

County of Aroostook

State of Maine



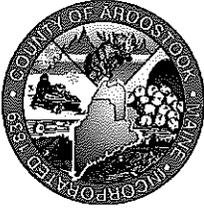
2014
Annual Report

ABOUT THE COVER

Sheriff James P. Madore (left) retired December 31, 2014
Chief Deputy Darrell O. Crandall (right) became Sheriff January 1, 2015

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ANNUAL REPORT OF AROOSTOOK COUNTY

For Fiscal Year 2014
30-A MRSA, Sections 183 & 952-A

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 2014

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

Dannielle Blade, 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	St. David
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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
Tyler Clark	Easton

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	St. David
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DIRECTOR, EMERGENCY MANAGEMENT AGENCY

Darren R. Woods	Caribou
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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

2014
AROOSTOOK COUNTY LEGISLATIVE DELEGATION

Sen. Roger L. Sherman – Dist. 34	Houlton
Sen. Troy Jackson – Dist. 35	Fort Kent
Rep. Allen Michael Nadeau – Dist. 1	Fort Kent
Rep. Charles Ken Theriault – Dist. 2	Madawaska
Rep. Bernard L.A. Ayotte – Dist. 3	Caswell
Rep. Carol A. McElwee – Dist. 4	Caribou
Rep. Robert J. Saucier – 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

2014
AROOSTOOK COUNTY FINANCE COMMITTEE

DISTRICT I

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

DISTRICT II

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

DISTRICT III

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



COUNTY COMMISSIONERS

TO THE CITIZENS OF AROOSTOOK COUNTY

The County's Annual Report for 2014 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 \$7,021,371.33. Revenues and credits used to lower the tax burden were projected at \$1,773,613.00, thus leaving an amount of \$5,247,758.33 plus \$101,272.72 in overlay to be raised by taxes.

Highlights - Capital Improvement Account

Building improvements and equipment purchases scheduled for 2014 included the following:

Emergency Management Agency – Vehicle & Software	\$ 4,500.00
District Attorney – Vehicle, Office, Computer Equip. & Furn.	\$ 10,000.00
Administration – Vehicle & Computer Equipment, Matching Grant	\$ 7,500.00
Superior Court Bldg. - Improvements	\$ 46,637.00
Houlton Building Complex – Improvements & Equipment	\$ 3,200.00
Houlton Sheriff's Office Building – Improvements	\$ 3,900.00
Caribou Courthouse – Improvements	\$ 39,109.00
Fort Kent Registry Bldg. – Improvements	\$ 500.00
Registry of Deeds Houlton – Computer Equipment	\$ 3,500.00
Registry of Deeds Fort Kent – Computer Equipment	\$ 5,705.00
Register of Probate – Office Equipment	\$ 1,500.00
Sheriff's Dept. (Law Enforcement) - Vehicles & Equipment	\$ 81,500.00
Telecommunications	\$ 43,000.00
Underground Tanks	\$ 2,750.00
	<u>\$253,301.00</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 2014-15 amounted to \$1,328,614.00. Revenues and credits used to lower the tax assessment were projected at \$311,772.00. The net assessment was \$1,042,847.00. 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

Here are some highlights of Aroostook County's 2014 General Fund and 2013-14 Unorganized Territory Fund finances:

- General Fund ended the year with cash-on-hand of \$1,631,605.00;
- General Fund ended the year with a total fund balance of \$1,804,571.00;
- General Fund ended the year with an unreserved (undesignated) fund balance of \$1,525,132.00;
- Unorganized Territory Fund ended the year with cash-on-hand of \$18,134.00;
- Unorganized Territory Fund ended the year with a total fund balance of \$513,900.00;
- Unorganized Territory Fund ended the year with an unreserved (undesignated) fund balance of \$188,269.00.

Two lines of credit for the General Fund were secured through Katahdin Trust Company in the amounts of \$1,750,000.00 and \$900,000.00 in anticipation of county taxes. Only \$1,560,000.00 was used and it was paid back by October 2014.

Expenditures for Federal Awards amounted to \$569,022.52. 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 2014 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 2014**

Expenses estimated by the County Commissioners of Aroostook County for the year 2014,
for which a County Tax was assessed.

Emergency Management Agency	128,304.00
District Attorney	427,679.00
Administration	481,065.00
Superior Court Building	98,451.00
Houlton Building Complex	75,315.00
Sheriff's Office Building	38,533.00
Caribou Courthouse	227,988.00
Fort Kent Registry Building	69,480.00
Registry of Deeds South	166,913.00
Registry of Deeds North	72,085.33
MDEA	284,069.00
Registry of Probate	215,262.00
Law Enforcement	1,246,887.00
Fire Marshal	9,500.00
Audit	5,900.00
Wide Area Network (WAN)	48,000.00
Interest Expense	7,500.00
Employee Benefits	6,000.00
Copiers	25,000.00
Program Grants	228,862.00
County Insurance	31,072.00
5-Year Capital Improvements	253,301.00
Capital Reserves	239,750.00
PSAP	209,869.00
MCCA Convention	500.00
Personnel Services	6,000.00
Website/MUNIS	<u>1,600.00</u>
TOTAL (NON-CORRECTIONAL SERVICES)	
APPROPRIATIONS	\$4,704,705.33
ESTIMATED NON-CORRECTIONAL	
SERVICES REVENUES	<u>\$1,773,613.00</u>
NET NON-CORRECTIONAL ASSESSMENT	\$2,931,092.33
CORRECTIONAL SERVICES ASSESSMENT	<u>\$2,316,666.00</u>
TOTAL AMOUNT TO BE RAISED BY	
TAXES	<u>\$5,247,758.33</u>
2% OVERLAY	<u>\$101,272.72</u>
TOTAL TAX COMMITMENT FOR 2014	<u>\$5,349,031.05</u>

COUNTY COMMISSIONERS' COURT

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

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

<u>MUNICIPALITY</u>	<u>2014 TAX</u>	<u>2014 PAID</u>
Allagash	\$30,996.35	\$30,996.35
Amity	\$15,098.00	\$15,098.00
Ashland	\$95,603.20	\$95,603.20
Bancroft	\$8,322.60	\$8,322.60
Blaine	\$34,357.40	\$34,357.40
Bridgewater	\$37,718.45	\$37,718.45
Caribou	\$410,955.05	\$410,955.05
Castle Hill	\$27,155.15	\$27,155.15
Caswell	\$18,299.05	\$18,299.05
Chapman	\$31,849.95	\$31,849.95
Crystal	\$15,738.25	\$15,738.25
Dyer Brook	\$18,779.20	\$18,779.20
Eagle Lake	\$82,852.55	\$82,852.55
Easton	\$267,603.60	\$267,603.60
Fort Fairfield	\$189,499.20	\$189,499.20
Fort Kent	\$243,702.80	\$243,702.80
Frenchville	\$52,336.35	\$52,336.35
Grand Isle	\$20,059.60	\$20,059.60
Hamlin	\$20,593.10	\$20,593.10
Hammond	\$8,375.95	\$8,375.95
Haynesville	\$10,456.60	\$10,456.60
Hersey	\$9,923.10	\$9,923.10
Hodgdon	\$61,512.55	\$61,512.55
Houlton	\$307,616.10	\$307,616.10
Island Falls	\$68,981.55	\$68,981.55
Limestone	\$75,757.00	\$75,757.00
Linneus	\$67,754.50	\$67,754.50
Littleton	\$56,551.00	\$56,551.00
Ludlow	\$24,967.80	\$24,967.80

Madawaska	\$321,113.65	\$321,113.65
Mapleton	\$134,121.90	\$134,121.90
Mars Hill	\$111,874.95	\$111,874.95
Masardis	\$27,048.45	\$27,048.45
Merrill	\$15,791.60	\$15,791.60
Monticello	\$46,414.50	\$46,414.50
New Canada	\$25,928.10	\$25,928.10
New Limerick	\$163,784.50	\$163,784.50
New Sweden	\$38,945.50	\$38,945.50
Oakfield	\$45,827.65	\$45,827.65
Orient	\$44,974.05	\$44,974.05
Perham	\$24,914.45	\$24,914.45
Portage Lake	\$74,636.65	\$74,636.65
Presque Isle	\$603,601.90	\$603,601.90
St. Agatha	\$69,301.65	\$69,301.65
St. Francis	\$26,941.75	\$26,941.75
Sherman	\$45,400.85	\$45,400.85
Smyrna	\$21,713.45	\$21,713.45
Stockholm	\$17,232.05	\$17,232.05
Van Buren	\$69,781.80	\$69,781.80
Wade	\$16,165.05	\$16,165.05
Wallagrass	\$38,838.80	\$38,838.80
Washburn	\$69,781.80	\$69,781.80
Westfield	\$30,729.60	\$30,729.60
Westmanland	\$18,779.20	\$18,779.20
Weston	\$43,907.05	\$43,907.05
Woodland	\$62,472.85	\$62,472.85
Cary Plantation	\$12,270.50	\$12,270.50
Cyr Plantation	\$12,430.55	\$12,430.55
Garfield Plantation	\$9,442.95	\$9,442.95
Glenwood Plantation	\$5,868.50	\$5,868.50
Macwahoc Plantation	\$7,842.45	\$7,842.45
Moro Plantation	\$11,576.95	\$11,576.95
Nashville Plantation	\$19,259.35	\$19,259.35
Oxbow Plantation	\$10,083.15	\$10,083.15
Reed Plantation	\$11,790.35	\$11,790.35
St. John Plantation	\$20,112.95	\$20,112.95
Winterville Plantation	\$38,145.25	\$38,145.25
Unorganized Territory	\$666,768.30	\$666,768.30
TOTAL	\$5,349,031.05	\$5,349,031.05
	\$5,349,815.30	\$5,349,815.30



OFFICE OF THE DISTRICT ATTORNEY PROSECUTORIAL DISTRICT 8 2014 Annual Report

2014 was a year that brought stability for the Office of the District Attorney. We were able to end the year with all the same staff that we started the year with. As the rest of this report will demonstrate, stability is a good thing as we were able to dig into some of our backlog of cases and carry out our obligations with some increased efficiency.

2014 was also a year when Aroostook County was able to take the reins in establishing a cost-savings law related to the District Attorney's Office. Representative Alex Willette of Mapleton introduced a bill at my request, LD 1601, which would seek to increase the limit of our Extradition Account from \$20,000 to \$30,000. In addition to the limit increase the bill sought to give the District Attorneys' Offices statewide the ability to pay for witness fees and other costs of prosecution from the account. The bill sailed through the Legislature and became law. Because of that bill, we will now have greater flexibility in reaching out to other states across the country to bring back those fugitives that have fled Maine to avoid the criminal courts. We will also be able to pass along a modest savings to the County as we will be paying our witness fees primarily out of this account in 2015, rather than with a dedicated budget line; typically saving \$10,000 a year.

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 800/1. In 2014, we were at an average 789 cases per attorney.

