

# County of Aroostook

State of Maine



## 2012 Annual Report

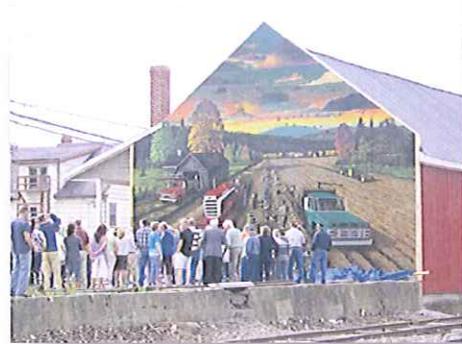
## About the Cover

The cover photograph depicts a thirty-five foot mural of “potato harvest in full swing” and was painted by Darren Connors. The mural is located on the former A. D. Soucy Company Farm Supply building, Market Street, Fort Kent, Aroostook County, Maine.

“The mural was the brainchild of retired businessman, Reno Lagasse, who began raising money and support for the project” in 2012. “By the time he was done, and thanks to sponsorship from the Fort Kent Lions club, area businesses and private donations... Lagasse contracted with Connors, who is originally from Brunswick, [Maine] but now lives in St. Francis” [Maine].

. “This mural shows a way of life as it was in the 1960s and '70s and shows the connection between agriculture, nature and our community.” –Don Guimond, Town Manager, Fort Kent, Maine.

“This mural is dedicated to all Fort Kent farmers, past and present.”



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# ***ANNUAL REPORT OF AROOSTOOK COUNTY***

**For Fiscal Year 2012**  
30-A MRSA, Sections 183 & 952

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

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

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

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

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

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

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

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

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

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

State of Maine – County of Aroostook  
*Official Register for 2012*

**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**

Melissa Willette	Mapleton
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**REGISTER OF DEEDS, NORTHERN DISTRICT**

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

Barry McCrum	Mars Hill
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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**

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

**2012**  
**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

**2012**  
**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 2012 includes a summary of the accomplishments of each county department. The audits and financial statements for the General Fund and Unorganized Territory Fund indicate a favorable financial condition for Aroostook County Government.

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

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

### General Fund

Appropriations for the general fund totaled \$6,657,426.00. Revenues and credits used to lower the tax burden were projected at \$1,548,145.00, thus leaving an amount of \$5,109,281.00 plus \$98,539.00 in overlay to be raised by taxes.

### Highlights - Capital Improvement Account

Building improvements and equipment purchases scheduled for 2012 included the following:

Emergency Management Agency –Vehicle & Software	\$ 5,500.00
District Attorney – Vehicle, Office, Computer Equip. & Furn.	\$ 6,750.00
Administration – Vehicle & Computer Equipment, Matching Grant	\$ 47,500.00
Superior Court Bldg. - Improvements	\$ 8,500.00
Houlton Building Complex – Improvements & Equipment	\$ 1,500.00
Houlton Sheriff's Office Building – Improvements	\$ 39,411.00
Caribou Courthouse – Improvements	\$ 64,989.00
Fort Kent Registry Bldg. – Improvements	\$ 10,600.00
Registry of Deeds Houlton – Computer Equipment	\$ 1,500.00
Registry of Deeds Fort Kent – Computer Equipment	\$ 3,000.00
Register of Probate – Office Equipment	\$ 650.00
Sheriff's Dept. (Law Enforcement) - Vehicles & Equipment	\$ 61,500.00
Telecommunications	\$ 3,000.00
Underground Tanks	\$ 2,000.00
	<u>\$256,400.00</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 2012-13 amounted to \$1,291,692.00. Revenues and credits used to lower the tax assessment were projected at \$318,500.00. The net assessment was \$973,192.00. 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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On May 11, 2012, Barry D. McCrum was appointed by the governor to fill the unexpired term of Wilfred Bell.

Here are some highlights of Aroostook County's 2012 General Fund and 2011-12 Unorganized Territory Fund finances:

- General Fund ended the year with cash-on-hand of \$1,829,928.00;
- General Fund ended the year with a total fund balance of \$1,812,238.00;
- General Fund ended the year with an unreserved (undesignated) fund balance of \$1,102,822.00;
- Unorganized Territory Fund ended the year with cash-on-hand of \$368,182.00;
- Unorganized Territory Fund ended the year with a total fund balance of \$336,916.00;
- Unorganized Territory Fund ended the year with an unreserved (undesignated) fund balance of \$59,923.00.

A line of credit for the General Fund was secured through Katahdin Trust Company in the amount of \$1,500,000.00 in anticipation of county taxes. Only \$995,001.00 was used and it was paid back by October 2012.

Expenditures for Federal Awards amounted to \$746,433.00. 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, and homeland security.

The detailed 2012 Financial Statements for the General Fund and the Unorganized Territory Fund are included at the end of this report.

**COUNTY OF AROOSTOOK  
FOR THE YEAR 2012**

Expenses estimated by the County Commissioners of Aroostook County for the year 2012,  
for which a County Tax was assessed.

Emergency Management Agency	114,329.00
District Attorney	398,730.00
Administration	473,042.00
Superior Court Building	84,839.00
Houlton Building Complex	70,552.00
Sheriff's Office Building	35,246.00
Caribou Courthouse	215,095.00
Fort Kent Registry Building	66,188.00
Registry of Deeds South	118,262.00
Registry of Deeds North	161,299.00
Registry of Probate	199,029.00
Law Enforcement	1,345,747.00
Fire Marshal	9,500.00
Audit	6,640.00
Wide Area Network (WAN)	47,000.00
Interest Expense	8,000.00
Employee Benefits	3,000.00
Copiers	20,500.00
Program Grants	228,862.00
County Insurance	49,800.00
5-Year Capital Improvements	196,400.00
Capital Reserves	286,700.00
PSAP	195,000.00
MCCA Convention	500.00
Personnel Services	<u>6,500.00</u>
TOTAL (NON-CORRECTIONAL SERVICES) APPROPRIATIONS	\$4,340,760.00
ESTIMATED NON-CORRECTIONAL SERVICES REVENUES	<u>\$1,548,145.00</u>
NET NON-CORRECTIONAL ASSESSMENT	<u>\$2,792,615.00</u>
CORRECTIONAL SERVICES ASSESSMENT	<u>\$2,316,666.00</u>
TOTAL AMOUNT TO BE RAISED BY TAXES	<u>\$5,109,281.00</u>
2% OVERLAY	<u>\$98,539.00</u>
<b>TOTAL TAX COMMITMENT FOR 2012</b>	<b><u>\$5,207,820.00</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>2012TAX</u>	<u>2012PAID</u>
Allagash	\$29,673.75	\$29,673.75
Amity	\$14,093.75	\$14,093.75
Ashland	\$92,967.50	\$92,967.50
Bancroft	\$7,841.25	\$7,841.25
Blaine	\$32,338.75	\$32,338.75
Bridgewater	\$35,311.25	\$35,311.25
Caribou	\$364,643.75	\$364,643.75
Castle Hill	\$25,778.75	\$25,778.75
Caswell	\$17,681.25	\$17,681.25
Chapman	\$30,340.00	\$30,340.00
Crystal	\$15,528.75	\$15,528.75
Dyer Brook	\$16,553.75	\$16,553.75
Eagle Lake	\$73,185.00	\$73,185.00
Easton	\$251,637.50	\$251,637.50
Fort Fairfield	\$185,115.00	\$185,115.00
Fort Kent	\$230,932.50	\$230,932.50
Frenchville	\$51,455.00	\$51,455.00
Grand Isle	\$19,218.75	\$19,218.75
Hamlin	\$19,782.50	\$19,782.50
Hammond	\$7,328.75	\$7,328.75
Haynesville	\$9,635.00	\$9,635.00
Hersey	\$9,276.25	\$9,276.25
Hodgdon	\$59,911.25	\$59,911.25
Houlton	\$297,147.50	\$297,147.50
Island Falls	\$70,366.25	\$70,366.25
Limestone	\$69,136.25	\$69,136.25
Linneus	\$63,857.50	\$63,857.50
Littleton	\$56,221.25	\$56,221.25
Ludlow	\$23,933.75	\$23,933.75

Madawaska	\$401,185.00	\$401,185.00
Mapleton	\$127,663.75	\$127,663.75
Mars Hill	\$103,627.50	\$103,627.50
Masardis	\$26,445.00	\$26,445.00
Merrill	\$13,376.25	\$13,376.25
Monticello	\$44,587.50	\$44,587.50
New Canada	\$25,522.50	\$25,522.50
New Limerick	\$192,392.50	\$192,392.50
New Sweden	\$36,592.50	\$36,592.50
Oakfield	\$44,331.25	\$44,331.25
Orient	\$40,948.75	\$40,948.75
Perham	\$23,216.25	\$23,216.25
Portage Lake	\$71,442.50	\$71,442.50
Presque Isle	\$605,108.75	\$605,108.75
St. Agatha	\$66,522.50	\$66,522.50
St. Francis	\$29,622.50	\$29,622.50
Sherman	\$44,536.25	\$44,536.25
Smyrna	\$19,577.50	\$19,577.50
Stockholm	\$15,221.25	\$15,221.25
Van Buren	\$67,803.75	\$67,803.75
Wade	\$15,836.25	\$15,836.25
Wallagrass	\$36,541.25	\$36,541.25
Washburn	\$65,958.75	\$65,958.75
Westfield	\$29,468.75	\$29,468.75
Westmanland	\$16,656.25	\$16,656.25
Weston	\$42,127.50	\$42,127.50
Woodland	\$59,808.75	\$59,808.75
Cary Plantation	\$11,992.50	\$11,992.50
Cyr Plantation	\$11,736.25	\$11,736.25
Garfield Plantation	\$9,225.00	\$9,225.00
Glenwood Plantation	\$5,483.75	\$5,483.75
Macwahoc Plantation	\$7,533.75	\$7,533.75
Moro Plantation	\$11,121.25	\$11,121.25
Nashville Plantation	\$17,732.50	\$17,732.50
Oxbow Plantation	\$9,993.75	\$9,993.75
Reed Plantation	\$11,326.25	\$11,326.25
St. John Plantation	\$16,963.75	\$16,963.75
Winterville Plantation	\$36,541.25	\$36,541.25
Unorganized Territory	\$611,156.25	\$611,156.25
<b>TOTAL</b>	<b>\$5,207,820.00</b>	<b>\$5,207,820.00</b>
	<b>\$5,207,820.00</b>	<b>\$5,207,820.00</b>



