning Grant	Domestic Violence Task Force	Totals
Assets:								
Due from other funds	\$ -	\$ 5,957	\$ 462	\$ -	\$ -	\$ 17,460	\$ 351	\$ 24,230
Liabilities								
Due to other funds	\$ 186	\$ -	\$ -	\$ 1,360	\$ 1,491	\$ -	\$ -	\$ 3,037
Fund Balance	(186)	5,957	462	(1,360)	(1,491)	17,460	351	21,193
Undesignated	-	5,957	462	-	-	17,460	351	24,230

See Independent Auditor's Report on Supplemental Information

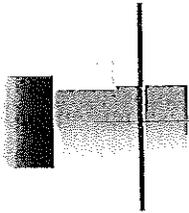
**COUNTY OF AROOSTOOK, MAINE**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2011**

	Exercise Grant	District Court Witness Fees	Wellness Program	Weapons of Mass Destruction Grant	Domestic Violence Detective	Sheriff's Equipment
<b>Revenues</b>						
Federal/State assistance	\$ 20,522	\$ 878	\$ -	\$ 49,038	\$ 52,455	\$ 7,381
Other income	20,522	878	2,508	49,038	52,455	7,381
<b>Expenditures</b>						
Current outlays	19,508	68,530	2,655	57,264	53,946	1,424
Net change in fund balance	1,014	(67,652)	(147)	(8,226)	(1,491)	5,957
Other Items Transfer	-	-	-	-	-	-
Fund balance (deficit) - Beg of year	(1,200)	67,652	609	6,866	-	-
Fund balance (deficit) - End of year	\$ (186)	\$ -	\$ 462	\$ (1,360)	\$ (1,491)	\$ 5,957
<b>Revenues</b>						
Federal/State assistance	\$ 6,745	\$ 48,922	\$ 748	\$ -	\$ -	\$ 186,689
Other income	6,745	48,922	748	-	-	2,508
<b>Expenditures</b>						
Current outlays	6,394	33,003	1,719	154,323	-	398,766
Net change in fund balance	351	15,919	(971)	(154,323)	-	(209,569)
Other Items Transfer	-	-	-	-	-	-
Fund balance (deficit) - Beg of year	-	1,541	971	154,323	-	230,762
Fund balance (deficit) - End of year	\$ 351	\$ 17,460	\$ -	\$ -	\$ -	\$ 21,193

	Totals
Revenues	\$ 186,689
Expenditures	398,766
Net change in fund balance	(209,569)
Fund balance (deficit) - Beg of year	230,762
Fund balance (deficit) - End of year	\$ 21,193

See Independent Auditor's Report on Supplemental Information



# DAVIS CPA P.A.

CERTIFIED PUBLIC ACCOUNTANT

Peter Davis, CPA

Dave Alward

## 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

To the Management of the  
County of Aroostook, Maine

I have audited the financial statements of the governmental activities and each major fund and the aggregate remaining fund information of the County of Aroostook, Maine, as of and for the year ended December 31, 2011, which collectively comprise the Town's basic financial statements and have issued my report thereon dated June 11, 2012 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 opinion 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 a 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.

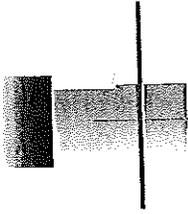
My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I noted no items I considered to be material weaknesses.

### 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 management of the County of Aroostook, Maine and the department and is not intended to be and should not be used by anyone other than these specified parties.

Presque Isle, Maine  
June 11, 2012



# DAVIS CPA P.A.

CERTIFIED PUBLIC ACCOUNTANT

Peter Davis, CPA

Dave Alward

## 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, 2011. 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, 2011.

#### 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.

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 11, 2012.

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.