With trials, successful trials anyway, come appeals; and Aroostook had its share of appellate work to do in 2014. While a number of unpublished *memorandum decisions* were made, we also had two published opinions issued by the Maine Law Court that provided guidance for future cases. These cases are: *State of Maine v. Reginald Dube*, 2014 ME 43 and *State of Maine v. Graydon Adams*, 2014 ME 143; and *State of Maine v. Matthew Fox*, 2014 ME 136.

Notwithstanding the busy trial and appellate schedules we experienced, we still managed to tackle some of our other duties. The table below reflects our efforts over the years at obtaining restitution for victims of crime.

Year	Money Collected	Money Paid to Victims
2010	\$59,175	\$35,093
2011	\$63,648	\$61,301
2012	\$63,018	\$56,512
2013	\$84,806	\$105,888
2014	\$85,579	\$84,102

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. 2014 saw the most restitution collected for the past five (5) years and we were able to pay nearly every dollar collected back out to victims. In 2015, we will continue to focus on disbursing the restitution back to the victims, but we will be increasing our efforts to collect from those defendants who are not paying their fair share.

INDICTMENTS 2010 -2014

Year	Total
2010	366
2011	321
2012	329
2013	298
2014	336
Average	330

Our total number of indictments, which are for felony level crimes, rebounded back up over 300 cases in 2014

Our caseload backlog stabilized as we ended 2014 with 232 open and active cases. Despite our growing caseload, we were able to achieve an outstanding 94% clearance rate of our cases. The 3324 opened criminal cases resulted in an average caseload of 789 criminal cases per prosecutor, which is simply too many for each attorney. This number does not include the many Juvenile and Civil Violation matters that our prosecutors handle each year.

CASELOAD 2010 - 2014

Year	Total Cases	Closed Cases	Active Cases	Arrest Warrant Outstanding
2010	3154	2337	817	60
2011	3242	2573	669	57
2012	3771	2826	945	99
2013	3324	2666	658	81
2014	3157	2979	232	76

When defendants have fled the jurisdiction, we use our extradition account, funded with forfeited bail, to retrieve them from other states. In 2014, we extradited five (5) individuals whom had fled Maine to different parts of the United States. We returned these “fugitives from justice” from Florida, Massachusetts, Vermont, South Carolina, and Connecticut. 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

2014 Annual Report

Aroostook County Jail:

I could go on and on about the financial difficulties brought about by the state failing to live up to its responsibilities, but instead I choose to highlight the positive things that have happened at the Sheriff's Office over the last year. The Aroostook County Jail was the epicenter of many major improvements in 2014. Until 2014, the jail was approved by the Maine Department of Corrections (MDOC) to house only seventy-two (72) inmates. In contrast to that capacity we were regularly responsible for more than a hundred inmates, with as many as forty (40) at a time being boarded in county facilities over 150 miles away. Following up planning that started in 2013 the MDOC industries program worked with Aroostook County to add more than fifty (50) bunks to our existing facility. By the spring of 2014, our new MDOC rated capacity was 123. This allowed us to bring our inmates back to the county and focus on adding a number of substantive inmate programs: Those new programs include Motivational Enhancement Training, Healthy Relationships, Substance Abuse Group Counseling, Veterans' Services, Trauma Recovery and Empowerment, Adult Education and Work Ready[®] as well as retaining our faith based programs and Alcoholics Anonymous. All of these programs were provided at no cost. We also added a non-emergency mental health services contract with a local provider. We are most proud of our new collaboration with the non-profit organization Friends of Aroostook. We provided over 3,000 hours of inmate labor to a nineteen acre vegetable farm. The inmates hand planted, hand weeded and helped harvest over 235,000 pounds of fresh vegetables that were distributed to elderly and low income working families in Aroostook, Washington and Penobscot Counties. The efforts of this farm are highlighted in an AARP documentary available at <https://www.youtube.com/watch?v=-IBpq3FKCEo>



Jail Work Farm Partnership



Law Enforcement Unit:

In January of 2014, we set aside a "call sharing agreement" with the Maine State Police that had been in place for more than a dozen years. It simply wasn't working anymore and those suffering from the inefficiencies were the Aroostook County taxpayers. This major shift in our deployment of resources, the reorganization of our law enforcement unit and the addition of a new position

required great commitment and flexibility on the part of our employees as well as critical support from the County Administrator and the Board of County Commissioners. The results have frankly been nothing short of phenomenal. First, our calls for service from our neighbors increased by more than 29% over 2013, and our arrests increased by 23%. Having the deputies patrol the same geographic areas day after day, and having that patrol be the same area in which they live, has caused a dramatic increase in our ability to solve crime as well. Our UCR clearance rate for “index crimes” (Rape, Robbery, Burglary, Theft and Assault) increased from 37% in 2013 to 69% in 2014. The most recently reported state average is 32%. Our change in coverage has allowed our “Resident Deputies” to once again become aware of what is normal and what is out of place. Because all of our funding comes from property taxes, deputies logged over 630 “after hours” inspections of commercial, industrial, agricultural, residential, educational and governmental properties during the year. Through our transition, we have become better able to focus our efforts on proactively addressing issues before they become crises, rather than reacting to things that are already out of control. During this same time frame we opened law enforcement sub-stations in Eagle Lake, Grand Isle, Mars Hill and Island Falls. Each of these towns donates space for our “Resident Deputies” to do paperwork and other administrative duties to avoid them leaving their areas of responsibility. These arrangements are mutually beneficial and much appreciated.



Patrol Squads



Communications Center:

I can't find where we have previously taken the opportunity in our annual reports to highlight the great work being done by our communications staff, so I want to give them some recognition. Our dispatchers are here 24/7, fielding telephone, 911 and radio calls in all types of crises and emergencies. They are never in the public eye, but are an integral part of all other Sheriff's Office functions. In addition to taking complaints and supporting law enforcement and corrections personnel, they also dispatch for fifteen (15) fire departments, two (2) local police departments and one (1) ambulance service. They are also the voice of our friendly caller program. This program is focused on the elderly, disabled and those with limited mobility who have no one close by to check in on them. The participants call in each morning by 10:00 a.m. If they fail to do so, we call them. If they don't answer, we send a deputy sheriff to check on them. For more information on the program, check out this in depth story published by the Bangor Daily News at: <http://external.bangordailynews.com/projects/2015/03/check-in-programs/>



Dispatchers Barbara-Jean Archibald, Art Thorne and Brian Jewell

Sheriff Madore Retires:



Sheriff James Madore retired at the end of 2014 after forty (40) years in law enforcement. Sheriff Madore began his career with the Fort Kent Police Department in 1974 and later joined the State Police, retiring as a detective. He was then the Chief of Police in Limestone; the Chief Deputy at the Sheriff's Office and was appointed Sheriff by Governor Angus King in 2001. Sheriff Madore was twice re-elected. We will miss Jim's dedication, smile and sense of humor. Jim plans to do some part-time security work for the courts as well as traveling, playing cribbage and riding the Can Am Spider with his wife Linda.

42 Years of Service:



Lt. Keith Wheeler retired at the end of August after forty-two (42) years with the Sheriff's Office. Keith started as a jail guard in 1972 for Sheriff Darrell Crandall, Sr., later became one of the first rural patrol Deputies and was promoted to commander of the law enforcement unit in 1983. Keith spent nearly twenty (20) years as the county's marijuana eradication coordinator and gave 100% until his very last day. Keith will be working on his wood lot and making things for his wife Cheryl to sell in her crafts store. We are glad that he gets a break to come by and see us from time to time.

Respectfully submitted,
Darrell O. Crandall
Sheriff



REGISTER OF PROBATE

2014 Annual Report

The Aroostook County Probate Court processes Adoptions, Guardianship of Minors as well as Guardianship of Incapacitated Persons, Conservatorships, Name Changes, Estates and Trusts.

Electronic filing became available in 2013 for Aroostook County. With some exceptions, rules apply to all civil and probate proceedings and are required in all cases originated on or after October 1, 2014. Electronic filing provides a convenience to the filer and they must adhere to the State of Maine Supreme Judicial Court Maine Rules of Probate Procedure. With electronic filing now in place, the Probate Court may see a reduction in the amount of revenue collected from probate form fees, as no fees are charged for this filing.

In 2014, the Aroostook County Probate Court docketed 419 new filings, which included 30 adoptions, as well as receiving numerous filings for docketing on cases filed prior to 2014.

Aroostook County covers a very large area; therefore, Probate Court holds hearings in Houlton, Caribou and Fort Kent to accommodate traveling by the petitioners and their counsel. The 2014 Probate Court calendar consisted of twelve (12) return days, with five (5) being held in Houlton, five (5) in Caribou and two (2) in Fort Kent.

148 cases were scheduled for Judge Dunleavy; 72 hearings were scheduled in Caribou, 66 in Houlton and 10 in Fort Kent. Additionally, 184 cases were also presented to Judge Dunleavy for his review, 88 cases in Caribou, 80 in Houlton and 16 in Fort Kent.

11 contested hearings were scheduled; 6 held in Caribou and 3 in Houlton heard by Judge Dunleavy. The remaining 2 contested hearings were held in Houlton and heard by Judge Holmes of Washington County, acting Judge for Aroostook County.

The 2014 Probate filing fees totaled \$64,926.28, a 5% increase from 2013 which totaled \$61,824.09. The 2014 total filing fees also reflects a decrease of \$660.00 of form fee revenue received in 2013. The total 2014 restoration Surcharge fees were \$4,030.00, a decrease of \$540.00 from surcharge fees collected in 2013.

The year 2014 was a very busy and productive year with many changes taking place at the Probate Court. Not only was the commencement of electronic filing a major change, the Register of 20 years, Joanne M. Carpenter, retired on December 30, 2014.

The Probate Court will continue to provide exceptional service to Aroostook County with the Judge of Probate, James P. Dunleavy, being at the bench now for 38 years, together with assistance from the Register and the Deputy Register, Darcy Merry, who combined have 55 years of legal experience.

Respectfully submitted,
Darleen S. Guy
Register of Probate



REGISTER OF DEEDS (N) **2014 Annual Report**

We have had changes with the new laws that affected the Registries in 2014. One being the increase in the recording fees and the other being 500 free copies on-line. One has offset the other by way of revenue. The change that took place in May of this year still allowed us to take in our projected revenue.

As for our plan project, we are making great progress. We plan on finishing the project in 2015.

I would like to thank my staff for a great year. They make it all worthwhile to go to work every day. I couldn't ask for two of the most dedicated employees.

Thank you to Doug Beaulieu, County Administrator and the Commissioners for your support. Your continued support is greatly appreciated.

The revenue that was collected for 2014 is as follows:

Recording Fees	\$ 116,670.00
Plans (29)	\$ 609.00
Photo Copies	\$ 6,086.50
Plan Copies	\$ 1,984.50
Fax Copies	\$ 404.25
Assessor Copies	\$ 1,528.25
Indexing	\$ 140.00
Attestations	\$ 14.00
Surcharge	\$ 8,805.00
Miscellaneous	\$ 4.49
Marginal References	\$ 2,379.00
Deeds on-line enrollment	\$ 300.00
Deeds on-line renewals	\$ 9,300.00
Transfer Tax (10% of \$147,188.40)	\$ <u>14,718.84</u>
	\$162,943.83
Interest (Checking)	75.50
Interest (Surcharge Account)	194.63

Respectfully submitted,
Louise Caron
Register



REGISTER OF DEEDS (S)

2014 Annual Report

Fiscal Year 2014 was a great year for the Southern Aroostook Registry. We took in 17.7% more revenue than the previous year. We have finished the indexing project and have all documents after January 1, 1960 online. We have also finished putting all of the plans online.