## **OFFICE OF THE DISTRICT ATTORNEY PROSECUTORIAL DISTRICT 8 2012 Annual Report**

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2012 was a year of comings and goings for the District Attorney's Office. More accurately it was a year of goings and comings. April Hare, who had joined the office as an Assistant District Attorney in early 2011, turned her eyes west back to her home state of Washington in the early fall of 2012. Kathleen Braueninger, who joined the Presque Isle Office as a part-time Victim Witness Advocate in 2010, took an extended leave of absence to deal with a serious and dire illness. Finally, Kim Ouellette, who had joined the Caribou Office in 2009 as a part-time VWA and a part-time Restitution Clerk – and a full-time help – left the position (or rather the position left her) because the financial troubles in Washington, D.C. hit close to home, and the federal grant money funding her position ran dry.

With all these “goings”, we had vacancies that needed to be filled. Neale Adams came back and temporarily rejoined the District Attorney's Office filling the shoes of Kathleen Braueninger as a part-time advocate in the Presque Isle Office. His return was brief and he once again returned to “private” practice because the advocate's position in Presque Isle was defunded effective December 31, 2012, due to a loss of grant money. James “Jim” Mitchell, a prosecutor with 20 years of experience in the Waterville/Augusta area, came to the County and made himself at home at April Hare's empty desk. Jim has been assigned to cover the St. John Valley, but all of Aroostook will benefit from his wealth of experience.

Despite the general staff of the office being significantly diminished by the loss of our Presque Isle advocate's position; at the end of 2012, with the addition of Jim Mitchell, our office included a team of seasoned trial attorneys. 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 – our average caseload per attorney often reaches in excess of a 1000/1.

With trials, successful trials anyway, come appeals; and Aroostook had its share of appellate work to do in 2012. While a number of unpublished *memorandum decisions* made, we also had six (6) published opinions issued by the Maine Law Court that either sustained the convictions we won at trial or provided guidance for future cases. These cases are: *State of Maine v. Scott Knowlton*, 2012 ME 3; *State of Maine v. Jesse Guyette*, 2012 ME 9; *State of Maine v. Kenny Ouellette*, 2012 ME 11; *State of Maine v. Kirk Gould*, 2012 ME 60; *State of Maine v. Michelle Fundelawicz*, 2012 ME 107; and *State of Maine v. James Gantnier*, 2012 ME 123.

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.

Year	Money Court Ordered	Money Collected
2006	\$195,481	\$110,853
2007	\$182,762	\$72,246
2008	\$157,561	\$60,841
2009	\$182,367	\$67,931
2010	\$141,211	\$36,864
2011	\$92,328	\$25,306
2012	\$167,673	\$35,414

It is clear that we are collecting far less than half the amount from defendants then they have been ordered to pay – a trend we will be working on reversing in 2013.

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 accountable, to make up for some of their costs. This task gets appreciably more difficult as our caseload continues to grow and our staffing levels slide or remain flat.

#### INDICTMENTS 2000 -2012

Year	January	March	May	July	September	November	Total
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
2012	50	58	52	56	37	76	329
Average							265

Our total number of indictments - which are for felony level crimes - was still more than 60 cases higher than our 13 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 2012 with 945 open and active cases. Despite our growing caseload, we were able to achieve a fairly impressive 75% clearance rate of our cases in 2012.

#### CASELOAD 2004 - 2012

<b>Year</b>	<b>Total Cases</b>	<b>Closed Cases</b>	<b>Active Cases</b>	<b>Arrest Warrant Outstanding</b>
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
2012	3771	2826	945	99

When defendants have fled the jurisdiction, we use our extradition account (funded with forfeited bail) to retrieve them from other states. In 2012, 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**

## **2012 Annual Report**

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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 Law Enforcement division consists of the following highly dedicated personnel; Lt. Keith Wheeler oversees this division comprised of three sergeants (one patrol sergeant, one training sergeant, and one Crime Stoppers sergeant) along with five (5) patrol deputies and two (2) detectives. Cathy Forest 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 continue the "Resource Coordination Agreement", commonly known as a call sharing agreement, to better serve the citizens of Aroostook County, which 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 vehicle are serviced on a regular basis.

Deputy Rob Thibeault was added to the patrol roster, filling in the open slot left by Detective McQuade. Deputy Thibeault is a seasoned veteran and was previously a patrol officer and K-9 handler for the Presque Isle Police Department. Welcome Rob!

Chief Deputy Clossey continues to chair 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 with ten (10) other law enforcement agencies, three (3) victim 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 (MDEA). 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)

Lt. Darrell Crandall was named "Manager of the Year" by the Maine Sheriff's Association. The criteria for this honor is that the person must be a full-time employee and in an administrative position, such as Chief Deputy, Jail Administrator, Program Administrators or high ranking supervisors. Someone who has demonstrated exemplary management skills and creativity above and beyond what is required and who has made a major contribution to their department.

Lieutenant Crandall has been a faithful and hardworking employee since he started and continues today with the same dedication. He has demonstrated exemplary management skills and has made, and continues to make, major contributions to the Aroostook County Sheriff's Office. His recognition is well deserved. Congratulations, Darrell!

The Aroostook Crime Stoppers program is responsible for solving 100's of crimes and the recovery of millions of dollars in stolen property as well as the seizure of illegal drugs valued at hundreds of thousands of dollars. Aroostook County continues to have the only active Crime Stoppers program in the entire State. Crime Stoppers pays for information leading to the arrest and conviction of individuals responsible for criminal acts. The Crime Stoppers program is overseen by Sgt. Shawn Van Tassel who also supervises the department's communications (Dispatchers) personnel.

The Transportation Division, as well as the booking staff is supervised by Lieutenant Larry Goff with one (1) full-time deputy, Rudy Levesque and one (1) full-time corrections officer, Adam Boisvert. Numerous part-time deputies assist with the monumental task of transporting hundreds of inmates both in and out of the county. 2012 was an exceptionally busy year due to the jail overcrowding, which has resulted in boarding inmates at other facilities throughout the State. The transporting of inmates from the Aroostook correctional facility to different courts within the county, transporting inmates to other facilities within the state, and transporting mentally ill individuals to treatment facilities in and out of the county, is quite a task to coordinate. On any given day we have 15-40 inmates boarded out.

The Corrections division consists of one (1) jail administrator, Capt. 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.

This past year the jail administrator's position was designated as a Captain's position. The Sheriff's Office is a paramilitary organization, including the jail administrator, Captain Foss is the number three (3) ranking individual within the Sheriff's Office.

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 and the Limestone Police Department. We also dispatch for 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 their services. Maine Pretrial services occupy office space at the 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 the distribution of medications. Numerous inmates were also transported outside the facility for treatment ranging from dental work to cancer treatments.

Law enforcement and corrections training 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 the Sheriff's Department employees of upcoming training and maintains records as required by the Maine Criminal Justice Academy. Employees were able to complete many mandated trainings online which is a huge timesaver and minimized the amount of travel for deputies to attend trainings.

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 2012 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**

### **2012 Annual Report**

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The Aroostook County Probate Court received 424 new filings for the year 2012. The Registrar scheduled 437 cases for uncontested hearings and 70 cases were set aside to be scheduled for contested hearings; totaling 508 hearings held for the year 2012.

Judge Dunleavy heard 437 cases: 163 hearings held in Caribou; 212 hearings held in Houlton; 62 cases held in Fort Kent. Due to a “conflict of interest” Judge Dunleavy recused himself from hearing 8 cases and requested that those 8 cases be heard by either Judge Lyman Holmes, Judge of Probate for Washington County; Judge Alsop, Judge of Probate for Somerset County and Judge Austin, Judge of Probate for Piscataquis County.

<u>2011</u>	<u>2012</u>	<u>Changes</u>
415 new files	424 new files	up 9 new filings from 2011
465 cases heard	508 cases heard	up 43 cases heard in 2011
Total 2012 Probate filing fees:		\$ 64,373.88
Total 2012 Probate form fees:		\$ 2,501.00
Total 2012 Restoration Surcharge fees:		\$ 4,320.00

Respectfully submitted,  
Joanne M. Carpenter  
Register of Probate



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

### **2012 Annual Report**

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When we began the year we had no idea which way the economy would take us. To our surprise we managed to increase our recording fees by 4% over last year. Our renewals, surcharge, photocopies, deeds on-line enrollments, etc. increased from the prior year as well. We have no control over what kind of revenue we will make, but it is nice to see we are keeping a pretty steady flow from year to year.

We are seeing an end to our indexing project. I anticipate wrapping it up by the end of March 2013. It has been a huge project and I have to commend my staff for their determination and dedication to this project. They have entered and compared 25 years of data to our system in a period of six (6) years. This was a very tedious task and I would like to thank Donna & Erin for their devotion to the County. Their knowledge of the registry is what made this project go as well as it did.

Last, but not least, thanks to the Commissioners and the County Administrator for their continued support throughout the year.