Presque Isle, Maine  
June 11, 2012

**COUNTY OF AROOSTOOK**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**DECEMBER 31, 2011**

	<u>CFDA #</u>	<u>Number</u>	<u>Grant</u>	<u>2011 Expenditures</u>
<b>Direct from Federal Government:</b>				
<b>U.S. Dept of Energy</b>				
Energy Efficiency and Conservation Block Grant (ARRA Funds 12/23/09 - 12/22/12)	81.128	DE-SC0003436	\$ 306,800	\$ 152,477
<b>** Dept of Economic &amp; Community Development</b>				
2009 CDBG Employment Training (7/1/09-6/30/10)	14.218	20100304*4554	200,000	106,882
2010 CDBG Employment Training (7/1/10-6/30/11)	14.218	20110412*4964	175,000	175,000
7/1/10-6/30/12 Housing Assistance	14.218	20100816*1029	250,000	250,000
10/10/11-6/30/13 Community Development Block Grant	14.218		50,000	-
<b>DHHS</b>				
Victim Advocacy (Recovery Act - ARRA) (10/1/09-9/30/12)	16.801	CFS-10-2301RA	39,697	17,623
Victim Advocacy - 10/1/10-9/30/11	16.575	2009-VA-GX-0079	53,112	40,409
Victim Advocacy - 10/1/11-9/30/12	16.575	2010-VA-GX-0070	53,112	13,278
<b>Department of Public Safety</b>				
Domestic Violence Detective 11/1/09-3/31/11	16.588	200911240*03113	55,000	13,135
Domestic Violence Detective 1/1/11-3/31/2112	16.588	2010WFAX0058	49,500	34,188
Domestic Violence Detective 1/1/12-3/31/2113	16.588	2011WFAX0033	49,500	-
Aroos City Task Force, DV & SA training 1/1/11-12/31/12	16.588	2010WFAX0058	9,375	5,544
Aroos City Task Force, DV & SA training 1/1/12-12/31/13	16.588	2011WFAX0033	8,875	-
<b>Maine Drug Enforcement Agency</b>				
Drug Enforcement Agents (2)				929
BJA - ARRA Funds (3/1/09-9/30/11)	16.803	2009-SU-B9-0013	-	105,956
BJA Byrne Justice Grant (10/1/10-12/31/11)	16.738	2009-DJ-BX-1062	-	46,341
BJA Congressional Award (8/1/2009-7/31/2011)	16.753	2009-GD1-BX-0169	-	3,412
COPSMETH Program (12/26/07-12/31/11)	16.753	2008CKW0500	-	1,411
	16.753	LOA2001-084	-	
<b>Bureau of Highway Safety</b>				
High Visibility Impaired Driving	20.601	ALC11-117	4,955	3,706
<b>Maine Emergency Management Agency</b>				
County Emergency Management Planning Grant				71,723
10/1/10-9/30/11 (Operating Expenses - 50%)	97.042	2010-EP-E0-0057	85,594	19,273
10/1/11-9/30/12 (Operating Expenses - 50%)	97.042	2011-EP-00078	85,594	
Homeland Security Grant Program				19,999
10/1/07-9/1/11 PCIS (Narrowband Planning)	11.555	2007-GS-H7-0056	20,000	-
10/1/07-6/30/12 PCIS (Radios)	11.555	2007-GS-H7-0056	15,180	-
10/1/07-9/1/11 (Cross Border Cache Program-Equip&Planning)	11.555	2007-GS-H7-0056	35,918	31,831
10/1/09-9/30/11 (EMA Planner)	97.067	2009-SS-T9-0077	40,000	13,841
7/1/09-7/30/2012 (Hazard Mitigation Plans)	97.047	EMB-2009-PC-0002	35,000	6,999
7/1/07-12/31/10 (Exercise)	97.067	2011-SS-00056	21,573	19,664
8/1/10-7/31/13 (training LETPP)	97.067	2010-SS-TO-0090	12,336	3,938
9/1/11-8/31/14 (radio system eval & server)	97.067	2011-SS-00056	12,900	-
FY2008 Operation Stonegarden	97.067	2008-SG-T8-0015	122,865	122,865
FY2009 Operation Stonegarden	97.067	2009-SJ-T9-0013	3,872	3,872
FY2010 Operation Stonegarden	97.067	2010-SS-00056	16,731	16,731
			<b>\$ 1,812,489</b>	<b>\$ 1,301,027</b>

**NOTES:**

\*\* Indicates a major program  
This schedule includes the federal grant activity of the County of Aroostook and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133, Audits of States, Local Governments, and Non Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**COUNTY OF AROOSTOOK, MAINE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED DECEMBER 31, 2011**

**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>
Community Development Block Grant	14.218
Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
Auditee qualified as low-risk auditee?	Yes

**Section II - Financial Statement findings: NONE**

**Section III - Federal Award Findings and Questioned Costs: NONE**



Chester M. Kearney  
Certified Public Accountants

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

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

To the Management of the  
County of Aroostook, Maine

#### INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the County of Aroostook, Maine Jail Operations Fund, for the year ended June 30, 2011. This financial statement is the responsibility of the County's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance that the statement of revenues and expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of revenues and expenditures. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Jail Operations fund and do not purport to, and do not, present fairly the financial position of the County of Aroostook as of June 30, 2011, and the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the County of Aroostook, Maine Jail Operations Fund, as of June 30, 2011 and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Chester M. Kearney*

Presque Isle, Maine  
November 17, 2011

COUNTY OF AROOSTOOK, MAINE

JAIL OPERATIONS FUND

BALANCE SHEET

AS OF JUNE 30, 2011

ASSETS

ACCOUNTS RECEIVABLE

Due from State of Maine Department of Corrections	14,971
Other receivables	<u>9,542</u>
	<u>24,513</u>

Future commitment from County/Department of Corrections for accrued sick leave and vacation	<u>30,829</u>
--	---------------

TOTAL ASSETS	<u><u>55,342</u></u>
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LIABILITIES AND FUND BALANCE

LIABILITES

Accounts payable	24,513
Accrued sick leave	17,384
Accrued vacation	<u>13,445</u>

TOTAL LIABILITIES	<u>55,342</u>
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FUND BALANCE	<u>None</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>55,342</u></u>
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See notes to financial statements