I want to commend Melissa Willette and the work she did to improve the registry. Wendy Holmes has also been a tremendous asset to the registry and has been a driving force in improving operations. Now that we are adequately staffed we will start the process of rebinding old books, and improving the quality of our records.

Assessor's Copies	\$ 27,952.25
Document Copies	\$ 10,611.05
Postage	\$ 251.50
Plan Copies	\$ 5,095.00
Fax Copies	\$ 3,382.75
Print Fees	\$ 14,827.00
Online Renewal	\$ 16,100.00
Online Enrollment	\$ 900.00
Recording Fees	\$ 353,812.00
Recording Fee for Plans	\$ 756.00
Name Fees	\$ 1,405.00
Marginal Reference	\$ 9,945.00
Surcharge	\$ 24,693.00
Transfer Tax (10% for County)	\$ 51,861.67
Interest	\$ 326.34
Total Revenue	\$ 521,918.56

Interest collected on checking account	\$ 326.34
Total Revenue	\$ 988,347.44
Amount Paid to Maine Revenue Services	\$ 466,755.22

TOTAL REVENUE TO COUNTY **\$ 521,918.56**

Respectfully Submitted,
Tyler Clark
Register



EMERGENCY MANAGEMENT AGENCY

2014 Annual Report

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

2014 was a very busy year for Emergency Management in Aroostook County. Our community Local EMA Directors began a training program to ensure that consistent services are delivered for even the smallest towns, and some have begun the process of getting certification by the Maine Emergency Management Agency. Our Amateur Radio Emergency Service (ARES) / Radio Amateur Civil Emergency Service (RACES) team is going strong and growing all the time, ensuring that we have back-up communications, should the unthinkable occur. Our Animal Response Team is training as well.

Community outreach is another area that we are working to improve. Our website, Facebook page and Twitter allow us to be able to connect directly with citizens and relay information on preparedness, as well as give situational awareness during busy times such as ice-out in the spring.

Our Emergency Response exercise program allows us to test our plans with first responders and determine what extra efforts may be needed in planning, training or equipping those critical front line people. This program is also very valuable because it allows our Incident Management Team, Weapons of Mass Destruction Teams, Community Response Teams and state agencies to all work together so that they are prepared.

We are still actively working to improve communication and coordination between agencies in Aroostook County and with our Canadian partners. We trained and practiced together more in 2014, and expect those partnerships to continue to grow. This was evident while preparing for the World Acadian Congress that came to our area. Some of the roles that our agency played within the World Acadian Congress were creating the mass gathering emergency plans, communications plans, and coordinating with law enforcement, fire, medical services, as well as many government agencies.

By providing a variety of incident command, transportation and hazardous materials response classes throughout Aroostook County, we ensure that first responders have the tools and education they need to do their jobs.

We have also met with community groups and businesses to distribute information on preparedness and are available if they want our assistance.



North Lakes Fire & Rescue department covers four (4) unorganized territories consisting of 144 square miles as a primary response area. Even with increasing call volume, the 45 members continue to answer the call and keep up with required training. We continue to work closely with neighboring communities to offer low cost regional training close to home. This is a benefit to our department, as well as the entire region.



Props for our training facilities are built and maintained by our dedicated volunteers. These props have been a great help to ensure that we are able to train locally.

Both Aroostook County Emergency Management and North Lakes Fire & Rescue cannot express our gratitude for all of the time and effort that the volunteer teams put in. These selfless men and women spend countless hours away from their families to ensure that the citizens in Aroostook County will be taken care of in their greatest hour of need.

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

Respectfully submitted,
Darren R. Woods, Director
Aroostook County Emergency Management



MAINTENANCE DEPARTMENT ***2014 Annual Report***

2014 started with a bang! On January 2nd it was twenty-eight below zero and we had a heat pipe at the Caribou Courthouse break. It took about twenty minutes to contain the break. There was considerable damage to both the first floor and lower level of the building. Although pipe damage was repaired that day, it took three months to repair the damage to the building. Other needed repair work over the year at this location included the hot water boiler; elevator car door closure; sprinkler system, heat ducts; boiler fuel nozzles; and an entry way roof leak. Some of the projects completed were new rugs in the District Court Clerk's office; new security cameras; some new exterior building signage; new flooring on the back stairway landings; resurfacing of the entryway ramp, steps and walkways; and the creation of a shared satellite Sheriff's Office/conference room.



*Walkway paving at Caribou
Courthouse*

At our Emergency Management Agency Building we had routine cleaning and maintenance, rug cleaning and washing of the exterior vinyl siding.

In addition to the regular upkeep of our Registry of Deeds Building in Fort Kent we had repairs to the physical phone lines in the building that were impacting our long distance service; work done on the air conditioning system; upgrades to the generator to meet codes; and repair of a boiler water leak.

At our Superior Court Building in Houlton, the roof on the main elevator shaft was replaced; a sump pump was replaced in the bottom of the same elevator shaft; the rubberized roof inside the bell tower was extensively repaired; and a number of moderate repairs were made to ceilings in the Court areas of the building that were identified in a Court inspection of the space. Beyond regular cleaning and maintenance needs, the Southern Registry of Deeds vault was painted; new rugs installed and new shelving purchased to meet the need for more deed storage. During the winter we had a long time "difficult to fix" roof leak in the Register of Probate vault get worse. The leak has been contained and planning underway for repairs in the spring.



*New rugs in Southern Registry of Deeds vault
Located at the Superior Court Building*



Ice issues at the Sheriff's Office Building

At our Sheriff's Office Building we began the year with ice buildup on the eaves and in the rain gutters causing water damage to some interior ceilings. In the spring heat-trace was installed on the eaves and in the rain gutters to remedy the problem.

Other projects at this building included minor landscaping of the lawns; replacement of defective balancers in all of the windows and the painting and refinishing of the two stairwells. In a continued effort to better organize the space that

our Law Enforcement and Corrections use, the Transportation Office was relocated from the Sheriff's Office Building to the Jail Administration Building; making room to expand our Patrol Offices and make space for a Law Enforcement interview room and training area on the first floor. In turn the Nurse's Office was moved to the second floor of the Jail Administration Building as well as the creation of a temporary juvenile holding area on that floor. One of the toilets on the second floor of the Sheriff's Office Building plugged causing considerable damage to both the second and first floors. Water damage repairs are still ongoing as I write this report



Refurbished and painted stairwell at Sheriff's Office Building

Ice buildup on eaves was also a problem at the Aroostook County Jail over the winter and heat-trace was installed in problem areas at the same time as the heat-trace work was done at the Sheriff's Office Building. The elevator door operating system failed and was upgraded mid-year. The Jail's capacity was increased in 2014 to accommodate approximately thirty-five more inmates. Because of this increase new bunks were installed as well as some new privacy walls;



Interior painting at the Aroostook County Jail

painting of many areas; an additional rotary toaster, food steam table, food storage cart and refrigerator were purchased. An American's with Disabilities Act (ADA) inspection was completed at the Jail in late 2013 and a number of ADA modifications were made in 2014 to hallways, walkways restrooms, sidewalks and parking areas. An ADA Action Plan to request funding for more extensive ADA modifications was also implemented. Many new speakers and push buttons were replaced on the Jail intercom system and a new video conferencing system was purchased as the existing one failed this year.

In the area of telecommunications the County installed a new phone system as phase II of a project that started in 2013 with a new voice mail system. We also installed new main routers for our network at all four (4) of our locations. Other network related improvements included electronic credit card purchasing for the County Commissioners Office and our two (2) Registry of Deeds; many new Windows 7 computer purchases; implementation of a case file storage system for the Sheriff's Office and an upgrade to the internet connection between the State of Maine and the Sheriff's Office Building.

Respectfully submitted,
Bryan V. Jandreau
Facilities Manager

FELCH & COMPANY, LLC

Certified Public Accountants

P.O. BOX 906
CARIBOU, MAINE 04736
(207) 498-3176
FAX (207) 498-6278
E-MAIL: CPA@FELCHCPA.COM

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of the
County of Aroostook, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Aroostook, Maine as of and for the year ended December 31, 2014, 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

To the Board of Commissioners of the
County of Aroostook, Maine

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Aroostook, Maine, as of December 31, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary information on Pages I through IV and Schedule 1, be present to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2015 on our consideration of the County of Aroostook's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Aroostook's internal control over financial reporting and compliance.

Felch & Company LLC

Caribou, Maine
September 9, 2015

County of Aroostook, Maine
Management's Discussion and Analysis
For the Year Ended December 31, 2014

UNAUDITED

The following narrative is an overview of the County of Aroostook's financial performance designed to assist the reader in focusing on significant financial issues. This discussion and analysis should be read in conjunction with the attached financial statements together with the related notes.

USING THIS ANNUAL REPORT

In accordance with generally accepted accounting principles, the basic financial statements are presented in two formats. Each format presents information by a different measurement focus. The first of these formats is called the government-wide statements which presents the County of Aroostook as a whole and presents a longer-term view of the County's finances. The second format uses fund accounting and the focus is on current resources available for current obligations.

Reporting the County as a Whole

The government-wide statements are designed to present the County as a whole similar to the way a business presents financial statements. The Statement of Net Position (Exhibit A) combines the assets and liabilities as presented in the governmental funds with the County's capital assets and long-term obligations. In the Statement of Activities (Exhibit B) the focus is on both the gross and net cost of the various activities (or departments) which are funded by various general revenues including tax assessment and intergovernmental revenues. Revenues are recognized when earned regardless of when they are collected and expenses are recognized when the liability becomes due. Since capital asset purchases are not considered an expense under this measurement focus, annual charges for depreciation are recognized to indicate the use of these assets over time.

Fund Financial Statements

In the preparation of these statements, fund accounting is used which is described more fully in the notes to the financial statements. The focus under GASB 34 is on "major funds" which presents a separate column for only the most significant funds of the County. These statements (Exhibits C & D) present the County's financial position and results of operations using a shorter-term view and show how money flows into and out of the funds and the balances left at year-end that are available for spending. These funds report using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash.

The County also has custody and maintains funds for the operation of the county jail for the State of Maine Department of Corrections. These funds are accounted for in an Agency Fund since they do not belong to the County. Due to the nature of these funds they are excluded from the Statement of Net Position and Activities discussed above.

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 immediately following the basic financial statements.