I am pleased to submit my report of revenues collected in 2012.

Recording Fees	\$ 95,455.00
Plans	540.00
Photo Copies	11,940.00
Plan Copies	1,047.00
Fax Copies	1,252.25
Assessor Copies	1,374.45
Indexing	221.00
Attestations	22.00
Surcharge	10,374.00
Miscellaneous	13.00
Marginal references	1,001.00
Deeds on-line Enrollment	1,400.00
Deeds on-line Renewals	12,600.00
Transfer Tax (10% of \$141,857.10)	14,185.75
<b>Total Revenue to the County:</b>	<b>\$151,425.45</b>
Interest (Checking Account)	162.80
Interest (Surcharge Account)	100.25

Respectfully submitted,  
Louise Caron  
Register



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

### **2012 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 2012 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>\$ 412,799.23</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,  
Melissa Willette  
Register



# *EMERGENCY MANAGEMENT AGENCY*

## *2012 Annual Report*

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

Aroostook County Emergency Management Agency embarked on a major communications project two (2) years ago and is now in the implementation phase. This is a five (5) county grant opportunity of which Aroostook County has approximately \$1 million dollar project scope which includes the purchase of equipment, planning and training funds, and required deployment needs. Requests for proposals will be going out shortly for the purchase of tower equipment and the required communications equipment. When complete the new communications equipment will not only help first responders in Aroostook County communicate, but help our Canadian counterparts as well. A major component of the grant was used by both countries to enhance communications.



Planning and preparation of large scale events is always a priority for our agency. We have been, and continue to, participate in the planning portion of a large scale response exercise planned for the end of this year. Vigilant Guard is a National Guard driven exercise that will include participation from all first responders and include caregivers. This will be a statewide event that will bring our first responders to their breaking point and is designed to identify potential weaknesses. Part of this exercise will build upon last year's Emergency Operation Center activation and will include participation from some of our local communities.



Our North Lakes Fire & Rescue Department cover four (4) Unorganized Townships consisting of 144 square miles as a primary response area. In 2012 we responded to 35 calls for assistance. Even with increased call volume, the 40 members continue to answer the calls and maintain the required training. We have increased capabilities at our training facility to include Class B fires and car fires, and have begun offering training courses to other departments in the County. We expect to continue to increase equipment and capabilities as well as capitalize on our fire training facilities for our own personnel and assist as many other communities that we can.

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

Respectfully submitted,  
Vernon R. Ouellette  
Director



## ***MAINTENANCE DEPARTMENT*** ***2012 Annual Report***

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Over the past few years the County of Aroostook Maintenance Department has been working to reorganize the departments and tenants that occupy our facilities to improve the overall use of our buildings. For example, District and Superior Court Clerks' Offices have been combined; two (2) Maine Pretrial Offices have been established; Law Enforcement Departments have been relocated into one (1) building with the most recent change being the move of the Transport main office from Caribou to Houlton. The Transport and Patrol Offices were combined, making the Caribou Transport Office the secondary location of operations. These changes have made our facilities more user-friendly and accessible by the public. The increase of street traffic to our buildings is evident in the increased need in cleaning schedules for areas of the buildings accessible by the general public. We have also seen an increased use in general cleaning supplies and paper products.

In 2012 capital projects at our Caribou location included new security holding cell furniture; new siding on the Emergency Management Agency Building; renovations to the District Court chambers; an elevator upgrade from the old relay system to a microprocessor system along with several mechanical upgrades; installation of an addressable fire alarm system; new transport department radio and antenna and a new roof on the gabled section of the courthouse which also included new rain gutters and exterior trim painting.



EMA Vinyl Siding



Caribou Courthouse  
Roof Project



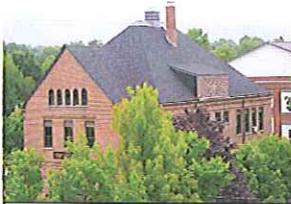
Registry North  
Generator Project

In addition to the regular maintenance at our Fort Kent Registry of Deeds Building we had miscellaneous repairs to the heating system, minor structural repairs to stop a water leak in the building brickwork and the installation of a back-up generator system to run a sump pump in an effort to minimize the spring flooding that has occurred several times. The building heating system was also integrated with the back-up generator.

At the jail in Houlton, there were numerous repairs to the heating, cooling, generator and plumbing systems. Several areas of the jail administrative offices, main entry and lobby were newly painted. The exterior wood structure that houses the jail's walk-in freezer was completely renovated because of extensive deterioration and rot.



Jail Walk-in Freezer Project



Sheriff's Office Building Roof Project

In the summer of 2012 the water main to the Sheriff's Office Building collapsed. Our lawn on School Street had to be excavated and new piping was installed from the basement of the building to the Town of Houlton's main pipe under the street. The roof was replaced on the Sheriff's Office building along with major repairs and painting of the rain gutters.

In 2012 we made a number of telecommunication network upgrades that included a new internet service provider to improve bandwidth and speed; a new County website was designed from scratch with numerous options to improve site navigation and public transparency; Dispatch radios were connected to their own network switch to improve overall radio communication; new law enforcement hardware and software was installed to improve Crime Tracker, civil process and crash reporting systems; the jail control panel system was added to our network to provide remote service access for the hardware; the network's main fire wall was replaced to improve security and meet the needs of new software advances from our three (3) District Attorney's Offices; and E-recording (internet deed recording) was made available at our two (2) Registry of Deeds offices.

Respectfully submitted,  
Bryan V. Jandreau  
Facilities Manger

# DAVIS CPA P.A.

CERTIFIED PUBLIC ACCOUNTANT

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## INDEPENDENT AUDITOR'S REPORT

To the Management of the  
County of Aroostook, Maine

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Aroostook, Maine as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Aroostook, Maine, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other-Matters***

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

statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Aroostook, Maine's basic financial statements. The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2013, on our consideration of the County of Aroostook, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Aroostook, Maine's internal control over financial reporting and compliance.



Presque Isle, ME  
June 20, 2013

# 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, 2012. 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 \$3,194,858, which represents the total net position of the County.
- The ending fund balance for all governmental funds (which includes the special revenue funds) was \$1,850,344. This is a \$66,955 increase from the prior year total.
- The General Fund reports a fund balance of \$1,812,239 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 Position 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 Position 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 Position provides a picture of the difference between assets and liabilities, which is called Net Position. The Statement of Activities provides a look at how the net position has 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 Position and the Statement of Activities, activities are classified as follows:

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position is 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 POSITION and STATEMENT OF ACTIVITIES**

The following information is a condensed version of the Statement of Net Position with comparative information included. The analysis below focuses on the net assets of the County's governmental activities.

	Governmental Activities	
	2012	2011
Current and other assets	\$ 1,990,267	\$ 1,902,870
Capital assets	1,476,007	1,360,005
Total assets	<u>3,466,274</u>	<u>3,262,875</u>
Current liabilities	271,416	250,973
Net Assets:		
Invested in Capital Assets, net of related debt	1,476,007	1,360,005
Unrestricted	1,718,851	1,651,897
Total net position	<u>\$ 3,194,858</u>	<u>\$ 3,011,902</u>

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

	Governmental Activities	
	2012	2011
Revenue:		
Tax assessments	\$ 2,891,154	\$ 2,745,564
Federal / State grants	406,498	186,689
Investment income	6,039	7,337
Loss on disposition of asset	(6,836)	-
Other revenues	68,997	72,527
Total revenues	<u>3,365,852</u>	<u>3,012,117</u>
Expenses:		
Operation of courts	618,589	566,468
General and administrative	775,283	771,941
Registry operations	(116,865)	(104,382)
Capital outlays	13,232	50,097
Law enforcement	1,138,650	1,121,343
Fire marshal	9,293	9,420
Emergency management agency	44,720	52,188
Local emergency planning	(10,160)	7,168
Interest	8,000	5,470
Outside requests	228,862	228,862
Federal / State grants	389,586	398,766
Unallocated depreciation	139,754	117,453
Total expenses	<u>3,238,944</u>	<u>3,224,794</u>
Change in net position	<u>\$ 126,908</u>	<u>\$ (212,677)</u>

The total cost of governmental activities was \$4,386,803. However, many programs are subsidized by user fees, grants and contributions. Therefore, the ultimate cost to the taxpayers was \$2,832,446 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 \$1,812,238, an increase of \$66,955 in comparison with the prior year. Approximately 61% of this total amount (\$1,102,822) 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 committed to capital expenditures (\$409,988), and future year's expenditures (\$299,428). 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 \$1,102,822, while total fund balance reached \$1,812,238. 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 27% of total general fund expenditures, while total fund balance represents 44% of that same amount. The fund balance of the County's general fund increased by \$66,955 during the current fiscal year. Key factors in this increase are as follows:

- Anticipated revenues exceeded actual revenues by \$131,711, consisting mostly of Registry revenues for deeds and probate.
- Anticipated expenditures exceeded actual expenditures by \$334,852, consisting mostly of positive variances in capital outlays, operation of courts and administration.

### GENERAL FUND BUDGETARY HIGHLIGHTS

During the year revenues were less than budgetary estimates by \$131,711 and expenditures were less than budgetary estimates by \$334,852, 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 \$1,476,007 as of December 31, 2012, representing a \$116,002 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.

### CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

## COUNTY OF AROOSTOOK, MAINE

### GOVERNMENT WIDE STATEMENT OF NET POSITION DECEMBER 31, 2012

	GOVERNMENTAL ACTIVITIES
Assets	
Cash and cash equivalents	\$ 1,695,602
Accounts receivable	270,037
Due from Unorganized Territories	24,628
<i>Non-current capital assets</i>	
Land	18,400
Property, plant and equipment (net)	1,457,607
	<u>\$ 3,466,274</u>
Liabilities	
Accounts payable	\$ 67,476
Deferred revenue	5,435
Other postemployment benefits	131,492
Compensated absences payable	67,013
Total liabilities	<u>271,416</u>
Net Position	
Investment in capital assets, net of related debt	1,476,007
Unrestricted	1,718,851
Total net position	<u>3,194,858</u>
	<u>\$ 3,466,274</u>

**COUNTY OF AROOSTOOK, MAINE**

**GOVERNMENT WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Assets
<b>Governmental activities:</b>					
Operation of courts	\$ (758,606)	140,017	-	-	(618,589)
General and administrative	(830,858)	55,575	-	-	(775,283)
Registry operations	(489,670)	606,535	-	-	116,865
Capital outlays	(13,232)	-	-	-	(13,232)
Law enforcement	(1,392,989)	254,339	-	-	(1,138,650)
Fire marshal	(9,293)	-	-	-	(9,293)
Emergency management agency	(102,581)	57,861	-	-	(44,720)
Local emergency planning	(23,372)	33,532	-	-	10,160
Interest	(8,000)	-	-	-	(8,000)
Outside requests	(228,862)	-	-	-	(228,862)
Federal/State grants	(389,586)	-	406,498	-	16,912
Unallocated depreciation	(139,754)	-	-	-	(139,754)
<b>Total governmental activities</b>	<b>\$ (4,386,803)</b>	<b>\$ 1,147,859</b>	<b>\$ 406,498</b>	<b>\$ -</b>	<b>(2,832,446)</b>
<b>General revenues</b>					
Tax assessment					2,891,154
Investment income					6,039
Loss on disposition of asset					(6,836)
Other revenues					68,997
<b>Total revenues</b>					<b>2,959,354</b>
<b>Change in net position</b>					<b>126,908</b>
<b>Net position - beginning</b>					<b>3,011,902</b>
<b>Prior period adjustment (note 8)</b>					<b>56,048</b>
<b>Net position - ending</b>					<b>\$ 3,194,858</b>

See Notes to Financial Statements

## COUNTY OF AROOSTOOK, MAINE

### BALANCE SHEET - GOVERNMENTAL FUNDS DECEMBER 31, 2012

	General Fund	Special Revenue Fund	Totals
<b>Assets</b>			
Cash and cash equivalents	\$ 1,695,602	\$ -	\$ 1,695,602
Due from other governments	246,954	23,083	270,037
Due from Unorganized Territories	24,628	-	24,628
Due from other funds	18,108	53,730	71,838
	\$ 1,985,292	\$ 76,813	\$ 2,062,105
<b>Liabilities</b>			
Accounts payable	\$ 46,876	\$ 20,600	\$ 67,476
Due to other funds	53,730	18,108	71,838
Compensated absences payable	67,013	-	67,013
Deferred revenue	5,435	-	5,435
	173,054	38,708	211,762
<b>Fund Balance:</b>			
Reserved fund balance			
Assigned - Capital projects	409,988	-	409,988
Unassigned			
Reserved	299,428	-	299,428
Unreserved	1,102,822	38,105	1,140,927
Total fund balance	1,812,238	38,105	1,850,343
	\$ 1,985,292	\$ 76,813	\$ 2,062,105
 Total fund equity as noted above:			\$ 1,850,343
 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:			1,476,007
Accrual for other postemployment benefits is recorded on the Statement of Net Position but not on the governmental fund balance sheet:			(131,492)
 Total net assets of governmental activities			\$ 3,194,858

## COUNTY OF AROOSTOOK, MAINE

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2012

	General Fund	Special Revenue	Totals
<b>Revenues</b>			
Municipal taxes	\$ 2,891,154	\$ -	\$ 2,891,154
Federal and state assistance	-	401,480	401,480
Fees of office	606,535	-	606,535
Intergovernmental	206,614	-	206,614
Local emergency planning	33,532	-	33,532
Service fees	301,178	-	301,178
Investment income	6,039	-	6,039
Other revenues	68,997	5,018	74,015
Total revenues	4,114,049	406,498	4,520,547
<b>Expenditures</b>			
Operation of courts	758,606	-	758,606
General and administration	830,858	-	830,858
Registry operations	489,670	-	489,670
Capital outlays	311,962	-	311,962
Law enforcement	1,300,803	-	1,300,803
Fire marshal	9,293	-	9,293
Emergency management agency	102,581	-	102,581
Local emergency planning	23,371	-	23,371
Debt service			
Interest	8,000	-	8,000
Outside requests	228,862	-	228,862
Federal/state grants	-	389,586	389,586
Total expenditures	4,064,006	389,586	4,453,592
Change in fund balance	50,043	16,912	66,955
Fund Balance - beginning	1,762,196	21,193	1,783,389
Fund Balance - ending	\$ 1,812,239	\$ 38,105	\$ 1,850,344

## COUNTY OF AROOSTOOK, MAINE

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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 DECEMBER 31, 2012

Net changes in fund balances - all governmental funds (page 10)	\$ 66,955
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 position, 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	298,730
Loss on retired assets	(6,836)
Depreciation expense	(231,940)
Change in net position of governmental activities (page 8)	<u>\$ 126,909</u>

**COUNTY OF AROOSTOOK, MAINE**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - FIDUCIARY FUNDS  
DECEMBER 31, 2012

	<u>Registry of Deeds North</u>	<u>Registry of Deeds South</u>	<u>Registry of Probate</u>	<u>Total Fiduciary Funds</u>
<b>ASSETS</b>				
Cash	\$ 11,534	\$ 96,851	\$ 2,169	\$ 110,554
Receivables	-	-	-	-
	<u>11,534</u>	<u>96,851</u>	<u>2,169</u>	<u>110,554</u>
<b>LIABILITIES</b>				
Due to State of Maine	6,358	46,918	-	53,276
Due to County of Aroostook	9,684	32,708	3,757	46,149
	<u>16,042</u>	<u>79,626</u>	<u>3,757</u>	<u>99,425</u>
<b>NET POSITION</b>	<u>\$ (4,508)</u>	<u>\$ 17,225</u>	<u>\$ (1,588)</u>	<u>\$ 11,129</u>

**COUNTY OF AROOSTOOK, MAINE**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
DECEMBER 31, 2012

	<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>\$ 276,663</u>	<u>\$ 882,451</u>	<u>\$ 71,728</u>	<u>\$ 1,230,842</u>
DEDUCTIONS				
Program Expenses	<u>287,975</u>	<u>885,476</u>	<u>73,348</u>	<u>1,246,799</u>
CHANGE IN NET POSITION	(11,312)	(3,025)	(1,620)	2,477,641
NET POSITION - BEGINNING	<u>6,804</u>	<u>20,250</u>	<u>32</u>	<u>27,086</u>
NET POSITION - ENDING	<u>\$ (4,508)</u>	<u>\$ 17,225</u>	<u>\$ (1,588)</u>	<u>\$ 2,504,727</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 position 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.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Separate statements are provided for government 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.

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, 2012 amounted to \$23,725 and \$43,279, 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

INTERFUND RECEIVABLES AND PAYABLES

Activities between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

NET POSITION 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 position is 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.

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.

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, 2012, the County's cash deposits and equivalents totaled \$1,909,247, 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, 2012, 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 \$65,619 for the year ended December 31, 2012.

**COUNTY OF AROOSTOOK, MAINE**

NOTES TO FINANCIAL STATEMENTS (cont'd)

8. PROPERTY AND EQUIPMENT

	Beg balance	Prior period	Additions	Deletions	Ending balance
<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	284,266	(139,392)	74,818	-	219,692
Roofing	135,413	84,250	82,979	-	302,642
Communications equip.	355,293	116	3,543	-	358,952
Computer hardware	376,702	119,782	35,178	(12,992)	518,670
Custodial equipment	49,566	395	342	(1,589)	48,714
Engineering equipment	420	-	-	-	420
Firefighting equipment	89,308	-	1,858	-	91,166
Furniture / fixtures	248,601	(4,666)	2,438	(780)	245,593
Grounds equipment	34,508	1,124	269	-	35,901
Heating systems	276,467	-	-	-	276,467
Electrical / plumbing	71,633	4,396	9,914	-	85,943
Kitchen equipment	73,016	-	-	(100)	72,916
Medical equipment	2,188	-	-	-	2,188
Office equipment	23,096	8,103	23,977	(117)	55,059
Photocopier	81,252	(227)	429	-	81,454
Police equipment	153,863	227	12,156	-	166,246
Telephone equipment	18,784	-	-	-	18,784
Vehicles	653,145	22,268	50,829	(51,260)	674,982
	<u>14,972,850</u>	<u>96,376</u>	<u>298,730</u>	<u>(66,838)</u>	<u>15,301,118</u>
<i>Accumulated Depreciation:</i>					
Land improvements	79,211	-	12,431	-	91,642
Building and contents	11,775,500	-	-	-	11,775,500
Building improvements	39,032	(6,310)	7,299	-	40,021
Roofing	20,905	-	9,158	-	30,063
Communications equip.	240,251	235	21,566	-	262,052
Computer hardware	343,969	38,426	38,512	(12,896)	408,011
Custodial equipment	32,641	26	3,946	(1,037)	35,576
Engineering equipment	420	-	-	-	420
Firefighting equipment	15,151	-	3,037	-	18,188
Furniture / fixtures	246,364	(5,023)	1,511	(717)	242,135
Grounds equipment	15,366	841	3,281	-	19,488
Heating systems	90,094	-	13,755	-	103,849
Electrical / plumbing	17,072	660	5,228	-	22,960
Kitchen equipment	51,368	-	4,783	(100)	56,051
Medical equipment	1,605	-	318	-	1,923
Office equipment	11,280	5,471	5,666	(107)	22,310
Photocopier	63,360	(125)	5,590	-	68,825
Police equipment	101,503	125	16,874	-	118,502
Telephone equipment	6,647	-	3,673	-	10,320
Vehicles	461,106	6,002	75,312	(45,145)	497,275
	<u>13,612,845</u>	<u>40,328</u>	<u>231,940</u>	<u>(60,002)</u>	<u>13,825,111</u>
<i>Net book value</i>	<u>\$ 1,360,005</u>	<u>\$ 56,048</u>	<u>\$ 66,790</u>	<u>\$ (6,836)</u>	<u>\$ 1,476,007</u>

**COUNTY OF AROOSTOOK, MAINE**

NOTES TO FINANCIAL STATEMENTS (cont'd)

8. PROPERTY AND EQUIPMENT (cont'd)

The prior period amounts are the result of additions in prior years that did not get included in the fixed asset manager.