COUNTY OF AROOSTOOK, MAINE

JAIL OPERATIONS FUND

STATEMENT OF REVENUES AND EXPENDITURES

YEAR ENDED JUNE 30, 2011

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>CASH EXPENDITURES</b>			
Personnel and benefits			
Salaries and wages	1,273,437	1,213,654	59,783
Holiday and overtime pay	245,664	329,921	(84,257)
Fringe benefits	441,879	460,826	(18,947)
	<u>1,960,980</u>	<u>2,004,401</u>	<u>(43,421)</u>
Professional fees	380,610	357,492	23,118
Travel expenses	12,298	9,895	2,403
Vehicle expenses	35,500	32,910	2,590
Utilities/Fuel	187,755	166,097	21,658
Rent expense	45,000	40,335	4,665
Repairs and maintenance	91,201	75,140	16,061
Insurance	50,652	48,243	2,409
Interest expense	15,000	5,568	9,432
Training and education	5,850	2,305	3,545
Food	148,000	158,599	(10,599)
Supplies	98,575	99,603	(1,028)
Uniforms	8,300	8,167	133
Miscellaneous	950	5,232	(4,282)
Equipment and capital improvements	78,850	83,981	(5,131)
	<u>3,119,521</u>	<u>3,097,968</u>	<u>21,553</u>
<b>REVENUE</b>			
State of Maine Community Corrections Funds	298,138	298,138	
Board of Corrections	362,311	376,511	14,200
Community based programs	74,535	95,352	20,817
Support of prisoners	67,871	11,301	(56,570)
	<u>802,855</u>	<u>781,302</u>	<u>(21,553)</u>
Budgeted municipal taxes	2,316,666	2,316,666	
	<u>3,119,521</u>	<u>3,097,968</u>	<u>(21,553)</u>
<b>OTHER REVENUE AND (EXPENSE)</b>			
Accrued revenue for sick leave and vacation time	-	30,829	30,829
Accrued expenses for sick leave and vacation time	-	(30,829)	(30,829)
	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance-June 30, 2011	<u>-</u>	<u>-</u>	<u>-</u>

See notes to financial statements

COUNTY OF AROOSTOOK, MAINE

JAIL OPERATIONS FUND

NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Revenue is provided by funds from the State of Maine, budgeted municipal taxes paid to the county and inmate funds. Any expenditures over revenues are currently made up from additional general fund revenues or additional payments from the State of Maine Board of Corrections. Through June 30, 2010, management continued to report jail operations transactions as part of the County of Aroostook general fund. As of July 1, 2010, a separate governmental fund was established for the jail operations.

The preceding financial statement is intended to satisfy reporting requirements of the State of Maine Board of Corrections for the year ended June 30, 2011. For complete financial information regarding the Jail Operations Fund and the County of Aroostook, Maine, readers should refer to the government-wide financial statements of the County of Aroostook.

*Basis of Accounting*

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.

*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.

*Tax uncertainties*

The Jail Operations Fund is not subject to income tax and payroll tax returns are filed by the County of Aroostook as a whole. 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 November 17, 2011, the date the financial statements were available to be issued. No subsequent events have occurred and none have been disclosed.

COUNTY OF AROOSTOOK, MAINE

JAIL OPERATIONS FUND

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(2) ACCOUNTS RECEIVABLE

Accounts receivable consists mostly of amounts due from the State of Maine Board of Corrections and are considered to be fully collectible by management.

(3) COMPENSATED ABSENCES

County employees are granted vacation and sick leave in varying amounts. Upon termination, an employee is paid the full amount of accumulated vacation and either 25% or 50% of sick leave not taken. By agreement, the State of Maine Board of Corrections will cover expenditures over revenues.



## **UNORGANIZED TERRITORY PUBLIC WORKS DEPARTMENT 2011 Annual Report**

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On behalf of the citizens and organizations of the Unorganized Territory of Aroostook County, it is my pleasure to submit this report. 2011 was a very busy year for the Public Works Department. Projects that were scheduled were all completed, including some unexpected emergency situations brought on by extreme weather events. Once again, I must thank all of our dedicated service providers, contractors, and other professionals for their continued service and commitment to the residents of Aroostook County's unorganized territory.

As part of our Road Maintenance Plan, two major projects were initiated in 2010 with the reclaiming of over 24,000 feet of pavement in both Area One (Southern Aroostook), and Area Two (Northern Aroostook). These projects were successfully completed in 2011. Although it may be cumbersome for residents at times, projects, especially large ones which can be very costly, completing them in phases over a two year period allows the Public Works Department to operate within its budgeted capacity. One must also bear in mind that all normal maintenance projects such as grading, ditching, patching, sweeping, mowing, debris removal, etc., are all part of a typical maintenance season.

Road projects completed in 2011:

- Area One – Aroostook Road and Mill Road; approximately 1,000 yards of screened gravel was added to areas where pavement was reclaimed the previous year. These roads will continue to be serviced as gravel surface roads.
- Area Two – Cote, Sheen, and Damboise Roads; approximately 2700 tons of asphalt pavement overlay was added to areas where pavement was reclaimed the previous year.

In December of 2010, major rain events caused substantial damage in Aroostook County and throughout the State of Maine. As a result, emergency funding was made available through FEMA to assist with repairs to road infrastructure damages throughout the unorganized territory of Aroostook County. All funded projects were completed during the summer of 2011.

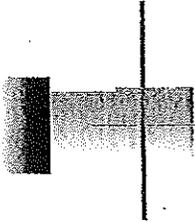
In May 2010, a Community Development Block Grant application for housing rehabilitation projects in Sinclair/T17R4 was awarded to the County of Aroostook. Under the Housing Assistance Program, \$250,000 of CDBG funds was committed to this project. 21 applications from Sinclair residents were received and scored, with 16 qualifying for assistance. I am proud to say that all 16 residences that were approved received financial assistance. This was a very successful program, and all projects were completed by the fall of 2011.

The Public Works Department also administered and supervised a septic system replacement project which was completed in Madawaska Lake. Funding for this project was provided through the Small Community Grant Program which is sponsored by the Maine Department of Environmental Protection. This program provides resources to assist homeowners and businesses repair malfunctioning or outdated wastewater systems, thus assisting in protecting the health of our citizens, as well as protecting our environment and waterways.