County of Aroostook, Maine
 Management's Discussion and Analysis
 For the Year Ended December 31, 2014

UNAUDITED

Table 1		
Net Position		
	<u>Governmental Activities</u>	
	<u>2014</u>	(Restated) <u>2013</u>
Current and other assets	\$2,144,756	\$2,033,001
Capital assets, net	<u>1,499,147</u>	<u>1,477,567</u>
Total assets	<u>3,643,903</u>	<u>3,510,568</u>
Current liabilities	<u>1,370,627</u>	<u>920,614</u>
Net position		
Net investment in capital assets	1,499,147	1,477,567
Restricted	19,824	10,196
Unrestricted	<u>754,305</u>	<u>1,102,191</u>
Total net position	<u>\$2,273,276</u>	<u>\$2,589,954</u>

County of Aroostook, Maine
Management's Discussion and Analysis
For the Year Ended December 31, 2014

UNAUDITED

Table 2
Change in Net Position

	<u>Governmental Activities</u>	
	<u>2014</u>	(Restated) <u>2013</u>
Revenues:		
Program revenues:		
Charges for services	\$1,358,522	\$1,133,941
Operating grants	<u>567,211</u>	<u>267,503</u>
	<u>1,925,733</u>	<u>1,401,444</u>
General revenues:		
Tax assessment	3,032,537	3,044,151
Investment income	3,901	8,446
Other revenues	<u>48,332</u>	<u>65,711</u>
	<u>3,084,770</u>	<u>3,118,308</u>
Total Revenues	<u>5,010,503</u>	<u>4,519,752</u>
Expenses:		
Program expenses:		
Emergency management	430,086	258,597
Administration	718,796	797,113
Public safety	201,594	196,676
Operation of courts	844,742	843,356
Registry operations	636,393	633,593
Law enforcement	1,881,390	1,863,423
Fire Marshal	8,707	9,236
Employment and training	138,986	-
Other	50,342	-
Outside requests	228,862	228,862
Capital outlays	38,029	17,295
Unallocated depreciation	<u>149,254</u>	<u>163,703</u>
Total Expenses	<u>5,327,181</u>	<u>5,011,854</u>
(Decrease) in net position	<u>\$ (316,678)</u>	<u>\$ (492,102)</u>

County of Aroostook, Maine
Management's Discussion and Analysis
For the Year Ended December 31, 2014

UNAUDITED

ANALYSIS OF FINANCIAL POSITION

During the year ending December 31, 2014, the total net position decreased \$316,678 to \$2,273,276 at year end. Of the total net position at December 31, 2014, \$754,305 may be used to meet the County's ongoing obligations to citizens and creditors.

CAPITAL ASSET ACTIVITY

Capital assets, net of depreciation totaled \$1,499,147 as of December 31, 2014, representing a \$21,580 increase from the prior year end. This increase is mainly due to additions of vehicles and building improvements offset by depreciation and retirement of assets. For more detail, please refer to Note 4 to the financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

The County took in \$93,544 less than anticipated in revenues which was primarily due to the inclusion of the carryover of the registry of deeds and probate balances in their respective budget amounts. This unfavorable variance was partially offset by higher than expected municipal tax revenue. The County also spent \$171,512 less than anticipated which was primarily in administration. This resulted in a net favorable budget variance of approximately \$77,968. For the budgetary comparison, please refer to Schedule 1.

FINANCIAL CONTACT

The individual to be contacted regarding this report is the County Administrator, County of Aroostook, 144 Sweden Street, Suite 1, Caribou, ME 04736.

COUNTY OF AROOSTOOK, MAINE

EXHIBIT A

STATEMENT OF NET POSITION
DECEMBER 31, 2014

	<u>Governmental Activities</u>
<u>ASSETS</u>	
CURRENT ASSETS	
Cash	\$ 1,631,605
Due from other governments	455,181
Accounts receivable	<u>57,970</u>
Total current assets	<u>2,144,756</u>
CAPITAL ASSETS	
Capital assets (Notes 4 and 6)	
Non-depreciable	18,400
Depreciable, net	<u>1,480,747</u>
Total capital assets	<u>1,499,147</u>
Total assets	<u>3,643,903</u>
<u>LIABILITIES</u>	
CURRENT LIABILITIES	
Accounts payable	295,032
Due to other governments	25,329
Accrued wages	33,151
Compensated absences	214,849
Other postemployment benefits	<u>802,266</u>
Total current liabilities	<u>1,370,627</u>
<u>NET POSITION</u>	
Net investment in capital assets	1,499,147
Restricted	19,824
Unrestricted	<u>754,305</u>
Total net position	<u>\$ 2,273,276</u>

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

Function/Program Activities	Program Revenues			Net (Expense) Revenues and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Emergency management	\$ 430,086	\$ 76,042	\$ -	\$ (354,044)
Administration	718,796	21,408	-	(697,388)
Public Safety	201,594	-	-	(201,594)
Operation of courts	844,742	155,255	-	(689,487)
Registry operations	636,393	740,502	-	104,109
Law enforcement	1,881,390	365,315	567,211	(948,864)
Fire Marshal	8,707	-	-	(8,707)
Employment and training	138,986	-	-	(138,986)
Other	50,342	-	-	(50,342)
Outside requests	228,862	-	-	(228,862)
Capital outlays	38,029	-	-	(38,029)
Unallocated depreciation	149,254	-	-	(149,254)
	<u>\$ 5,327,181</u>	<u>\$ 1,358,522</u>	<u>\$ 567,211</u>	<u>\$ (3,401,448)</u>
General Revenues:				
Tax assessment				3,032,537
Investment income				3,901
Other revenues				48,332
				<u>3,084,770</u>
CHANGE IN NET POSITION				<u>(316,678)</u>
NET POSITION - JANUARY 1, 2014, as originally stated				3,012,928
Prior period adjustment (Note 10)				(422,974)
NET POSITION - JANUARY 1, 2014, as restated				<u>2,589,954</u>
NET POSITION - DECEMBER 31, 2014				<u>\$ 2,273,276</u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF AROOSTOOK, MAINE

EXHIBIT C

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	<u>General Fund</u>	<u>Grants</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash (Note 3)	\$ 1,630,449	\$ 1,156	\$ 1,631,605
Due from other governments	436,513	18,668	455,181
Accounts receivable	<u>57,970</u>	<u>-</u>	<u>57,970</u>
	<u>\$ 2,124,932</u>	<u>\$ 19,824</u>	<u>\$ 2,144,756</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities			
Accounts payable	\$ 295,032	\$ -	\$ 295,032
Due to other governments	<u>25,329</u>	<u>-</u>	<u>25,329</u>
	<u>320,361</u>	<u>-</u>	<u>320,361</u>
FUND BALANCES			
Restricted:			
Deeds and probate records preservation	139,963	-	139,963
Grant projects	-	19,824	19,824
Assigned:			
Sheriff's equipment	4,492	-	4,492
Sick and vacation fund	66,750	-	66,750
Retiree/administrator medical	68,234	-	68,234
Unassigned	<u>1,525,132</u>	<u>-</u>	<u>1,525,132</u>
	<u>1,804,571</u>	<u>19,824</u>	<u>1,824,395</u>
	<u>\$ 2,124,932</u>	<u>\$ 19,824</u>	<u>\$ 2,144,756</u>

COUNTY OF AROOSTOOK, MAINE

EXHIBIT D

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	General <u>Fund</u>	<u>Grants</u>	Total Governmental <u>Funds</u>
REVENUES			
Municipal tax revenue	\$ 3,032,537	\$ -	\$ 3,032,537
Federal and state assistance	-	567,211	567,211
Registry of deeds and probate	740,502	-	740,502
Intergovernmental revenues	231,297	-	231,297
Service fees	386,723	-	386,723
Interest income	3,901	-	3,901
Other revenues	69,295	-	69,295
	<u>4,464,255</u>	<u>567,211</u>	<u>5,031,466</u>
EXPENDITURES			
Emergency management	133,693	286,481	420,174
Administration	690,233	-	690,233
Public Safety	201,594	-	201,594
Operation of courts	807,572	-	807,572
Registry operations	596,745	-	596,745
Drug and law enforcement	1,591,774	81,774	1,673,548
Fire Marshal	8,707	-	8,707
Employment and training	-	138,986	138,986
Other	-	50,342	50,342
Outside requests	228,862	-	228,862
Capital outlays	274,014	-	274,014
	<u>4,533,194</u>	<u>557,583</u>	<u>5,090,777</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(68,939)	9,628	(59,311)
FUND BALANCE - JANUARY 1, 2014	<u>1,873,510</u>	<u>10,196</u>	<u>1,883,706</u>
FUND BALANCE - DECEMBER 31, 2014	<u>\$ 1,804,571</u>	<u>\$ 19,824</u>	<u>\$ 1,824,395</u>

RECONCILIATION OF FUND BALANCE IN GOVERNMENTAL FUNDS TO NET POSITION
DECEMBER 31, 2014

Fund balance in governmental funds (Exhibit C) \$1,824,395

Amounts reported for governmental activities in the
 Statement of Net Position are different because:

Capital assets used in governmental activities are not
 financial resources and, therefore, are not reported
 in the funds.

Capital assets	\$ 15,575,617	
Accumulated depreciation	<u>(14,076,470)</u>	1,499,147

Certain long-term liabilities are not due and payable
 from current financial resources and, therefore, are
 not reported in the funds:

Accrued wages	(33,151)	
Accrued compensated absences	(214,849)	
Other postemployment benefits	<u>(802,266)</u>	

Net position (Exhibit A) \$2,273,276

COUNTY OF AROOSTOOK, MAINE

EXHIBIT F

RECONCILIATION OF CHANGE IN FUND BALANCE IN GOVERNMENTAL FUNDS
 TO CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2014

Net change in fund balance - total governmental funds (Exhibit D)		\$ (59,311)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital asset purchases capitalized	\$ 308,328	
Depreciation expense	(265,885)	
Net book value of assets disposed	<u>(20,863)</u>	
		21,580
(Increase) in liability for accrued wages		(33,151)
Decrease in liability for compensated absences		2,004
(Increase) in liability for other postemployment benefits		<u>(247,800)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ (316,678)</u>

COUNTY OF AROOSTOOK, MAINE
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2014

EXHIBIT G

	<u>Agency Fund</u>
<u>ASSETS</u>	
Cash	<u>\$ 8,387</u>
<u>LIABILITIES</u>	
Due to State of Maine	<u>\$ 8,387</u>
 NET POSITION	 <u>\$ -</u>

COUNTY OF AROOSTOOK, MAINE

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Aroostook, Maine was incorporated in 1839 and operates under the authority of a County Charter and State of Maine law. Under this form of government, the County commissioners set the policy for the organization and the County Administrator is in charge of 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) and the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Government Units*. The County's significant accounting policies are described below.

These 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 by GASB have been considered. It has been determined that the County of Aroostook, Maine has no component units for inclusion in these financial statements.

Basis of Presentation

The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. The County does not have any activities classified as business-type activities.

Government-Wide Statements and Measurement Focus

In the government-wide Statement of Net Position the governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts - net investment in capital assets, restricted net position and unrestricted net position. The unrestricted net position includes those designated by the County for subsequent years' expenditures, since they are considered available for use, and those that are undesignated.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions (operation of courts, administration, law enforcement, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or department. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs by department are normally covered by general revenue (property taxes and investment income). The government-wide focus is on the sustainability of the County as an entity and the change in the County's net position resulting from the current year's activities, except for fiduciary funds. The County does not allocate indirect costs.