Depreciation expense was charged to governmental activities as follows:

Law enforcement	\$ 92,186
Unallocated	\$ 139,754
	<u>\$ 231,940</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, 2012, the balance of the reserves amounted to \$409,988.

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, 2012, unexpended expenditure balances were carried forward as follows:

	<u>Amount</u>
Deeds surcharge	\$ 193,333
Contingent	99,454
Registry of Probate Surcharge	4,244
K-9 Program	555
Welcome to Aroostook Signs	1,841
Total	<u>\$ 299,427</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	
Website	\$ 136
Copiers	\$ 7,106
Wide Area Network	\$ 4,435

**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, 2012.

15. INTERFUND ACTIVITY

		Due from		
		General fund	Special Revenue	Other fund
Due to	General fund	\$ 53,730	\$ -	\$ 18,108
	Special revenue fund	\$ -	\$ 53,730	\$ -
	Other funds	\$ 18,108	\$ -	\$ -

The above balances reflect the fact that all the cash activity for the special revenue fund flows through the general fund.

16. DEFINED BENEFIT PENSION PLAN

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

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

All participants are required to contribute 6.5% of their annual salary to the System. The County of Aroostook contributes the remaining amounts necessary to fund the System, using the actuarial basis specified by statute. The County does not have any outstanding loans with the System.

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

	09-10	10-11	11-12	12-13
Retirement benefits				
Employer normal costs	7.9%	7.5%	7.5%	9.4%
Unfunded actuarial costs	-5.1%	-4.0%	-3.1%	-4.1%
	<u>2.8%</u>	<u>3.5%</u>	<u>4.4%</u>	<u>5.3%</u>
Disability costs	None	None	None	None
Survivor benefit costs	None	None	None	None
Contribution rate	<u>2.8%</u>	<u>3.5%</u>	<u>4.4%</u>	<u>6.5%</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, 2012.

**17. 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 ARS represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortizes the unfunded actuarial liability over a period of 30 years. For 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.

**18. SUBSEQUENT EVENTS REVIEW**

Management has evaluated subsequent events for the period January 1, 2013 through June 26, 2013 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, 2012

	Budgeted Amounts			Actual	Variance Favorable (Unfavorable)
	Original	Adjusted	Final		
<b>REVENUES</b>					
Municipal taxes	\$ 2,792,615	\$ -	\$ 2,792,615	\$ 2,891,154	\$ 98,539
Fees of Office					
Register of Deeds-south	347,500	-	347,500	373,316	25,816
Register of Deeds-south (surcharge)	262,400	-	262,400	27,615	(234,785)
Register of Deeds-north	122,500	-	122,500	128,898	6,398
Register of Deeds-north (surcharge)	17,300	-	17,300	10,485	(6,815)
Register of Probate	65,000	-	65,000	59,277	(5,723)
Register of Probate (surcharge)	7,000	-	7,000	6,944	(56)
	<u>821,700</u>	<u>-</u>	<u>821,700</u>	<u>606,535</u>	<u>(215,165)</u>
Intergovernmental					
District Attorney	65,345	-	65,345	56,350	(8,995)
District Court - Rent	87,000	-	87,000	83,667	(3,333)
Probation and Parole - Rent	8,736	-	8,736	8,736	-
Local Emergency Planning	-	-	-	33,532	33,532
Emergency management agency	87,734	-	87,734	57,861	(29,873)
	<u>248,815</u>	<u>-</u>	<u>248,815</u>	<u>240,146</u>	<u>(8,669)</u>
Service Fees					
Law enforcement	207,000	-	207,000	221,259	14,259
Extension maintenance	2,628	-	2,628	2,628	-
Extension rent	8,352	-	8,352	8,155	(197)
Dispatching	46,400	-	46,400	33,080	(13,320)
Copies	45,000	-	45,000	36,056	(8,944)
	<u>309,380</u>	<u>-</u>	<u>309,380</u>	<u>301,178</u>	<u>(8,202)</u>
Investment income	5,400	-	5,400	6,039	639
Other Revenues					
Administration	66,000	-	66,000	65,619	(381)
Firefighter insurance	600	-	600	641	41
Miscellaneous	1,250	-	1,250	2,737	1,487
	<u>67,850</u>	<u>-</u>	<u>67,850</u>	<u>68,997</u>	<u>1,147</u>
<b>TOTAL REVENUES</b>	<b>\$ 4,245,760</b>	<b>\$ -</b>	<b>\$ 4,245,760</b>	<b>\$ 4,114,049</b>	<b>\$ (131,711)</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, 2012

EXPENDITURES	Budgeted Amounts			Actual	Variance Favorable (Unfavorable)
	Original	Adjusted	Final		
Operation of courts					
Houlton Courthouse	\$ 84,839	\$ -	\$ 84,839	\$ 76,903	\$ 7,936
Caribou Courthouse	215,095	-	215,095	205,895	9,200
District Attorney	403,730	-	403,730	388,183	15,547
Sheriff's Office Building	35,246	-	35,246	25,743	9,503
Houlton Complex	70,552	-	70,552	61,882	8,670
	<u>809,462</u>	<u>-</u>	<u>809,462</u>	<u>758,606</u>	<u>50,856</u>
General and Administration					
Administration	473,042	-	473,042	448,649	24,393
Website fee	1,464	-	1,464	1,600	(136)
Audit and accounting services	6,640	-	6,640	6,640	-
Employee benefits	3,000	-	3,000	(5,565)	8,565
Copiers	20,500	-	20,500	27,606	(7,106)
Insurance	49,800	-	49,800	33,705	16,095
Contingent	100,000	-	100,000	70,711	29,289
PSAP	195,000	-	195,000	191,878	3,122
Personnel services	6,500	-	6,500	3,878	2,622
MCCA convention	500	-	500	221	279
Welcome to Aroostook sign	1,941	-	1,941	100	1,841
Wide area network	47,000	-	47,000	51,435	(4,435)
	<u>905,387</u>	<u>-</u>	<u>905,387</u>	<u>830,858</u>	<u>74,529</u>
Registry operations					
Registry building - north	66,188	-	66,188	62,094	4,094
Registry of Deeds - north	161,299	-	161,299	137,013	24,286
Registry of Deeds - south	118,262	-	118,262	102,172	16,090
Register of Probate	199,029	-	199,029	188,391	10,638
	<u>544,778</u>	<u>-</u>	<u>544,778</u>	<u>489,670</u>	<u>55,108</u>
Capital Outlays	928,918	-	928,918	311,962	616,956

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, 2012

	Budgeted Amounts			Actual	Variance Favorable (Unfavorable)
	Original	Adjusted	Final		
Law enforcement	\$ 1,345,747	\$ -	\$ 1,345,747	\$ 1,300,803	\$ 44,944
Fire Marshal	9,500	-	9,500	9,293	207
Local emergency planning	-	-	-	23,371	(23,371)
Emergency Management Agency	114,329	-	114,329	102,581	11,748
Interest expense	8,000	-	8,000	8,000	-
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>4,398,858</u>	<u>-</u>	<u>4,398,858</u>	<u>4,064,006</u>	<u>334,852</u>
NET CHANGE IN FUND BALANCE	<u>\$ (291,745)</u>	<u>\$ -</u>	<u>\$ (291,745)</u>	50,043	<u>\$ 203,141</u>
FUND BALANCE - BEGINNING				1,762,196	
FUND BALANCE - ENDING				<u>\$ 1,812,239</u>	



**COUNTY OF AROOSTOOK, MAINE**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2012**

	Exercise Grant	Border Demo Project	Wellness Program	Weapons of Mass Destruction Grant	Domestic Violence Detective	Sheriff's Equipment
Revenues						
Federal/State assistance	\$ 11,753	\$ 23,076	\$ 1,619	\$ 135,455	\$ 30,131	\$ 14,479
Other income	1,103	-	25	-	2,012	-
	<u>12,856</u>	<u>23,076</u>	<u>1,644</u>	<u>135,455</u>	<u>32,143</u>	<u>14,479</u>
Expenditures						
Current outlays	16,843	25,060	1,516	112,146	30,508	9,092
Net change in fund balance	(3,987)	(1,984)	128	23,309	1,635	5,387
Other Items Transfer	-	-	-	-	-	-
Fund balance (deficit) - Beg of year	(186)	-	462	(1,360)	(1,491)	5,957
Fund balance (deficit) - End of year	<u>\$ (4,173)</u>	<u>\$ (1,984)</u>	<u>\$ 590</u>	<u>\$ 21,949</u>	<u>\$ 144</u>	<u>\$ 11,344</u>

	Domestic Violence Task Force	School Planning Grant	Homeland Security	Stonegarden	Totals
Revenues					
Federal/State assistance	\$ 4,496	\$ 23,622	\$ 12,738	\$ 144,111	\$ 401,480
Other income	-	559	-	1,319	5,018
	<u>4,496</u>	<u>24,181</u>	<u>12,738</u>	<u>145,430</u>	<u>406,498</u>
Expenditures					
Current outlays	4,755	29,877	4,891	154,898	389,586
Net change in fund balance	(259)	(5,696)	7,847	(9,468)	16,912
Other Items Transfer	-	-	-	-	-
Fund balance (deficit) - Beg of year	351	17,460	-	-	21,193
Fund balance (deficit) - End of year	<u>\$ 92</u>	<u>\$ 11,764</u>	<u>\$ 7,847</u>	<u>\$ (9,468)</u>	<u>\$ 38,105</u>

See Independent Auditor's Report on  
Supplemental Information

# DAVIS CPA P.A.

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## 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

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Aroostook, Maine, as of and for the year ended December 31, 2012, and the related notes to the financial statements.