As always, I must 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. It is truly a pleasure serving the residents of Aroostook County.

Respectfully submitted,

Paul Bernier  
Public Works Director



# DAVIS CPA P.A.

CERTIFIED PUBLIC ACCOUNTANT

Peter Davis, CPA

Christine Morneau

Dave Alward

## INDEPENDENT AUDITOR'S REPORT

To the Management of the  
Unorganized Territories Fund

I have audited the accompanying 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, 2011, which collectively comprise the Municipality's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Municipality'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 Unorganized Territories Fund, as of June 30, 2011 and the respective changes in financial position and cash flows, 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 August 29, 2011 on my consideration of the Unorganized Territories Fund'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 through 6 and 20 to 21 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 information and comparing the information for consistency with management's responses with my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me 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 Unorganized Territories Fund's financial statements as a whole. The combining and individual non-major fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Davis CPA P.A.*

Presque Isle, Maine  
August 29, 2011

# UNORGANIZED TERRITORIES' FUND

## Management's Discussion & Analysis

As management of the Unorganized Territories, Maine, we offer readers of the Unorganized Territories financial statements this narrative overview and analysis of the financial activities of the Unorganized Territories for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented in conjunction with the basic financial statements.

### FINANCIAL HIGHLIGHTS

- Total assets of the Unorganized Territories exceed liabilities by \$1,567,668, which represents the total net assets of the Territories.
- The ending fund balance for all governmental funds (which includes the special revenue funds) was \$333,880. This is a \$64,576 decrease from the prior year total.
- The General Fund reports a fund balance of \$333,160 which represents 17% of annual general fund expenditures.

### USING THIS ANNUAL REPORT

The Unorganized Territories' 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 Territories 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 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). 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 Unorganized Territories, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

The Fund Financial Statements provide details of the Territories most significant funds, not the Territories 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 Territories' 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 Territories' 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 Territories' programs. The Territories adopt 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 20 to 21 of this report.

*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 12 to 19 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 22 and 23 of this report.

## THE TERRITORIES AS A WHOLE -STATEMENT OF NET ASSETS and STATEMENT OF ACTIVITIES

The following information is a condensed version of the Statement of Net Assets. The analysis below focuses on the net assets of the Territories' governmental activities.

	Governmental Activities
Current and other assets	\$ 369,332
Capital assets	1,303,788
Total assets	<u>1,673,120</u>
Current liabilities	55,452
Capital lease payable	50,000
Total liabilities	<u>105,452</u>
Net Assets	
Invested in Capital Assets, net of related debt	1,233,788
Reserved for designated future use	249,077
Unrestricted	84,803
Total net assets	<u>\$ 1,567,668</u>

Comparative information will be provided in the future.

The following summarizes the changes in net assets of the Territories governmental activities:

	<u>Governmental Activities</u>
Revenue:	
Property tax	
Local taxes	\$ 933,290
County taxes	602,291
State assistance	92,211
Other revenues	
Excise	232,969
Interest	6,854
Other	2,325
Total revenues	<u>1,869,940</u>
Expenses:	
County tax	602,291
Roads	84,120
Public works	72,480
Public safety	32,650
Snow removal	269,597
Solid waste disposal	114,062
Fire protection	118,699
Ambulance services	24,102
Administration	60,588
Capital outlays	130,818
Other expenses	189,654
Total expenses	<u>1,699,061</u>
Change in net assets	<u>\$ 170,879</u>

The Unorganized Territories net assets for the governmental funds increased by \$170,879 during the fiscal year ended June 30, 2011.

The total cost of governmental activities was \$1,761,261. However, many programs are subsidized by user fees, grants and contributions. Therefore, the ultimate cost to the taxpayers was \$1,699,061 after taking into consideration the program revenues. See the Statement of Activities for greater detail.

## FINANCIAL ANALYSIS OF THE TERRITORIES FUNDS

### GOVERNMENTAL FUNDS

As noted earlier, the Unorganized Territories 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 \$333,880, a decrease of \$64,576 in comparison with the prior year. Approximately 25% of this total amount (\$84,803) constitutes unassigned 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 assigned to capital expenditures (\$217,645), Connor fire protection (\$9,605), 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, unassigned fund balance of the general fund was \$84,083, while total fund balance reached \$333,880. 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. Unassigned fund balance represents 4.3% of total general fund expenditures, while total fund balance represents 17% of that same amount. The fund balance of the Territories' general fund decreased by \$63,622 during the current fiscal year. Key factors in this decrease are as follows:

- Interest income was \$13,146 less than budgeted.
- The following expenses were over budget: Public Works by \$3,792, Public Safety by \$2,585, and Other Expenses by \$22,277.
- The use of \$20,000 of undesignated fund balance was budgeted to reduce the tax commitment for the year ended June 30, 2011.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year revenues were more than budgetary estimates by \$56,549 and expenditures were less than budgetary estimates by \$222,294, 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 \$1,303,788 as of June 30, 2011, representing a \$215,455 increase from the prior year end. This is mainly due to the purchase of several items of equipment, various building renovations, and paving. See financial statement note 3 for further details.

The most significant capital asset increases by the Territories in 2011 were infrastructure improvements totaling \$247,899.