COUNTY OF AROOSTOOK, MAINE

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2014

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements and Measurement Focus

The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

All governmental funds are accounted for using a flow of current financial resources measurement focus. Under this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources and uses of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. For this reason, a reconciliation is presented with brief explanations to identify the differences between the two sets of financial statements.

The emphasis in fund financial statements is on the major funds. GASB standards set forth minimum criteria based on the size of the funds for the determination of major funds. County management may also designate additional funds as major funds. Each major fund is presented in a separate column in the financial statements. The nonmajor funds are combined in a column in the fund financial statements.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Other governmental funds are reported as non-major funds:

The Grants Fund is a special revenue fund and is used to account for proceeds from specific revenue sources that are legally restricted to expenditure for specific purposes.

The County also reports the following fund type:

An Agency Fund is used to account for funds held by the County as an agent for the State of Maine Board of Corrections' jail fund.

Formal budgetary accounting is employed as a management control for the General Fund of the County. Annual operating budgets are adopted by the Finance Committee. In accordance with generally accepted accounting principles, these budgets use the same accounting method to reflect actual revenues and expenditures. Budgetary control is exercised at the departmental level or by project. All unencumbered budget appropriations, except project budgets, lapse at the end of each fiscal year.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting is used where purchase orders, contracts and other commitments for the expenditure of resources are recorded to ensure that that portion of fund balance is utilized for its intended purpose. In the general fund, for budgetary purposes, appropriations lapse at fiscal year-end except for that portion related to encumbered amounts. Encumbrances outstanding at year-end are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

COUNTY OF AROOSTOOK, MAINE

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2014

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The term "basis of accounting" refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. This differs from measurement focus in that it refers to the timing of recognition. Measurement focus refers to what is being measured and included in the financial statements.

The governmental activities in the government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recognized when the exchange takes place (accrual basis). Under the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within 60 days of fiscal year-end. Licenses and permits, charges for services, fines and forfeits and miscellaneous revenues are recorded as revenues when received in cash. General property taxes and investment earnings are recorded when they become both measurable and available.

Nonexchange transactions, in that the County receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions is considered to be available since it has already been received.

Financial Statement Amounts

Use of Estimates

The preparation of 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. Following is a summary of significant accounting principles used by the County.

Cash and Temporary 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 and temporary investments. Earnings from these investments are reported by the applicable funds. The County's policy is to invest in local banks and to insure the funds to as great a degree as possible.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2014

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes and Deferred Revenue

The county tax is authorized as part of the annual budget process by the Finance Committee, a nine member group selected from all three districts in the County. Taxes are assessed in February each year to the municipalities and unorganized territories within the County's borders and are used to finance the operations of the County for the calendar year. Property taxes that remained uncollected at year end were collected soon enough to be considered available and accordingly were fully recognized as revenue as of December 31, 2014.

Capital Assets

Initial acquisitions of capital assets purchased or acquired with an original cost of \$100 or more are reported at actual or estimated historical cost. 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 if they exceed \$5,000. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of 5 to 10 years for vehicles and equipment, 20 to 40 years for buildings and improvements. Due to the County's size it has elected not to report infrastructure prior to January 31, 2004.

Compensated Absences

County employees are entitled to sick and vacation leave based on their length of employment. Upon termination, an employee is paid the amount of accumulated vacation and/or sick days not used up to certain limits. Accumulated sick leave is paid out at 25% or 50% up to 90 days depending on length of service. Accumulated vacation leave is paid up to 30 days. Unused sick and vacation time is accumulated at the employees' current rate of pay and is included as a liability in the government-wide financial statements.

Net Position

Net position represents the difference between assets, liabilities and deferred inflows and outflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Fund Balance Classifications

In the fund financial statements, governmental funds report the following classifications of fund balance:

Restricted Fund Balance

The County of Aroostook's restricted fund balance includes amounts that can only be used for specific purposes.

Unrestricted - Committed

The County's board of commissioners has the authority to commit fund balance amounts for specific purposes. Board approval is also required to modify or rescind a commitment of fund balance. The County does not currently have any committed balances.

Unrestricted - Assigned

The County Administrator has the authority to assign fund balance amounts for specific purposes. Management approval is also needed to modify or rescind an assignment of fund balance.

COUNTY OF AROOSTOOK, MAINE

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2014

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unassigned

The County of Aroostook's unassigned fund balances includes amounts that have not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the General Fund.

When restricted and other fund balances resources are available for use, it is the County's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively. The County does not currently have a minimum fund balance policy.

(2) CASH AND TEMPORARY INVESTMENTS

Deposits with financial institutions are subject to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may be lost. As of December 31, 2014, the County's deposits with financial institutions of \$1,546,203 were fully insured or collateralized with government securities held in the County's name.

(3) RELATED PARTY TRANSACTIONS

The County is related to the Unorganized Territories of Aroostook County, Maine through common management. The County oversees the day to day operations, maintenance of roads and bridges, snow removal and other needs of the residents of the Unorganized Territories. For these services, the Unorganized Territories paid the County an annual administration fee of \$63,885 for the year ended December 31, 2014.

COUNTY OF AROOSTOOK, MAINE

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2014

(4) CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014, was as follows:

	Balance January 1, <u>2014</u>	<u>Additions</u>	<u>Disposals</u>	Balance December 31, <u>2014</u>
<u>Governmental Activities</u>				
Capital assets not being depreciated:				
Land	\$ 18,400	\$ -	\$ -	\$ 18,400
Depreciable assets:				
Land improvements	257,955	-	-	257,955
Building and improvements	12,410,692	76,185	-	12,486,877
Heating systems	276,467	846	-	277,313
Electrical and plumbing	85,943	-	-	85,943
Communications equipment	358,448	40,100	46,662	351,886
Computer/office equipment	653,493	45,074	13,717	684,850
Custodial equipment	48,761	719	400	49,080
Firefighting equipment	91,166	-	-	91,166
Grounds equipment	35,901	3,329	-	39,230
Kitchen equipment	72,916	2,091	-	75,007
Police equipment	169,321	8,235	-	177,556
Vehicles	698,323	112,882	96,604	714,601
Furniture and fixtures	247,175	18,867	289	265,753
	<u>15,406,561</u>	<u>308,328</u>	<u>157,672</u>	<u>15,557,217</u>
Less accumulated depreciation for:				
Land improvements	104,126	12,761	-	116,887
Building and improvements	11,888,506	27,101	-	11,915,607
Heating systems	117,604	13,777	-	131,381
Electrical and plumbing	28,452	5,110	-	33,562
Communications equipment	279,898	18,270	27,219	270,949
Computer/office equipment	507,498	54,200	13,383	548,315
Custodial equipment	39,174	3,345	500	42,019
Firefighting equipment	21,282	2,507	-	23,789
Grounds equipment	22,652	3,095	-	25,747
Kitchen equipment	60,764	4,794	-	65,558
Police equipment	135,386	11,066	-	146,452
Vehicles	500,194	105,565	95,423	510,336
Furniture and fixtures	241,858	4,294	284	245,868
	<u>13,947,394</u>	<u>265,885</u>	<u>136,809</u>	<u>14,076,470</u>
Total Capital Assets	<u>\$ 1,477,567</u>	<u>\$ 42,443</u>	<u>\$ 20,863</u>	<u>\$ 1,499,147</u>

COUNTY OF AROOSTOOK, MAINE

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2014

(4) CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions in the Statement of Activities as follows:

Governmental Activities	
Law enforcement	\$116,631
Unallocated	<u>149,254</u>
	<u>\$265,885</u>

(5) LINE OF CREDIT

The County borrowed and repaid \$1,560,000 during the year ended December 31, 2014 to finance its operations while it waited to collect tax revenues. This note was paid in full by year end. The County paid a total of \$15,060 in interest on this loan during 2014.

(6) PARTICIPATION IN PUBLIC ENTITY RISK POOL

The County is a member of the Maine Municipal Association - Worker Compensation Trust Fund (the fund). The fund was created to assist members in managing their workers compensation costs through effective claims management and loss prevention activities. 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.

(7) DEFINED BENEFIT PENSION PLAN

Employees of participating local governmental units are eligible to participate in the Maine Public Employees Retirement System (MainePERS/the System), formerly the Maine State Retirement System. MainePERS is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for teachers, state employees and the employees of participating local districts (PLDs). The System issues a stand-alone report which can be obtained from MainePERS in Augusta, Maine.

Various full-time employees participate in the system, and benefits vest after 5 years of service. Employees who retire at or after age 60 with 10 years of service are entitled to an annual retirement benefit calculated based on the highest 3 years of service earnings. 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 through June 30, 2014 to the system. Effective July 1, 2014, this rate increased to 7%. The County contributes the remaining amounts necessary to fund the system based on the amounts determined by the actuary in accordance with the statutes.

During 1994, the County elected to join the Participating Local District Consolidated Plan established by the system which was created to consolidate the existing separate plans of PLDs.

COUNTY OF AROOSTOOK, MAINE

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2014

(7) DEFINED BENEFIT PENSION PLAN (Continued)

The funding rates for the prior three years were as follows:

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
Retirement benefits:			
Employer normal costs	9.4%	10.9%	8.8%
Unfunded actuarial costs	-4.1%	-4.4%	-1.0%
	<u>5.3%</u>	<u>6.5%</u>	<u>7.8%</u>
Disability costs	None	None	None
Survivor benefit costs	None	None	None
Contribution rate	<u>5.3%</u>	<u>6.5%</u>	<u>7.0%</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 gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Trend information is not currently available from MainePERS as of December 31, 2014.

(8) OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The County provides health insurance benefits to its retirees meeting certain age and length of service requirements up to the age of 65 through an agent multiple-employer plan administered by the Maine Municipal Employees Health Trust. The County does not issue a stand-alone financial statement for the plan.

Funding Policy

The County's funding policy is to pay the net expected benefits for the current retirees. The County does not generally contribute to the trust to fund future retirement benefits except that it receives credit for premiums paid currently in the form of a rate subsidy toward future premiums.

Annual OPEB Cost and Net OPEB Obligation

The County's Other Post-employment Benefit (OPEB) expense is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with generally accepted accounting principles. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortizes the unfunded actuarial liability over a period of 30 years. The following table presents the components of the County's annual OPEB cost for 2014, the amount actually contributed to the plan, and the net change in its net OPEB obligation:

Annual required contribution	\$276,997
Interest on net OPEB obligation	22,179
Adjustment to ARC	<u>(32,065)</u>
Annual OPEB cost	267,111
Employer contributions - admin fee	(3,450)
Employer contributions - explicit premiums	<u>(15,861)</u>
Increase in net OPEB obligation	247,800
Net OPEB, January 1, 2014	<u>554,466</u>
Net OPEB, December 31, 2014	<u>\$802,266</u>

COUNTY OF AROOSTOOK, MAINE

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2014

(8) OTHER POST-EMPLOYMENT BENEFITS (Continued)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2012, 2013 and 2014 were as follows:

Year	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
2014	\$267,111	7.2%	\$802,266
2013	183,150	2.7%	554,466
2012	186,474	0.0%	376,334

As of January 1, 2014, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$2,260,078, with no plan assets resulted in an unfunded actuarial accrued liability of \$2,260,078. The covered payroll (annual payroll of active employees covered by the plan) was \$626,869. The ratio of the unfunded actuarially accrued liabilities to covered payroll was 1.28%.