### ***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered County of Aroostook, Maine's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Aroostook, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Aroostook, Maine's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

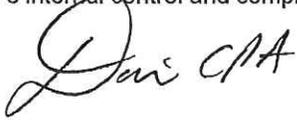
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we noted no deficiencies in internal control that we consider to be material weaknesses. However, other material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

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

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dan CPA". The signature is written in a cursive, flowing style.

Presque Isle, Maine  
June 20, 2013

# DAVIS CPA P.A.

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## Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

To the Management of  
County of Aroostook, Maine

### ***Report on Compliance for Each Major Federal Program***

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 the County of Aroostook, Maine's major federal programs for the year ended December 31, 2012. 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.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

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

Our responsibility is to express an opinion on compliance for each of County of Aroostook, Maine's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Aroostook, Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

### ***Opinion on Each Major Federal Program***

In our opinion, County of Aroostook, Maine complied, in all material respects, with the types of 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, 2012.

### ***Report on Internal Control Over Compliance***

Management of County of Aroostook, Maine is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered County of Aroostook, Maine's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program

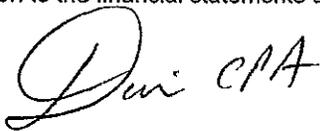
and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Aroostook, Maine's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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. *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.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements County of Aroostook, Maine as of and for the year ended December 31, 2012, and have issued our report thereon dated June 20, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates 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 our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Presque Isle, Maine  
June 20, 2013

COUNTY OF AROOSTOOK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2012

	CFDA #	Number	Grant	Expenditures
<b>Direct from Federal Government:</b>				
<u>Dept of Housing and Urban Development Community Development</u>				
<i>Office of Community Planning and Development</i>				
2011 CDBG Employment Training (7/1/11-6/30/13)	14.228	20120409*4167	325,000	163,419
7/1/10-6/30/12 Housing Assistance	14.218	20100816*1029	250,000	-
10/10/11-6/30/13 Community Development Block Grant	14.228	20111026*2059	50,000	14,090
<u>Department of Justice</u>				
<i>Office of Victims of Crime</i>				
Victim Advocacy (Recovery Act - ARRA) (10,1/09-9/30/12)	16.801	CFS-10-2301RA	39,697	4,943
Victim Advocacy - 10/1/12-9/30/13	16.575	2009-VA-GX-0060	53,112	21,486
Victim Advocacy - 10/1/11-9/30/12	16.575	2010-VA-GX-0070	53,112	39,834
<i>Violence Against Women Office</i>				
Domestic Violence Detective 10/1/13-12/31/14	16.588	2012WFAX0052	59,557	-
Domestic Violence Detective 1/1/11-3/31/2112	16.588	2010WFAX0058	49,500	15,312
Domestic Violence Detective 1/1/12-3/31/2113	16.588	2011WFAX0033	49,500	14,819
Aroos Cty Task Force, DV & SA training 1/1/11-12/31/12	16.588	2010WFAX0058	9,375	3,831
Aroos Cty Task Force, DV & SA training 1/1/12-12/31/13	16.588	2011WFAX0033	8,875	665
<i>Bureau of Justice Assistance</i>				
Drug Enforcement Agents (2)				
BJA - ARRA Funds (3/1/09-Present)	16.803	2009-SU-B9-0013	-	25,204
BJA Byrne Justice Grant (7/1/12-Present)	16.738	2011-DJ-BX-2309	-	6,003
BJA Byrne Justice Grant (4/1/11-3/31/13)	16.783	2010-DJ-BX-0012	-	37,793
COPSMETH Program (12/26/07-12/31/11)	16.753	2008CKW0500	-	225
Domestic Cannabis Eradication Program	16.753	LOA2012-078	-	108
<u>Maine Emergency Management Agency</u>				
<u>Homeland Security Grant Program</u>				
County Emergency Management Planning Grant				
6/1/12-5/31/13 (Operating Expenses - 50%)	97.042	EMW-2011-EP-00061	107,734	19,654
10/1/11-9/30/12 (Operating Expenses - 50%)	97.042	EMW-2011-EP-00078	85,594	67,000
<b>**Homeland Security Grant Program</b>				
9/1/12-2/28/14 (EMA Planner)	97.067	EMW-2012-SS-00081	86,377	26,216
FY2011 HSGP (ID credentialing system)	97.067	EMW-2011-SS-00056-S01	12,713	12,463
FY2011 HSGP (Go kits)	97.067	EMW-2011-SS-00056-S01	8,522	8,518
9/1/11-8/31/14 (Exercise)	97.067	EMW-2011-SS-00056-S01	21,573	16,762
FY2009 SHSP Funds - copier	97.067	2009-SS-T9-0077	5,899	5,899
FY2009 HSCP LETPP - laptops	97.067	2009-SS-T9-0077	22,800	22,000
FY2009 LETPP Returning	97.067	2009-SS-T9-0077	6,000	5,837
8/1/10-7/31/13 (Training LETPP)	97.067	2010-SS-TO-0090	12,336	6,435
9/1/11-8/31/14 (Radio System Eval & Server)	97.067	2011-SS-00056	12,900	12,900
FY2008 Operation Stonegarden				
Houlton Strong Safety 2	97.067	2008-SG-T8-0015	76,250	76,250
Houlton Birch Bark	97.067	2008-SG-T8-0015	55,884	55,884
FY2009 Operation Stonegarden	97.067	2009-SJ-T9-0013	3,068	3,068
FY2010 Operation Stonegarden	97.067	EMW-2010-SS-00090	3,561	3,561
FY2012 Operation Stonegarden				
K9 Egress Madness	97.067		6,594	6,594
Fort Fairfield Green Shield	97.067		10,603	10,603
<u>Department of Commerce</u>				
<u>National Telecommunications and Information Administration</u>				
10/1/07-6/30/12 PCIS (Radios)	11.555	2007-GS-H7-0056	15,180	15,180
10/1/07-6/30/12 PCIS (Radios) Ham Radio	11.555	2007-GS-H7-0056	950	950
10/1/07-6/30/12 PCIS (Radios) PI Dispatch	11.556	2007-GS-H7-0056	22,927	22,927
			<u>\$ 1,486,136</u>	<u>\$ 746,433</u>

\*\* 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, 2012

### 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>Name of Federal Program or Cluster</u>	<u>CFDA #</u>
Homeland Security Grant	97.067

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, 2012. 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, 2012, 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, 2012 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  
October 3, 2012

COUNTY OF AROOSTOOK, MAINE

JAIL OPERATIONS FUND

BALANCE SHEET

AS OF JUNE 30, 2012

ASSETS

ACCOUNTS RECEIVABLE

Due from State of Maine Department of Corrections	16,795
Other receivables	<u>10,089</u>
	<u>26,884</u>

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

TOTAL ASSETS	<u><u>57,713</u></u>
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LIABILITIES AND FUND BALANCE

LIABILITES

Accounts payable	26,884
Accrued sick leave	17,384
Accrued vacation	<u>13,445</u>

TOTAL LIABILITIES	<u>57,713</u>
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FUND BALANCE	<u>None</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>57,713</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, 2012

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>CASH EXPENDITURES</b>			
Personnel and benefits			
Salaries and wages	1,289,009	1,256,142	32,867
Holiday and overtime pay	354,400	379,547	(25,147)
Fringe benefits	473,366	518,686	(45,320)
	<u>2,116,775</u>	<u>2,154,375</u>	<u>(37,600)</u>
Professional fees	379,400	360,466	18,934
Travel expenses	11,850	6,511	5,339
Vehicle expenses	28,250	31,184	(2,934)
Utilities/Fuel	166,313	159,467	6,846
Rent expense	45,000	40,579	4,421
Repairs and maintenance	91,166	88,319	2,847
Insurance	50,145	49,791	354
Interest expense	11,000	3,790	7,210
Training and education	5,100	5,361	(261)
Food	154,000	178,039	(24,039)
Supplies	94,100	91,010	3,090
Uniforms	11,050	13,832	(2,782)
Miscellaneous	1,450	5,128	(3,678)
Equipment and capital improvements		57,718	(57,718)
	<u>3,165,599</u>	<u>3,245,570</u>	<u>(79,971)</u>
<b>REVENUE</b>			
State of Maine Community Corrections Funds	298,138	298,138	
Board of Corrections	465,760	540,273	74,513
Community based programs	74,535	74,535	
Support of prisoners	10,500	15,958	5,458
	<u>848,933</u>	<u>928,904</u>	<u>79,971</u>
Budgeted municipal taxes	2,316,666	2,316,666	
	<u>3,165,599</u>	<u>3,245,570</u>	<u>79,971</u>
Fund Balance-July 1, 2011	-	-	-
Fund Balance-June 30, 2012	-	-	-

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, 2012. 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 October 3, 2012, 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.