### **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, 2011, the Unorganized Territories' share of the outstanding liability was \$70,000. Additional information can be found in note 8 on page 18.

### **CONTACTING THE TERRITORIES'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Territories' finances and to show the Territories' 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.

## UNORGANIZED TERRITORIES' FUND

### GOVERNMENT WIDE STATEMENT OF NET ASSETS JUNE 30, 2011

	<u>GOVERNMENTAL ACTIVITIES</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 368,182
Accounts receivable	1,150
<i>Non-current capital assets</i>	
Nondepreciable Land	74,900
Property, plant and equipment, net of accumulated depreciation	1,228,888
	<u>\$ 1,673,120</u>
<b>Current liabilities</b>	
Accounts payable	\$ 30,868
Due to County of Aroostook	563
Deferred revenue	4,021
Capital lease payable	20,000
	<u>55,452</u>
<b>Non-Current liabilities</b>	
Capital lease payable	<u>50,000</u>
<b>Net Assets</b>	
Investment in capital assets	1,233,788
Reserved for designated future use	249,077
Unrestricted	84,803
Total net assets	<u>1,567,668</u>
	<u>\$ 1,673,120</u>

# UNORGANIZED TERRITORIES' FUND

## GOVERNMENT WIDE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2011

Functions / Programs:	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Governmental activities					
County tax	\$ (602,291)	\$ -	-	-	(602,291)
Roads	(146,320)	-	62,200	-	(84,120)
Public works	(72,480)	-	-	-	(72,480)
Public safety	(32,650)	-	-	-	(32,650)
Snow removal	(269,597)	-	-	-	(269,597)
Solid waste disposal	(114,062)	-	-	-	(114,062)
Fire protection	(118,699)	-	-	-	(118,699)
Ambulance services	(24,103)	-	-	-	(24,103)
Administration	(60,588)	-	-	-	(60,588)
Capital outlays	(130,818)	-	-	-	(130,818)
Other	(189,653)	-	-	-	(189,653)
<b>Total expenses</b>	<b>\$ (1,761,261)</b>	<b>\$ -</b>	<b>\$ 62,200</b>	<b>\$ -</b>	<b>(1,699,061)</b>
General revenues					1,535,581
Property taxes					6,854
Investment income					327,504
Other revenues					1,869,940
<b>Total revenues</b>					<b>170,879</b>
Change in net assets					1,396,789
Net assets - July 1					1,567,668
Net assets - June 30					<b>\$ -</b>

## UNORGANIZED TERRITORIES' FUND

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2011

	Governmental Fund General	Non-Major Special Revenue Fund	Totals
<b>Assets</b>			
Cash	\$ 364,591	\$ 3,591	\$ 368,182
Accounts receivable	(0)	1,150	1,150
	\$ 364,591	\$ 4,741	\$ 369,332
<b>Liabilities</b>			
Accounts payable	\$ 30,868	\$ -	\$ 30,868
Deferred revenue	-	4,021	4,021
Due to other governments	563	-	563
	31,431	4,021	35,452
<b>Fund Balance:</b>			
Assigned	249,077	-	249,077
Unassigned	84,083	720	84,803
Total fund balance	333,160	720	333,880
	\$ 364,591	\$ 4,741	\$ 369,332
 Total fund equity as noted above:			\$ 333,880
 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:			1,233,788
 Total net assets of governmental activities:			\$ 1,567,668

## UNORGANIZED TERRITORIES' FUND

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2011

	Governmental Fund General	Special Revenue Fund	Totals
<b>Revenues</b>			
Property taxes	\$ 1,535,581	\$ -	\$ 1,535,581
Investment income	6,854	-	6,854
Excise tax	232,969	-	232,969
State assistance	62,200	31,184	93,384
Other revenues	61,602	1,750	63,352
Total revenues	<u>1,899,206</u>	<u>32,934</u>	<u>1,932,140</u>
<b>Expenditures</b>			
County tax	602,291	-	602,291
Roads	124,000	-	124,000
Public works	72,480	-	72,480
Public safety	32,650	-	32,650
Snow removal	269,597	-	269,597
Solid waste disposal	114,062	-	114,062
Fire protection	106,609	-	106,609
Ambulance services	24,103	-	24,103
Administration	60,588	-	60,588
Capital Outlays	408,293	-	408,293
Other	148,155	33,888	182,043
Total expenditures	<u>1,962,828</u>	<u>33,888</u>	<u>1,996,716</u>
Change in Fund Balance	(63,622)	(954)	(64,576)
Fund Balance - July 1	396,782	1,674	398,456
Fund Balance - June 30	<u>\$ 333,160</u>	<u>\$ 720</u>	<u>\$ 333,880</u>

## UNORGANIZED TERRITORIES' FUND

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### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2011

Net changes in fund balances - all governmental funds (page 10)	\$ (64,576)
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:	257,475
Depreciation expense	(42,020)
Repayment of long-term capital lease is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets	20,000
Change in net assets of governmental activities (page 8)	<u>\$ 170,879</u>

## UNORGANIZED TERRITORY FUND

### NOTES TO FINANCIAL STATEMENTS

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### Reporting Entity

The Unorganized Territories' Fund of the County 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.

The financial statements of the Territories have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The financial statements of the Territories consist of all funds of the Territories and government entities that are considered to be controlled by or dependent on the Territories. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. The Territories have no entities that are controlled or dependent on the Territories.

##### 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 Territories (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 Territories have 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.