Actuarial valuations 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 trends. 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 estimates 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, 2014 actuarial valuation the projected unit credit actuarial cost method was used. The assumptions included a 4% rate of return and a 3% payroll growth rate. Also assumed was an annual healthcare cost trend rate of 8.9% initially, reduced incrementally to an ultimate rate of 4.6% after 15 years. The unfunded actuarial accrued liability is being amortized as a level dollar amount over a 30 year open amortization period.

(9) COMMITMENTS AND CONTINGENCIES

The County is exposed to various risks of loss related to torts; theft or damages to assets for which it carries commercial insurance. Settled claims, if any, resulting from these risks have not significantly exceeded commercial insurance coverage.

The County is the recipient of various grants which are subject to review and/or compliance audits by various authorities. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. In the opinion of management, there are no such amounts that will be disallowed as of December 31, 2014.

COUNTY OF AROOSTOOK, MAINE

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2014

(10) PRIOR PERIOD ADJUSTMENT

The net position at January 1, 2014 has been reduced by \$422,974 to reflect the change in the obligation for OPEB at December 31, 2013.

(11) SUBSEQUENT EVENTS

Management has reviewed subsequent events through September 9, 2015, the date that these financial statements were available to be issued and determined that no additional adjustments or disclosures are required in order for these financial statements to be fairly stated.

COUNTY OF AROOSTOOK, MAINE

SCHEDULE 1

BUDGETARY COMPARISON
 GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Resources (Inflows)				
Municipal tax revenue	\$ 2,931,093	\$ 2,931,093	\$ 3,032,537	\$ 101,444
Registry of deeds and probate	924,950	924,950	740,502	(184,448)
Intergovernmental revenues	234,000	234,000	231,297	(2,703)
Service fees	393,550	393,550	386,723	(6,827)
Interest income	7,000	7,000	3,901	(3,099)
Other revenues	<u>67,206</u>	<u>67,206</u>	<u>69,295</u>	<u>2,089</u>
Amounts available for appropri- ations	<u>4,557,799</u>	<u>4,557,799</u>	<u>4,464,255</u>	<u>(93,544)</u>
Charges to appropriations (Outflows)				
Emergency management	128,304	128,304	133,693	(5,389)
Administration	852,387	852,387	690,233	162,154
Public safety	209,869	209,869	201,594	8,275
Operation of courts	867,786	867,786	807,572	60,214
Registry operations	623,740	623,740	596,745	26,995
Drug and law enforcement	1,530,957	1,530,957	1,591,774	(60,817)
Fire Marshal	9,500	9,500	8,707	793
Outside requests	228,862	228,862	228,862	-
Capital outlays	<u>253,301</u>	<u>253,301</u>	<u>274,014</u>	<u>(20,713)</u>
Total charges to appropriations	<u>4,704,706</u>	<u>4,704,706</u>	<u>4,533,194</u>	<u>171,512</u>
Excess of resources (under) charges to appropriations	(146,907)	(146,907)	(68,939)	\$ <u>77,968</u>
FUND BALANCE - JANUARY 1, 2014	<u>146,907</u>	<u>146,907</u>	<u>1,873,510</u>	
FUND BALANCE - DECEMBER 31, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,804,571</u>	

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

To the Board of Commissioners 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 and each major fund of the County of Aroostook, Maine as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County of Aroostook's basic financial statements and have issued our report thereon dated September 9, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) 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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described below that we consider to be a significant deficiency.

To the Board of Commissioners of the
County of Aroostook, Maine

The size of the County imposes practical limitations on the establishment of those internal control structure policies and procedures that depend on segregation of duties. One individual signs checks and is also responsible to record journal entries and reconcile the bank account. Failure to segregate these duties could lead to unintentional errors in cash or the misuse of cash without being detected in the normal course of business.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Aroostook'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*.

County of Aroostook's Response to Findings

The County's response to the above mentioned finding is that management has segregated duties to the extent it considers feasible for the size of its office staff. It has also implemented various compensating controls in order to minimize its risk.

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 result of that testing, and not to provide an opinion on the effectiveness of the County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Felch & Company LLC

Caribou, Maine
September 9, 2015



Chester M. Kearney
Certified Public Accountants

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

Herman Belanger, CPA, CGMA
Paul J. Callnan, CPA
Barbara D. McGuire, CPA
Timothy P. Poitras, 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, as of and for the year ended June 30, 2014, and the related notes to the 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 about whether the financial statements are free from material misstatement.

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

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

Basis for Adverse Opinion

As discussed in Note 1, the financial statements of the Jail Operations Fund of the County of Aroostook, Maine are intended to present the financial position, and the changes in financial position and, where applicable, cash flows of only that portion of each major fund and the aggregate remaining fund information of the County of Aroostook, Maine that is attributable to the transactions of the Jail Operations Fund of the County of Aroostook, Maine. Accounting principles generally accepted in the United States of America require that the County of Aroostook, Maine's financial statements present the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Aroostook, Maine

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion" paragraph, the financial statements referred to above do not present fairly the financial position of the County of Aroostook, Maine as of June 30, 2014 or the changes in financial position or cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Jail Operations Fund of the County of Aroostook, Maine, as of June 30, 2014, and the respective 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 30, 2014

COUNTY OF AROOSTOOK, MAINE

JAIL OPERATIONS FUND

BALANCE SHEET

JUNE 30, 2014

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

ASSETS	
Cash	1,067
Due from Maine Board of Corrections	<u>65,463</u>
TOTAL ASSETS	<u>66,530</u>
DEFERRED OUTFLOWS OF RESOURCES	
Future commitment from County/Department of Corrections for accrued sick leave and vacation	<u>25,711</u>
TOTAL ASSETS AND DEFERRRED OUTFLOWS OF RESOURCES	<u><u>92,241</u></u>

LIABILITIES AND FUND BALANCE

LIABILITES	
Due to General Fund	59,631
Accrued sick leave	16,334
Accrued vacation	<u>9,377</u>
TOTAL LIABILITIES	<u>85,342</u>
FUND BALANCE	
Assigned	<u>6,899</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>92,241</u></u>

See notes to financial statements

COUNTY OF AROOSTOOK, MAINE

JAIL OPERATIONS FUND

STATEMENT OF REVENUES AND EXPENDITURES

YEAR ENDED JUNE 30, 2014

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
CASH EXPENDITURES			
Personnel and benefits			
Salaries and wages	1,170,836	1,344,959	(174,123)
Holiday and overtime pay	307,800	520,062	(212,262)
Fringe benefits	550,684	691,735	(141,051)
	<u>2,029,320</u>	<u>2,556,756</u>	<u>(527,436)</u>
Professional fees	443,908	557,570	(113,662)
Travel expenses	7,900	9,705	(1,805)
Vehicle expenses	35,000	49,871	(14,871)
Utilities/Fuel	163,350	164,595	(1,245)
Rent expense	25,000	20,474	4,526
Repairs and maintenance	95,271	99,989	(4,718)
Insurance	53,200	54,722	(1,522)
Interest expense	8,000	7,026	974
Training and education	5,500	9,967	(4,467)
Food	182,500	205,576	(23,076)
Supplies	100,300	108,763	(8,463)
Uniforms	10,000	11,541	(1,541)
Miscellaneous	6,000	4,903	1,097
Equipment and capital improvements	350	22,102	(21,752)
	<u>3,165,599</u>	<u>3,883,560</u>	<u>(717,961)</u>
REVENUE			
State of Maine Community Corrections Funds	298,138	298,138	-
Board of Corrections	465,760	1,156,825	691,065
Community based programs	74,535	74,535	-
Support of prisoners	10,500	23,275	12,775
Interest income	-	405	405
	<u>848,933</u>	<u>1,553,178</u>	<u>704,245</u>
Budgeted municipal taxes	2,316,666	2,316,666	-
	<u>3,165,599</u>	<u>3,869,844</u>	<u>704,245</u>
Fund Balance-July 1, 2013	-	20,615	20,615
Fund Balance-June 30, 2014	-	6,899	6,899

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, 2014. 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.

COUNTY OF AROOSTOOK, MAINE

JAIL OPERATIONS FUND

NOTES TO FINANCIAL STATEMENTS (cont'd.)

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

Deferred Outflows of Resources

The County reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its statement of net position. Deferred outflows of resources that affect the Jail Operations Fund's financial statements in the current year are for accrued compensated absences as detailed in Note #4.

Fund Balance

The County has adopted, the Governmental Accounting Standards Board (GASB) Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*.

Statement No. 54, among many other changes, establishes a fund balance hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Prior to the adoption of GASB #54 the County reported fund balance as either reserved or unreserved. The unreserved category was further broken down as designated or undesignated. Under the new reporting format, fund balance is reported as follows:

- Nonspendable-Items that are either not in spendable form or legally or contractually required to remain intact.
- Restricted fund balance-Resources that have constraints imposed by either creditors, grantors, contributors or laws and regulations of other governments; or amounts that have very stringent conditions imposed by external parties or law.
- Unrestricted fund balance-It has three components;
 - Committed fund balance - Amounts with internally imposed restrictions mandated by the government's highest level of decision making authority which require action from that authority to be redeployed.
 - Assigned fund balance - Amounts that are constrained by the government's intent that they will be used for specific purposes. Decision making authority with respect to these amounts lies with a committee or other government official but not the highest level authority.
 - Undesignated fund balance - This is the residual balance of the general fund which represents the remaining fund balance after allocation to the other fund balance categories. It reflects resources that are available for further appropriation and expenditure for general governmental purposes.

(2) CASH

State statutes require that all investments made by the Department consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Department funds.

COUNTY OF AROOSTOOK, MAINE

JAIL OPERATIONS FUND

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(2) CASH (cont'd.)

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Department will not be able to recover its deposits. The Department does not have a policy covering custodial credit risk for deposits. However, the Department maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2014, the Departments' cash balances amounting to \$1,067 were comprised of deposits of \$10,906. All of these bank deposits, were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

The year-end cash balance was remitted to the County's General Fund on July 1, 2014.

(3) 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.

(4) 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.

(5) SUBSEQUENT EVENTS

Management has evaluated for subsequent events through October 30, 2014, the date the financial statements were available to be issued. No subsequent events have occurred and none have been disclosed.



UNORGANIZED TERRITORY PUBLIC WORKS DEPARTMENT 2014 Annual Report

It is my pleasure to submit the 2014 Annual Report for the County of Aroostook's Public Works Department. This department oversees a majority of services that are provided to the residents of Aroostook County's Unorganized Territory. This region spans over 2.5 million acres, easily the largest county in the State of Maine. These services include; road maintenance, snow removal, solid waste removal, E-911 addressing, road sign maintenance, law enforcement, ambulance service, fire protection, and minimal animal control. Ensuring the smooth operation and implementation of these various services could not be possible without the assistance of all our dedicated service providers, contractors, municipalities, and other professionals. Their continued commitment to the residents of Aroostook County's Unorganized Territory is greatly appreciated. Annually, 65-70 service contracts/agreements are secured in order to provide the above mentioned services in the UT.