(4) RECONCILIATION OF BOARD OF CORRECTIONS DETAIL EXPENSE REPORT TO FINANCIAL STATEMENTS

Revenues per detail expense report	3,171,057
Funds provided for vehicle purchase	57,717
Due from State of Maine at year end	<u>16,796</u>
Revenues per financial statement	<u>3,245,570</u>
Expenditures per detail expense report	3,187,853
Expenditure for vehicle purchase	<u>57,717</u>
Expenditures per financial statement	<u>3,245,570</u>



## ***UNORGANIZED TERRITORY PUBLIC WORKS DEPARTMENT 2010 Annual Report***

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It is my pleasure to submit the 2012 Annual Report for the County of Aroostook's Public Works Department. This past year the majority of our projects were located in northern Aroostook County (Area Two). Three (3) major road projects were undertaken during the summer and fall of 2012, with two (2) being completed as scheduled. Our third project was part of a two (2) year major road rehabilitation project which is slated to be completed in late summer of 2013. 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.

Road maintenance, as always, is the most costly service that we provide to our residents of the Unorganized Territory. Nearly \$300,000.00 is spent annually on snow removal services throughout the UT of Aroostook County. Normal road maintenance along with capital (five (5) year Road Maintenance Plan) projects encompass over \$400,000.00 annually. At times, some projects, especially larger ones which can be very costly, completing them in phases over a two (2) 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.

2012 road projects completed or in progress:

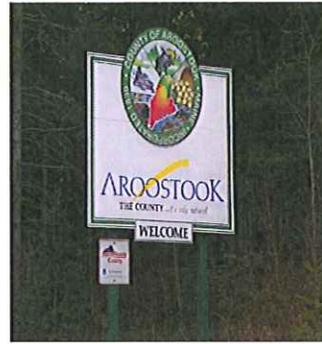
- Area One – Aroostook Road: Seven damaged and/or undersized cross culverts were replaced and over 1200 yards of screened gravel was applied in various portions of the road. This gravel surface road is over 14 miles in length and is a major connector between Benedicta and US Route 2.
- Area Two (Connor TWP) - Town Line, Sheen, and West Gate Roads: Road surface rehabilitation and a chip seal application was completed on a .5 mile section of the Town Line Road. ditching, road surface rehabilitation, and nearly 800 tons of pavement was applied on the Sheen Road. Ditching work was completed on nearly 1.2 miles of the West Gate Road. Work will continue on this road in 2013 with road surface rehabilitation and pavement application.

Annually, the Public Works Department secures and oversees over 65 various service contracts and agreements with contractors, municipalities, and specialty service providers throughout the UT of Aroostook County. Services provided include but are not limited to; ambulance protection, fire protection, snow removal, solid waste removal, E-911 addressing, road sign maintenance, and limited animal control.

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.



Sheen Road paving project – 2012



Aroostook County Sign – Fort Kent

Respectfully submitted,  
Paul Bernier  
Public Works Director

# DAVIS CPA P.A.

CERTIFIED PUBLIC ACCOUNTANT

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## 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, 2012, 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, 2012, 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 October 25, 2012 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 pages 19 through 20 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 Unorganized Territories' Fund's financial statements as a whole. The individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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.

Peter  
Davis

Digitally signed by Peter Davis  
DN: cn=Peter Davis, c=Davis  
CPA P.A., ou,  
email=peter@daviscpaonline.  
com, c=US  
Date: 2012.12.07 07:38:02  
+05'00'

Presque Isle, Maine  
October 25, 2012

# 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, 2012. 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 \$1,729,473, which represents the total net assets of the Territories.
- The ending fund balance for all governmental funds (which includes the special revenue funds) was \$397,225. This is a \$63,343 increase from the prior year total.
- The General Fund reports a fund balance of \$396,839 which represents 22% 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 19 to 20 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 18 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 21 and 22 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.

	2012	2011
Current and other assets	\$ 441,392	\$ 369,332
Capital assets	1,382,248	1,303,788
Total assets	<u>1,823,640</u>	<u>1,673,120</u>
Current liabilities	64,168	55,452
Capital lease payable	30,000	50,000
Total liabilities	<u>94,168</u>	<u>105,452</u>
<b>Net Assets</b>		
Invested in Capital Assets, net of related debt	1,332,248	1,233,788
Reserved for designated future use	336,916	249,077
Unrestricted	60,309	84,803
Total net assets	<u>\$ 1,729,473</u>	<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:

	2012	2011
<b>Revenue:</b>		
Property tax		
Local taxes	\$ 953,164	\$ 933,290
County taxes	577,198	602,291
State assistance	123,370	92,211
Other revenues		
Excise	203,326	232,969
Interest	5,307	6,854
Other	623	2,325
Total revenues	<u>1,862,988</u>	<u>1,869,940</u>
<b>Expenses:</b>		
County tax	577,198	602,291
Roads	163,103	84,120
Public works	76,284	72,480
Public safety	34,272	32,650
Snow removal	277,223	269,597
Solid waste disposal	109,499	114,062
Fire protection	146,935	118,699
Ambulance services	25,223	24,102
Administration	60,920	60,588
Capital outlays	67,306	130,818
Other expenses	163,220	189,654
Total expenses	<u>1,701,183</u>	<u>1,699,061</u>
Change in net assets	<u>\$ 161,805</u>	<u>\$ 170,879</u>

The Unorganized Territories net assets for the governmental funds increased by \$63,343 during the fiscal year ended June 30, 2012.

The total cost of governmental activities was \$1,701,183. However, many programs are subsidized by user fees, grants and contributions. Therefore, the ultimate cost to the taxpayers was \$1,000,615 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 \$397,225, an increase of \$63,345 in comparison with the prior year. Approximately 15% of this total amount (\$60,309) 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 (\$336,916), and future year's expenditures (\$21,327).

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 \$59,923, while total fund balance reached \$396,839. 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. The fund balance of the Territories' general fund increased by \$63,677 during the current fiscal year. Key factors in this increase are as follows:

- Excise tax revenue was \$26,674 less than budgeted.
- The capital outlay account was underspend by \$97,944
- The following expenses were over budget:
  - Roads by \$10,740
  - Public Works by \$3,487
  - Public Safety by \$3,003
  - Snow removal by \$4,703
  - Other Expenses by \$16,067.
- The use of \$11,400 of undesignated fund balance was budgeted to reduce the tax commitment for the year ended June 30, 2012.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year revenues were more than budgetary estimates by \$20,390 and expenditures were less than budgetary estimates by \$86,119, 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 \$1,382,248 as of June 30, 2012, representing a \$78,460 increase from the prior year end. This is mainly due to the purchase of two fire trucks. See financial statement note 3 for further details.

### **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, 2012, the Unorganized Territories' share of the outstanding liability was \$50,000. Additional information can be found in note 7 on page 17.

### **CONTACTING THE TERRITORIES 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, 2012

	GOVERNMENTAL ACTIVITIES
<b>Assets</b>	
Cash and cash equivalents	\$ 23,819
Accounts receivable	5,573
Due from County of Aroostook	412,000
<i>Non-current capital assets</i>	
Nondepreciable Land	74,900
Property, plant and equipment, net of accumulated depreciation	1,307,348
	\$ 1,823,641
<b>Current liabilities</b>	
Accounts payable	\$ 21,240
Due to the County of Aroostook	22,927
Capital lease payable	20,000
	64,168
<b>Non-Current liabilities</b>	
Capital lease payable	30,000
	30,000
<b>Net Assets</b>	
Investment in capital assets	1,332,248
Reserved for designated future use	336,916
Unrestricted	60,309
Total net assets	1,729,473
	\$ 1,823,641

# UNORGANIZED TERRITORIES' FUND

## GOVERNMENT WIDE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2012

Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Governmental activities					
County tax	\$ (577,198)	\$ -	\$ 577,198	\$ -	-
Roads	(163,103)	-	71,851	-	(91,252)
Public works	(76,284)	-	-	-	(76,284)
Public safety	(34,272)	-	-	-	(34,272)
Snow removal	(277,223)	-	-	-	(277,223)
Solid waste disposal	(109,499)	-	-	-	(109,499)
Fire protection	(146,935)	-	-	-	(146,935)
Ambulance services	(25,223)	-	-	-	(25,223)
Administration	(60,920)	-	-	-	(60,920)
Capital outlays	(67,306)	-	-	-	(67,306)
Other	(163,220)	-	51,519	-	(111,701)
<b>Total expenses</b>	<b>\$ (1,701,183)</b>	<b>\$ -</b>	<b>\$ 700,568</b>	<b>\$ -</b>	<b>(1,000,615)</b>
General revenues					
Property taxes					953,164
Excise tax revenues					203,326
Investment income					5,307
Other revenues					623
<b>Total revenues</b>					<b>1,162,420</b>
Change in net assets					161,805
Net assets - July 1					1,567,668
Net assets - June 30					<b>\$ 1,729,473</b>

See Notes to Financial Statements

## UNORGANIZED TERRITORIES' FUND

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2012

	Governmental Fund General	Non-Major Special Revenue Fund	Totals
<b>Assets</b>			
Cash	\$ 23,433	\$ 386	\$ 23,819
Accounts receivable	5,573	-	5,573
Due from other governments	412,000	-	412,000
	\$ 441,006	\$ 386	\$ 441,392
<b>Liabilities</b>			
Accounts payable	\$ 21,240	\$ -	\$ 21,240
Due to the County of Aroostook	22,927	-	22,927
	44,167	-	44,167
<b>Fund Balance:</b>			
Assigned	336,916	-	336,916
Unassigned	59,923	386	60,309
Total fund balance	396,839	386	397,225
	\$ 441,006	\$ 386	\$ 441,392
Total fund equity as noted above:			\$ 397,225
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:			1,332,248
Total net assets of governmental activities			\$ 1,729,473