##### Measurement Focus / Basis of Accounting / Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds, a fiduciary fund type, have no measurement focus. Revenues, except for property taxes, are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

## UNORGANIZED TERRITORY FUND

### NOTES TO FINANCIAL STATEMENTS (cont'd)

#### 1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the period or soon enough thereafter to pay liabilities of the current period. For this purpose the government considers revenues to be available if they are collected within 60 days of the end of 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 and certain compensated absences and claims and judgments are recognized when the obligations are due and payable.

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 Territories report the following major governmental fund:

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

Other governmental funds are:

*Special Revenue Fund* is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Territories' proprietary fund (if applicable) and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program, 2) operating or capital grants and contributions, and 3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenues are reported instead as general revenues.

#### 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. Special revenue funds do not have legally adopted budgets, but administratively approved project budgets.

#### Deposits and investments

The Territories cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Territories to invest in obligations of the U.S. government, its agencies and instrumentalities, and other state and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements.

## UNORGANIZED TERRITORY FUND

### NOTES TO FINANCIAL STATEMENTS (cont'd)

#### 1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

##### Short-term Inter-fund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the combined balance sheet.

##### Capital Assets

Capital 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
Equipment	5-15 years
Vehicles	5-15 years

##### 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.

##### 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. Designated fund balances represent tentative plans for future use of financial resources.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. *Nonspendable*, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),

2. *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

## UNORGANIZED TERRITORY FUND

### NOTES TO FINANCIAL STATEMENTS (cont'd)

#### 1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

##### Fund Equity – (cont'd)

3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Directors (the district's highest level of decision-making authority),

4. *Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

5. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

##### 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 Unorganized Territory Fund or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

#### 2. CASH AND INVESTMENTS

**Custodial credit risk:** Custodial credit risk is the risk that in the event of a bank failure, the Territories' deposits may not be returned to it. The Territories deposits 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.

At June 30, 2011, the Unorganized Territories' funds were on deposit with the bank listed below:

Bank-Type of Account	Carrying Amount	Bank Balance	Category		
			#1	#2	#3
Katahdin Trust Company Checking - General	\$ 368,182	\$ 394,633	\$ 250,000	\$ 144,633	

**UNORGANIZED TERRITORY FUND**

NOTES TO FINANCIAL STATEMENTS (cont'd)

3. PROPERTY AND EQUIPMENT

Capital asset activity for the fiscal year ended June 30, 2011 is as follows:

	Balance July 1	Additions	Deletions	Balance June 30
<i>Non-depreciable Assets:</i>				
Land	\$ 74,900	\$ -	\$ -	\$ 74,900
<i>Depreciable Assets:</i>				
Land improvements	4,755	-	-	4,755
Building and contents	246,150	7,000	-	253,150
Vehicles	147,815	-	-	147,815
Equipment	158,428	2,576	-	161,004
Infrastructure	766,612	247,899	-	1,014,511
	<u>1,398,660</u>	<u>257,475</u>	<u>-</u>	<u>1,656,135</u>
<i>Accumulated Depreciation:</i>				
Land improvements	794	158	-	952
Building and contents	50,074	5,992	-	56,066
Vehicles	108,183	4,670	-	112,853
Equipment	78,923	10,880	-	89,803
Infrastructure	72,353	20,320	-	92,673
	<u>310,327</u>	<u>42,020</u>	<u>-</u>	<u>352,347</u>
<i>Net book value</i>	<u>\$ 1,088,333</u>	<u>\$ 215,455</u>	<u>\$ -</u>	<u>\$ 1,303,788</u>

Depreciation expense was charged to governmental activities as follows:

Roads	\$ 22,320
Fire protection	12,090
Other	7,610
	<u>\$ 42,020</u>

## UNORGANIZED TERRITORY FUND

### NOTES TO FINANCIAL STATEMENTS (cont'd)

#### 4. RELATED PARTY TRANSACTIONS

The County of Aroostook administers the everyday 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, 2011, the Unorganized Territories paid the County of Aroostook \$60,588 for these services.

Occasionally, the Unorganized Territories and County of Aroostook loan monies to one another. As of June 30, 2011, there was no amount due to the Unorganized Territories from the County of Aroostook.

#### 5. EXPENDITURES OVER APPROPRIATIONS

The following appropriations were exceeded by actual expenditures:

	Excess
Public works	\$ 3,792
Public safety	2,585
Other	22,277

#### 6. 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 statements are not available as of the date of this report. Information concerning the financial information can be obtained by contacting Northwestern Aroostook County Septage Board:

As of June 30, 2011 the Unorganized Territories Fund owned 1.53% of the assets and liabilities of the Organization. With 1.53% ownership the Unorganized Territories' Fund's investment in this venture is \$3,099. 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.