Annually, road maintenance is the most costly service that we provide to our residents. Road infrastructure expenses are comprised of three (3) major cost components; snow removal, normal annual road maintenance, and capital (major) projects. Capital projects, especially larger ones which can be very costly, are typically implemented over a two (2) to three (3) year period, thus allowing 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.

2014 road projects completed or in progress:

- Area One (Southern Aroostook) – Aroostook and Sweeney Roads; Nearly 800 yards of screened gravel was applied and graded on various portions of the 14 mile Aroostook Road. Extensive roadside ditching and rock-lining was also completed this past season. This is the major connector between Benedicta and US Route 2. Over 2,200 feet of pavement was reclaimed and reintroduced on the Sweeney Road in 2013, and again rehabilitated with asphalt millings and maintained as such in 2014. This road is scheduled for a double chip seal application in 2015.
- Area Two (Northern Aroostook) – Haney and E-Plantation Roads; In year two of a three year project, total road rehabilitation and layout with asphalt millings was completed on over 5,000 feet of the Haney Road. Plans for 2015 include final road inspections and options of either asphalt or double chip seal overlay. Beginning in the fall of 2013, work commenced on the E-Plantation Road. This project is by far the largest capital project in recent years, as it is projected to span 3-5 years. In 2014, major ditching continued in a project area that will span over 3 miles. Ditching and cross culvert replacements is expected to be completed by fall of 2015, with a pavement or chip seal overlay possible for 2016 or 2017.

Also, this past year, funding was secured from the Maine Department of Environmental Protection for malfunctioning of failed septic systems. These funds were made available through the Small Community Grant Program. To date, one malfunctioning system has been repaired in Connor Township.

As always, I must thank the great support staff at the County Commissioners Office. We are challenged daily with the task of overseeing the largest county east of the Mississippi, and take great pride in what we do. It is truly my pleasure serving the residents of Aroostook County.



CONNOR SEPTIC SYSTEM REPAIR
(Installation)



CONNOR SEPTIC SYSTEM REPAIR
(Completion)

FELCH & COMPANY, LLC

Certified Public Accountants

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(207) 498-3176
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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of the
Unorganized Territories of the County of Aroostook, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Unorganized Territories of the County of Aroostook, Maine as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Territories' 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

To the Board of Commissioners of the
Unorganized Territories of the County of Aroostook, Maine

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Unorganized Territories of the County of Aroostook, Maine, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary information on Pages I through IV and Schedule 1, be present to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2014 on our consideration of the Unorganized Territories' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Unorganized Territories' internal control over financial reporting and compliance.

Felch & Company LLC

Caribou, Maine
November 14, 2014

Unorganized Territories of the County of Aroostook, Maine

Management's Discussion and Analysis For the Year Ended June 30, 2014

UNAUDITED

The following narrative is an overview of the Unorganized Territories' financial performance designed to assist the reader in focusing on significant financial issues. This discussion and analysis should be read in conjunction with the attached financial statements together with the related notes.

USING THIS ANNUAL REPORT

In accordance with generally accepted accounting principles, the basic financial statements are presented in two formats. Each format presents information by a different measurement focus. The first of these formats is called the government-wide statements which presents the Unorganized Territories as a whole and presents a longer-term view of the Territories' finances. The second format uses fund accounting and the focus is on current resources available for current obligations.

Reporting the Territories as a Whole

The government-wide statements are designed to present the Territories as a whole similar to the way a business presents financial statements. The Statement of Net Position (Exhibit A) combines the assets and liabilities as presented in the governmental funds with the Territories' capital assets and long-term obligations. In the Statement of Activities (Exhibit B) the focus is on both the gross and net cost of the various activities (or departments) which are funded by various general revenues including tax assessment and intergovernmental revenues. Revenues are recognized when earned regardless of when they are collected and expenses are recognized when the liability becomes due. Since capital asset purchases are not considered an expense under this measurement focus, annual charges for depreciation are recognized to indicate the use of these assets over time.

Fund Financial Statements

In the preparation of these statements, fund accounting is used which is described more fully in the notes to the financial statements. The focus under GASB 34 is on "major funds" which presents a separate column for only the most significant funds of the Territories. These statements (Exhibits C & D) present the Territories' financial position and results of operations using a shorter-term view and show how money flows into and out of the funds and the balances left at year-end that are available for spending. These funds report using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash.

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 immediately following the basic financial statements.

Unorganized Territories of the County of Aroostook, Maine

Management's Discussion and Analysis
For the Year Ended June 30, 2014

UNAUDITED

Table 1		
Net Position		
	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 548,335	\$ 433,073
Capital assets, net	<u>1,602,577</u>	<u>1,448,581</u>
Total assets	<u>2,150,912</u>	<u>1,881,654</u>
Current liabilities	44,435	59,298
Capital lease payable	<u>-</u>	<u>10,000</u>
Total liabilities	<u>44,435</u>	<u>69,298</u>
Net position		
Net investment in capital assets	1,592,577	1,418,580
Unrestricted	<u>513,900</u>	<u>393,776</u>
Total net position	<u>\$ 2,106,477</u>	<u>\$ 1,812,356</u>

Unorganized Territories of the County of Aroostook, Maine

Management's Discussion and Analysis
For the Year Ended June 30, 2014

UNAUDITED

Table 2		
Change in Net Position		
	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Revenues:		
Program revenues:		
Operating grants	\$ 63,845	\$ 113,317
General revenues:		
Property tax assessment	1,680,237	1,584,348
Excise tax	331,407	236,829
Investment income	3,330	1,619
Other revenues	<u>3,722</u>	<u>40</u>
	<u>2,018,696</u>	<u>1,822,836</u>
Total Revenues	<u>2,082,541</u>	<u>1,936,153</u>
Program expenses:		
County tax	655,121	611,156
Roads	130,000	146,778
Public works	85,919	81,084
Public safety	34,671	35,545
Snow removal	288,569	277,321
Solid waste disposal	118,698	118,723
Fire protection	137,793	152,602
Ambulance services	35,410	25,949
Administration	63,265	61,509
Capital outlays	149,951	188,031
Other	<u>89,023</u>	<u>148,021</u>
Total expenses	<u>1,788,420</u>	<u>1,846,719</u>
Increase in net position	<u>\$ 294,121</u>	<u>\$ 89,434</u>

Unorganized Territories of the County of Aroostook, Maine

Management's Discussion and Analysis
For the Year Ended June 30, 2014

UNAUDITED

ANALYSIS OF FINANCIAL POSITION

During the year ending June 30, 2014, the total net position increased \$294,121 to \$2,106,477 at year end. Of the total net position at June 30, 2014, \$513,900 may be used to meet the Territories' ongoing obligations to citizens and creditors.

CAPITAL ASSET ACTIVITY

Capital assets, net of depreciation totaled \$1,602,577 as of June 30, 2014, representing a \$153,996 increase from the prior year end. This increase is due to improvements to roads offset by depreciation. For more detail, please refer to Note 4 to the financial statements.

LONG-TERM LIABILITIES

During the year ending June 30, 2014, the long-term portion of the Capital Lease liability decreased \$10,000 to \$0 at year end. For more detail, please refer to Note 6 to the financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Territories took in \$98,603 more than anticipated in revenues which was primarily due to an increase in excise taxes. The Territories also spent \$21,906 less than anticipated, which was a result of small decreases in a variety of expenditure accounts. This resulted in a net favorable budget variance of approximately \$120,509. For the budgetary comparison, please refer to Schedule 1.

FINANCIAL CONTACT

The individual to be contacted regarding this report is the County Administrator, County of Aroostook, 144 Sweden Street, Suite 1, Caribou, ME 04736.

STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Governmental Activities</u>
<u>ASSETS</u>	
CURRENT ASSETS	
Cash	\$ 18,134
Due from other governments	525,000
Accounts receivable	<u>5,201</u>
Total current assets	<u>548,335</u>
CAPITAL ASSETS	
Capital assets (Notes 4 and 6)	
Non-depreciable	74,900
Depreciable, net	<u>1,527,677</u>
Total capital assets	<u>1,602,577</u>
Total assets	<u>2,150,912</u>
<u>LIABILITIES</u>	
CURRENT LIABILITIES	
Accounts payable	34,435
Capital lease payable (Note 6)	<u>10,000</u>
Total current liabilities	<u>44,435</u>
<u>NET POSITION</u>	
Net investment in capital assets	1,592,577
Unrestricted	<u>513,900</u>
Total net position	<u>\$ 2,106,477</u>

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Function/Program Activities	Program Revenues				Net (Expense) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
County tax	\$ 655,121	\$ -	\$ -	\$ -	\$ (655,121)
Roads	130,000	-	62,272	-	(67,728)
Public works	85,919	-	-	-	(85,919)
Public safety	34,671	-	-	-	(34,671)
Snow removal	288,569	-	-	-	(288,569)
Solid waste disposal	118,698	-	-	-	(118,698)
Fire protection	137,793	-	-	-	(137,793)
Ambulance services	35,410	-	-	-	(35,410)
Administration	63,265	-	-	-	(63,265)
Capital outlays	149,951	-	-	-	(149,951)
Other	89,023	-	1,573	-	(87,450)
	<u>\$1,788,420</u>	<u>\$ -</u>	<u>\$ 63,845</u>	<u>\$ -</u>	<u>(1,724,575)</u>

General Revenues:

Property tax assessment	1,680,237
Excise tax	331,407
Investment income	3,330
Other revenues	3,722
	<u>2,018,696</u>
	<u>294,121</u>
	<u>1,712,268</u>
	<u>100,088</u>
	<u>1,812,356</u>
	<u>\$ 2,106,477</u>

CHANGE IN NET POSITION

NET POSITION - JULY 1, 2013, as originally stated
PRIOR PERIOD ADJUSTMENT (Note 8)