## UNORGANIZED TERRITORIES' FUND

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2012

	Governmental Fund General	Special Revenue Fund	Totals
<b>Revenues</b>			
Property taxes	\$ 1,530,362	\$ -	\$ 1,530,362
Investment income	5,307	-	5,307
Excise tax	203,326	-	203,326
State assistance	113,835	9,534	123,369
Other revenues	623	-	623
Total revenues	<u>1,853,452</u>	<u>9,534</u>	<u>1,862,986</u>
<b>Expenditures</b>			
County tax	577,198	-	577,198
Roads	137,740	-	137,740
Public works	76,284	-	76,284
Public safety	34,272	-	34,272
Snow removal	277,223	-	277,223
Solid waste disposal	109,499	-	109,499
Fire protection	128,565	-	128,565
Ambulance services	25,223	-	25,223
Administration	60,920	-	60,920
Capital Outlays	222,306	-	222,306
Other	140,545	9,868	150,413
Total expenditures	<u>1,789,775</u>	<u>9,868</u>	<u>1,799,643</u>
Change in Fund Balance	63,677	(334)	63,343
Fund Balance - July 1	333,162	720	333,882
Fund Balance - June 30	<u>\$ 396,839</u>	<u>\$ 386</u>	<u>\$ 397,225</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, 2012

Net changes in fund balances - all governmental funds (page 10)	\$ 63,343
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:	135,000
Depreciation expense	(56,540)
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>\$ 161,803</u>

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## UNORGANIZED TERRITORIES' 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.

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## UNORGANIZED TERRITORIES' 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.

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## UNORGANIZED TERRITORIES' 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 TERRITORIES' 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, 2012, 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	\$ 23,819	\$ 54,383	\$ 54,383	\$ -	

**UNORGANIZED TERRITORIES' FUND**

NOTES TO FINANCIAL STATEMENTS (cont'd)

3. PROPERTY AND EQUIPMENT

Capital asset activity for the fiscal year ended June 30, 2012 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	253,150	-	-	253,150
Vehicles	147,815	135,000	-	282,815
Equipment	161,004	-	-	161,004
Infrastructure	1,014,511	-	-	1,014,511
	<u>1,656,135</u>	<u>135,000</u>	<u>-</u>	<u>1,791,135</u>
<i>Accumulated Depreciation:</i>				
Land improvements	952	158	-	1,110
Building and contents	56,066	6,060	-	62,126
Vehicles	112,853	14,003	-	126,856
Equipment	89,803	10,956	-	100,759
Infrastructure	92,673	25,363	-	118,036
	<u>352,347</u>	<u>56,540</u>	<u>-</u>	<u>408,887</u>
<i>Net book value</i>	<u>\$ 1,303,788</u>	<u>\$ 78,460</u>	<u>\$ -</u>	<u>\$ 1,382,248</u>

Depreciation expense was charged to governmental activities as follows:

Roads	\$ 25,363
Fire protection	18,370
Other	12,807
	<u>\$ 56,540</u>

## UNORGANIZED TERRITORIES' 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, 2012, the Unorganized Territories paid the County of Aroostook \$60,920 for these services.

Occasionally, the Unorganized Territories and County of Aroostook loan monies to one another. As of June 30, 2012, there was \$412,000 due from the County of Aroostook. All of these funds were paid back as of September 30, 2012.

### 5. EXPENDITURES OVER APPROPRIATIONS

The following appropriations were exceeded by actual expenditures:

	<u>Excess</u>
Roads	10,740
Public works	\$ 3,487
Public safety	3,003
Snow removal	4,703
Other	16,067

### 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, 2012 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. 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.

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**UNORGANIZED TERRITORIES' FUND**

NOTES TO FINANCIAL STATEMENTS (cont'd)

7. CAPITAL LEASE LIABILITY (cont'd)

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, 2012	\$	20,000
July 1, 2013		20,000
July 1, 2014		10,000
	\$	<u>50,000</u>

8. ASSIGNED FUND BALANCES

At June 30, 2012, assigned fund balance consisted of the following:

Capital reserves	
Road/Bridge maintenance	\$ 191,221
Pavement resurface	33,425
Dry hydrant	4,177
911-E program	3,225
Cemetery improvement	2,141
T17R5 fire building	2,347
T17R4 transfer station	3,953
T17R4 fire building repair	124
T17R4 & 5 fire equipment	21,910
DECD administration	600
E Plantation bridge	20,000
Vehicle	14,012
Connor recreation park	3,846
Computer	1,366
Community signs	3,952
Sinclair community building	3,400
Grant match	1,669
Vehicle - Fire department	4,000
Stockholm facility roof	221
	<u>315,589</u>
Contingent account	21,327
Total	<u>\$ 336,916</u>

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events for the period July 1, 2012 through October 23, 2012 for any possible disclosures. See the Management Discussion and Analysis letter for repayment of amount due from the County of Aroostook. 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, 2012

	Original	Budget Adjustments	Final	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>					
<i>Property taxes</i>					
Local taxes	\$ 953,164	\$ -	\$ 953,164	\$ 953,164	\$ -
County taxes	577,198	-	577,198	577,198	-
<i>State assistance</i>					
Local road assistance	62,200	-	62,200	62,316	116
Snowmobile	1,500	-	1,500	51,519	50,019
<i>Other revenues</i>					
Excise	230,000	-	230,000	203,326	(26,674)
Interest	8,000	-	8,000	5,307	(2,693)
Other	1,000	-	1,000	623	(377)
<b>Total revenues</b>	<b>1,833,062</b>	<b>-</b>	<b>1,833,062</b>	<b>1,853,452</b>	<b>20,390</b>
<b>Expenditures</b>					
County tax	577,198	-	577,198	577,198	-
Roads	127,000	-	127,000	137,740	(10,740)
Public works	72,797	-	72,797	76,284	(3,487)
Public safety	31,269	-	31,269	34,272	(3,003)
Snow removal	272,520	-	272,520	277,223	(4,703)
Solid waste disposal	116,415	-	116,415	109,499	6,916
Fire protection	120,208	-	129,813	128,565	1,248
Ambulance services	43,234	-	43,234	25,223	18,011
Administration	60,920	-	60,920	60,920	-
Capital outlays	320,250	-	320,250	222,306	97,944
Other	102,651	21,827	124,478	140,545	(16,067)
<b>Total expenditures</b>	<b>1,844,462</b>	<b>21,827</b>	<b>1,875,894</b>	<b>1,789,775</b>	<b>86,119</b>
<b>Net Change in Fund Balance</b>	<b>\$ (11,400)</b>	<b>\$ (21,827)</b>	<b>\$ (42,832)</b>	<b>63,677</b>	<b>\$ 106,509</b>
Fund Balance - July 1				333,162	
Fund Balance - June 30				<u>\$ 396,839</u>	

## UNORGANIZED TERRITORIES' FUND

### SCHEDULE OF OTHER EXPENDITURES - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2012

	Budget	Actual	Variance Favorable (Unfavorable)
<i>Public Safety</i>			
Public safety coordinator	\$ 28,137	\$ 28,888	\$ (751)
E.M.A. support services	3,132	5,384	(2,252)
	<u>\$ 31,269</u>	<u>\$ 34,272</u>	<u>\$ (3,003)</u>
<i>Other</i>			
Street lights	\$ 11,880	\$ 10,432	\$ 1,448
Cemeteries	3,250	2,729	521
Snowmobile trails	1,500	51,451	(49,951)
Polling places	5,130	8,820	(3,690)
Recreation	13,090	7,953	5,137
Senior citizens	16,651	12,508	4,143
Fish River Lakes Assn.	500	500	-
Libraries	1,074	650	424
Life safety reserve	5,000	-	5,000
So. Aroostook Soil / Water Dist.	150	150	-
St. John Soil / Water Dist.	350	350	-
N.M.D.C.	10,439	10,439	-
Audit	3,360	3,360	-
R.C. & D.	165	165	-
Acadian heritage council	1,100	1,100	-
Animal Control	5,500	5,953	(453)
Insurances	3,000	3,000	-
Waste pick-up day	3,098	3,071	27
Bread of life kitchen	850	850	-
Federal/State County programs	16,564	16,564	-
Contingency	21,827	500	21,327
	<u>\$ 124,478</u>	<u>\$ 140,545</u>	<u>\$ (16,067)</u>

## UNORGANIZED TERRITORIES' FUND

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BALANCE SHEET - ALL NON-MAJOR FUNDS  
JUNE 30, 2012

	<u>Special Revenue Fund Septic Grant</u>
<i>Assets:</i>	
Cash	<u>\$          386</u>
 <i>Fund Balance:</i>	
Unassigned	<u>\$          386</u>

## UNORGANIZED TERRITORIES' FUND

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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - ALL NON-MAJOR FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Special Revenue Fund Septic Grant</u>
Revenues	
State assistance	\$ 9,534
Expenditures	
Septic systems	<u>9,868</u>
Net change in fund balance	(334)
Fund balance - July 1	<u>720</u>
Fund balance - June 30	<u><u>\$ 386</u></u>

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## 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 and each major fund and the aggregate remaining fund information of the Unorganized Territories' Fund, as of and for the year ended June 30, 2012, which collectively comprise the Municipality's basic financial statements and have issued my report thereon dated October 25, 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 Unorganized Territories' Fund'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 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 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 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*.

This report is intended solely for the information and use of the management of the Unorganized Territories' Fund and the department and is not intended to be and should not be used by anyone other than these specified parties.

Presque Isle, Maine  
October 25, 2012

Peter  
Davis

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