#### 7. OTHER REVENUES – GENERAL FUND

Description	Budget	Actual	Variance Favorable (Unfavorable)
Miscellaneous	\$ 1,000	\$ 575	\$ (425)

## UNORGANIZED TERRITORY FUND

### NOTES TO FINANCIAL STATEMENTS (cont'd)

#### 8. 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 Territories' 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, 2011	\$ 20,000
July 1, 2012	20,000
July 1, 2013	20,000
July 1, 2014	10,000
	<u>\$ 70,000</u>

#### 9. ASSIGNED FUND BALANCES

At June 30, 2011, assigned fund balance consisted of the following:

Capital reserves	
Road/Bridge maintenance	\$ 77,719
Pavement resurface	45,425
Dry hydrant	4,177
911-E program	3,225
Cemetery improvement	2,071
T17R5 fire building	21
T17R4 transfer station	3,453
T17R4 fire building repair	124
T17R4 fire truck	4,604
T17R4 & 5 fire equipment	22,327
DEDC administration	197
E Plantation bridge	20,000
Vehicle	11,012
Connor recreation park	3,596
Computer	866
Community signs	3,592
Sinclair community building	2,400
Grant match	769
Vehicle - Fire department	2,000
FEMA disaster flood funds	10,067
	<u>217,645</u>
Contingent account	21,827
Connor fire protection	9,605
Total	<u>\$ 249,077</u>

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## UNORGANIZED TERRITORY FUND

### NOTES TO FINANCIAL STATEMENTS (cont'd)

#### 10. SUBSEQUENT EVENTS

Management has evaluated subsequent events for the period July 1, 2011 through August 29, 2011 for any possible disclosures. None were needed. This is not however, when the financial statements were issued.

## UNORGANIZED TERRITORIES' FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GENERAL FUND BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2011

	Budget			Actual	Variance Favorable (Unfavorable)
	Original	Adjustments	Final		
<b>Revenues</b>					
<i>Property taxes</i>					
Local taxes	\$ 933,290	\$ -	\$ 933,290	\$ 933,290	\$ -
County taxes	602,291	-	602,291	602,291	-
<i>State assistance</i>					
Local road assistance	54,576	-	54,576	62,200	7,624
Snowmobile	1,500	-	1,500	61,027	59,527
<i>Other revenues</i>					
Excise	230,000	-	230,000	232,969	2,969
Interest	20,000	-	20,000	6,854	(13,146)
Other	1,000	-	1,000	575	(425)
Total revenues	<u>1,842,657</u>	<u>-</u>	<u>1,842,657</u>	<u>1,899,206</u>	<u>56,549</u>
<b>Expenditures</b>					
County tax	602,291	-	602,291	602,291	-
Roads	124,000	-	124,000	124,000	-
Public works	68,688	-	68,688	72,480	(3,792)
Public safety	30,065	-	30,065	32,650	(2,585)
Snow removal	272,818	-	272,818	269,597	3,221
Solid waste disposal	114,965	-	114,965	114,062	903
Fire protection	116,402	-	116,402	106,609	9,793
Ambulance services	43,489	-	43,489	24,103	19,386
Administration	60,588	-	60,588	60,588	-
Capital outlays	325,300	300,638	625,938	408,293	217,645
Other	104,051	21,827	125,878	148,155	(22,277)
Total expenditures	<u>1,862,657</u>	<u>322,465</u>	<u>2,185,122</u>	<u>1,962,828</u>	<u>222,294</u>
Net Change in Fund Balance	<u>\$ (20,000)</u>	<u>\$ (322,465)</u>	<u>\$ (342,465)</u>	<u>(63,622)</u>	<u>\$ 278,843</u>
Fund Balance - July 1				<u>396,782</u>	
Fund Balance - June 30				<u>\$ 333,160</u>	

## UNORGANIZED TERRITORIES' FUND

### SCHEDULE OF OTHER EXPENDITURES - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
<i>Public Safety</i>			
Public safety coordinator	\$ 27,057	\$ 27,519	\$ (462)
E.M.A. support services	3,008	5,131	(2,123)
	<u>\$ 30,065</u>	<u>\$ 32,650</u>	<u>\$ (2,585)</u>
<i>Other</i>			
Street lights	\$ 11,880	\$ 10,677	\$ 1,203
Cemeteries	3,900	3,335	565
Snowmobile trails	1,500	60,993	(59,493)
Polling places	5,130	6,380	(1,250)
Recreation	12,742	8,312	4,430
Senior citizens	17,151	13,475	3,676
Fish River Lakes Assn.	500	500	-
Libraries	1,224	1,224	-
Life safety reserve	7,500	-	7,500
So. Aroostook Soil / Water Dist.	150	150	-
St. John Soil / Water Dist.	350	350	-
N.M.D.C.	10,449	10,666	(217)
Audit	3,200	3,400	(200)
R.C. & D.	165	165	-
Acadian heritage council	100	100	-
Animal Control	5,050	5,398	(348)
Insurances	2,600	2,600	-
Waste pick-up day	3,046	3,017	29
Bread of life kitchen	850	850	-
Federal/State County programs	16,564	16,564	-
Contingency	21,827	-	21,827
	<u>\$ 125,878</u>	<u>\$ 148,155</u>	<u>\$ (22,277)</u>

# UNORGANIZED TERRITORY FUND

BALANCE SHEET - ALL NON-MAJOR FUNDS  
JUNE 30, 2011

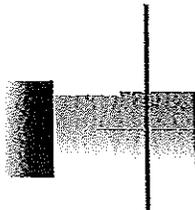
	Special Revenue Fund Septic Grant
<i>Assets:</i>	
Cash	\$ 3,591
Accounts receivable	1,150
	<u>\$ 4,741</u>
<i>Liabilities</i>	
Deferred revenue	\$ 4,021
<i>Fund Balance:</i>	
Unassigned	720
	<u>\$ 4,741</u>

## UNORGANIZED TERRITORY FUND

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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - ALL NON-MAJOR FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Special Revenue Fund Septic Grant</u>
Revenues	
State assistance	\$ 31,184
Other revenue	<u>1,750</u>
	32,934
Expenditures	
Septic systems	<u>33,888</u>
Net change in fund balance	(954)
Fund balance - July 1	<u>1,674</u>
Fund balance - June 30	<u><u>\$ 720</u></u>



# DAVIS CPA P.A.

Peter Davis, CPA

CERTIFIED PUBLIC ACCOUNTANT

Christine Morneau

Dave Alward

## 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*

To the Management of the  
Unorganized Territories Fund

I 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, 2011, which collectively comprise the Municipality's basic financial statements and have issued my report thereon dated August 29, 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 Unorganized Territories Fund'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 Unorganized Territories Fund's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Unorganized Territories Fund'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 entities financial statements will not be prevented, or detected and corrected on a timely basis.

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 the 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.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Unorganized Territories Fund'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*.

I noted certain matters that I reported to management of Unorganized Territories Fund, in a separate letter dated August 29, 2011.

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

*Davis CPA P.A.*



HOUSE OF REPRESENTATIVES  
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**Bernard L. A. Ayotte**  
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E-MAIL: [RepBernard.Ayotte@legislature.maine.gov](mailto:RepBernard.Ayotte@legislature.maine.gov)

February 2012

Dear Friends & Neighbors:

It is my hope that this letter finds both you and your family in good health and good spirit! With the onset of another year, there is always a sense of optimism about having a fresh start to tackle new and existing problems. The challenges we face as a state and nation should be looked upon as opportunities to produce a brighter future for ourselves, our children, and our grandchildren. Thank you for the privilege of being your voice in Augusta, where I believe positive progress is being achieved.

Since the commencement of the 125<sup>th</sup> Legislature, I have been traveling the district and speaking with my fellow colleagues in an attempt to garner support for L.D. 771, "An Act To Establish the St. John Valley Regional Planning Commission." My reason for sponsoring this legislation is to create a centralized and focused means of enticing development in our area. As I write, it appears that members of the Committee on Labor, Commerce, Research and Economic Development are divided in their support of the bill. Nonetheless, please know that I remain committed toward exploring every option to encourage job creation in northern Maine.

Hundreds of other bills will be deliberated and finalized over the coming weeks leading up to our likely adjournment in April. Among them is a supplemental budget designed to address the Department of Health and Human Services shortfall. During my tenure in office, similar gaps developed calling for legislative action. Consequently, efforts are being made to find a long-term solution that will maintain the existing safety net for our most vulnerable citizenry.

In the event you have any questions or concerns about the many proposals under consideration at the Capitol, or if you encounter an impasse with State government in general, please do not hesitate to contact me. It is always a pleasure to hear from the people I serve.

Best regards,

Bernard L. A. Ayotte  
State Representative

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

# PHONE/FAX/E-MAIL DIRECTORY

County Commissioners (207) 493-3318  
Fax – (207) 493-3491

County Administrator (207) 493-3318  
Cell - (207) 227-2822  
Fax – (207) 493-3491 E-mail - [doug@aroostook.me.us](mailto:doug@aroostook.me.us)

County Treasurer (207) 227-3291  
Fax – (207) 493-3491 E-mail - [bdmccrum@hotmail.com](mailto:bdmccrum@hotmail.com)

District Attorney (207) 498-2557  
Fax – (207) 493-3493 E-mail - [todd@aroostook.me.us](mailto:todd@aroostook.me.us)

District Court - Caribou (207) 493-3144  
District Court - Fort Kent (207) 834-5003  
District Court - Madawaska (207) 728-4700  
District Court - Presque Isle (207) 764-2055  
District Court - Houlton (207) 532-2147

Emergency Management Agency (207) 493-4328  
Cell - (207) 551-2501  
Fax – (207) 328-4205 E-mail - [vern@aroostookema.com](mailto:vern@aroostookema.com)

Public Works Director (207) 493-3318  
Cell - (207) 227-5252  
Fax – (207) 493-3491 E-mail - [paul@aroostook.me.us](mailto:paul@aroostook.me.us)

Register of Deeds – Fort Kent (207) 834-3925  
Fax – (207) 834-3138 E-mail - [louise@aroostook.me.us](mailto:louise@aroostook.me.us)

Registry of Deeds – Houlton (207) 532-1500  
Fax – (207) 532-1506 E-mail - [melissa@aroostook.me.us](mailto:melissa@aroostook.me.us)

Register of Probate (207) 532-1502  
Fax – (207) 532-1506 E-mail - [joanne@aroostook.me.us](mailto:joanne@aroostook.me.us)

Sheriff's Department (207) 532-3471  
Cell - (207) 538-6192  
Fax – (207) 532-7319 E-mail - [sheriff@aroostook.me.us](mailto:sheriff@aroostook.me.us)

Facilities Manager – Caribou (207) 493-3318  
Fax – (207) 493-3491 Cell - (207) 227-3538  
- Fort Kent (207) 834-3925  
Fax – (207) 834-3138 E-mail - [bryan@aroostook.me.us](mailto:bryan@aroostook.me.us)

Superintendent of Buildings – Houlton (207) 532-1509  
Fax – (207) 532-7121 Cell - (207) 538-7670  
E-mail - [dan@aroostook.me.us](mailto:dan@aroostook.me.us)

Superior Court - Caribou (207) 498-8125  
Superior Court - Houlton (207) 532-6563