NET POSITION - JULY 1, 2013, as restated

NET POSITION - JUNE 30, 2014

BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Other Governmental Fund	Total Governmental Funds
<u>ASSETS</u>			
Cash (Note 2)	\$ 18,134	\$ -	\$ 18,134
Due from other governments	525,000	-	525,000
Due from other funds	201	-	201
Accounts receivable	<u>5,000</u>	<u>201</u>	<u>5,201</u>
	<u>\$548,335</u>	<u>\$ 201</u>	<u>\$ 548,536</u>
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Accounts payable	\$ 34,435	\$ -	\$ 34,435
Due to other funds	<u>-</u>	<u>201</u>	<u>201</u>
	<u>34,435</u>	<u>201</u>	<u>34,636</u>
<u>FUND BALANCES</u>			
Unrestricted:			
Assigned for future expenditures	325,631	-	325,631
Unassigned	<u>188,269</u>	<u>-</u>	<u>188,269</u>
	<u>513,900</u>	<u>-</u>	<u>513,900</u>
	<u>\$548,335</u>	<u>\$ 201</u>	<u>\$ 548,536</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Other Governmental Fund	Total Governmental Funds
REVENUES			
Property tax	\$ 1,680,237	\$ -	\$ 1,680,237
Excise tax	331,407	-	331,407
Local road assistance	62,272	-	62,272
Snowmobile	986	-	986
Interest income	3,330	-	3,330
Other revenues	4,108	201	4,309
	<u>2,082,340</u>	<u>201</u>	<u>2,082,541</u>
EXPENDITURES			
County tax	655,121	-	655,121
Roads	130,000	-	130,000
Public works	85,919	-	85,919
Public safety	34,671	-	34,671
Snow removal	288,569	-	288,569
Solid waste disposal	118,698	-	118,698
Fire protection	137,793	-	137,793
Ambulance services	35,410	-	35,410
Administration	63,265	-	63,265
Capital outlays	323,947	-	323,947
Other	88,436	587	89,023
	<u>1,961,829</u>	<u>587</u>	<u>1,962,416</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>120,511</u>	<u>(386)</u>	<u>120,125</u>
FUND BALANCE - JULY 1, 2013	<u>393,389</u>	<u>386</u>	<u>393,775</u>
FUND BALANCE - JUNE 30, 2014	<u>\$ 513,900</u>	<u>\$ -</u>	<u>\$ 513,900</u>

RECONCILIATION OF FUND BALANCE IN GOVERNMENTAL FUNDS TO NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

Fund balance in governmental funds (Exhibit C)		\$ 513,900
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Capital assets	\$ 2,122,092	
Accumulated depreciation	<u>(519,515)</u>	
		1,602,577
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:		
Capital lease payable		<u>(10,000)</u>
Net position (Exhibit A)		<u>\$ 2,106,477</u>

UNORGANIZED TERRITORIES OF THE COUNTY OF AROOSTOOK, MAINE
 RECONCILIATION OF CHANGE IN FUND BALANCE IN GOVERNMENTAL FUNDS
 TO CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

EXHIBIT F

Net change in fund balance - total governmental funds (Exhibit D)	<u>\$120,125</u>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized	\$214,945
Depreciation expense	<u>(60,949)</u>
	<u>153,996</u>
Government funds report repayment of capital lease as an expenditure, while governmental activities report it as reducing the long-term liabilities.	<u>20,000</u>
Change in net position of governmental activities (Exhibit B)	<u>\$294,121</u>

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Unorganized Territories of the County of Aroostook, Maine provides various services to the Territories' residents. The Territories operate under the Manager/Board of Commissioners form of government. The Territories' major operations include the payment of Territories' tax and the maintenance of roads.

The accounting and reporting policies of the Unorganized Territories 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) and the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Government Units*. The Territories' significant accounting policies are described below.

These basic financial statements include the accounts of all of the Unorganized Territories. The criteria for including organizations as component units within the Unorganized Territories' reporting entity as set forth by GASB have been considered. It has been determined that the Unorganized Territories have no component units for inclusion in these financial statements.

Basis of Presentation

The Territories basic financial statements include both government-wide (reporting the Territories as a whole) and fund financial statements (reporting the Unorganized Territories major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. The Territories do not have any activities classified as business-type activities.

Government-Wide Statements and Measurement Focus

In the government-wide Statement of Net Position the governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Territories' net position is reported in three parts - net investment in capital assets, restricted net position and unrestricted net position. The unrestricted net position includes those assigned by the Territories for subsequent years' expenditures, since they are considered available for use, and those that are unassigned.

The government-wide Statement of Activities reports both the gross and net cost of each of the Territories' functions (property taxes, excise taxes, state assistance, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or department. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs by department are normally covered by general revenue (property taxes and investment income). The government-wide focus is on the sustainability of the Territories as an entity and the change in the Territories' net position resulting from the current year's activities. The Territories do not allocate indirect costs.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)Fund Financial Statements and Measurement Focus

The financial transactions of the Territories are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

All governmental funds are accounted for using a flow of current financial resources measurement focus. Under this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources and uses of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. For this reason, a reconciliation is presented with brief explanations to identify the differences between the two sets of financial statements.

The emphasis in fund financial statements is on the major funds. GASB standards set forth minimum criteria based on the size of the funds for the determination of major funds. The Territories management may also designate additional funds as major funds. Each major fund is presented in a separate column in the financial statements. The nonmajor funds are combined in a column in the fund financial statements.

The Unorganized Territories reports the following major governmental fund:

The *General Fund* is the general operating fund of the Territories. It is used to account for all financial resources except those required to be accounted for in another fund.

The Territories also reports the following fund type:

The Territories' Septic Grant is the *Special Revenue Fund* which is used to account for the revenues that are legally restricted to expenditures for specific purposes.

Formal budgetary accounting is employed as a management control for the General Fund of the Territories. Annual operating budgets are adopted by the Finance Committee of the Board of Commissioners. In accordance with generally accepted accounting principles, these budgets use the same accounting method to reflect actual revenues and expenditures. Budgetary control is exercised at the departmental level or by project. All unencumbered budget appropriations, except project budgets, lapse at the end of each fiscal year.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting is used where purchase orders, contracts and other commitments for the expenditure of resources are recorded to ensure that that portion of fund balance is utilized for its intended purpose. In the general fund, for budgetary purposes, appropriations lapse at fiscal year-end except for that portion related to encumbered amounts. Encumbrances outstanding at year-end are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

JUNE 30, 2014(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)Basis of Accounting

The term "basis of accounting" refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. This differs from measurement focus in that it refers to the timing of recognition. Measurement focus refers to what is being measured and included in the financial statements.

The governmental activities in the government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recognized when the exchange takes place (accrual basis). Under the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Territories, available means expected to be received within 60 days of fiscal year-end.

Nonexchange transactions, in that the Territories receive value without directly giving equal value in return, include property taxes, grants, entitlements and donations. The State of Maine levies property and excise taxes and remits them to the Territories on a quarterly basis throughout the year. Property taxes, excise taxes and state assistance are recognized when received in cash. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Territories must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Territories on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions is considered to be available since it has already been received.

Financial Statement AmountsUse of Estimates

The preparation of 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. Following is a summary of significant accounting principles used by the Territories.

Cash and Temporary 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 and temporary investments. Earnings from these investments are reported by the applicable funds. The Territories' policy is to invest in local banks and to insure the funds to as great a degree as possible.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*Capital Assets*

Initial acquisitions of capital assets purchased or acquired with an original cost of \$5,000 or more are reported at actual or estimated historical cost. 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 if they exceed \$5,000. Infrastructure assets are capitalized if their value exceeds \$50,000. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of 5 to 10 years for vehicles and equipment, 20 to 40 years for buildings and improvements. Due to the Unorganized Territories' size it has elected not to report infrastructure prior to January 31, 2004.

Net Position

Net position represents the difference between assets, liabilities and deferred inflows and outflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through the enabling legislation adopted by the Territories or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Fund Balance Classifications

In the fund financial statements, governmental funds report the following classifications of fund balance:

Restricted Fund Balance

The Unorganized Territories' restricted fund balance includes amounts that can only be used for specific purposes. The Territories do not currently have any restricted balances.

Unrestricted - Committed

The Territories' board of commissioners has the authority to commit fund balance amounts for specific purposes. Board approval is also required to modify or rescind a commitment of fund balance. The Territories do not currently have any committed balances.

Unrestricted - Assigned

The Territories' Administrator has the authority to assign fund balance amounts for specific purposes. Management approval is also needed to modify or rescind an assignment of fund balance.

Unassigned

The Unorganized Territories' unassigned fund balances includes amounts that have not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the General Fund.

When restricted and other fund balances resources are available for use, it is the Territories' policy to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively. The Unorganized Territories do not currently have a minimum fund balance policy.

Interfund Receivables and Payables

Amounts reported as either due to or from other funds represent interfund borrowing through the use of a pooled cash account. Balances reported as of June 30, 2014 are expected to be settled within the next fiscal year.

UNORGANIZED TERRITORIES OF THE COUNTY OF AROOSTOOK, MAINE

NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

(2) CASH AND TEMPORARY INVESTMENTS

Deposits with financial institutions are subject to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Territories' deposits may be lost. As of June 30, 2014, the Territories' deposits with financial institutions of \$33,958 were fully insured or collateralized with government securities held in the Territories' name.

(3) RELATED PARTY TRANSACTIONS

The Unorganized Territories is related to Aroostook County, Maine through a Board of Commissioners and common management. The County oversees the day to day operations, maintenance of roads and bridges, snow removal and other needs of the residents of the Unorganized Territories. For these services, the Unorganized Territories paid the County an annual administration fee of \$63,265 for the year ended June 30, 2014.

UNORGANIZED TERRITORIES OF THE COUNTY OF AROOSTOOK, MAINE

NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

(4) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014, was as follows:

	Balance July 1, <u>2013</u>	<u>Additions</u>	<u>Disposals</u>	Balance June 30, <u>2014</u>
<u>Governmental Activities</u>				
Capital assets not being depreciated:				
Land	\$ 74,900	\$ -	\$ -	\$ 74,900
Depreciable assets:				
Land improvements	4,755	-	-	4,755
Building and improvements	253,599	-	-	253,599
Vehicles	287,533	-	-	287,533
Equipment	163,406	-	-	163,406
Infrastructure	<u>1,122,954</u>	<u>214,945</u>	-	<u>1,337,899</u>
	<u>1,832,247</u>	<u>214,945</u>	-	<u>2,047,192</u>
Less accumulated depreciation for:				
Land improvements	1,268	159	-	1,427
Building and improvements	68,586	6,010	-	74,596
Vehicles	133,544	14,946	-	148,490
Equipment	110,412	9,073	-	119,485
Infrastructure	<u>144,756</u>	<u>30,761</u>	-	<u>175,517</u>
	<u>458,566</u>	<u>60,949</u>	-	<u>519,515</u>
Total Capital Assets	<u>\$ 1,448,581</u>	<u>\$ 153,996</u>	<u>\$ -</u>	<u>\$ 1,602,577</u>

Depreciation expense was charged to functions in the Statement of Activities as follows:

<u>Governmental Activities</u>	
Roads	\$30,761
Fire Protection	20,234
Other	<u>9,954</u>
	<u>\$60,949</u>

(5) 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 Organization is administered by a seven-member board of representatives from each community. The Board is responsible for establishing the organization's annual budget and overseeing its operations.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014(5) JOINT VENTURES (Continued)

The Organization issues an audit financial statement biannually. As of December 31, 2012, the most recent report available, the Unorganized Territories owned 6.6% of the assets and liabilities of the organization. With the 6.6% ownership, the Territories' investment in this venture is \$3,542. It is expected that the Territories' investment did not change from December 31, 2012 to the year end. Because the amount of the Territories' investment in the organization is immaterial in nature and the audited financial statements are not received regularly, management has elected not to record this investment on the Unorganized Territories' financial statements. Further information can be obtained by contacting the Northwestern Aroostook County Septage Board.

(6) 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 the option to purchase the building for \$200,000 at any time during the agreement with all of the prior payments being credited to the purchase price. There is no interest associated with this agreement.

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

The minimum lease payment of \$10,000 payable by the Unorganized Territories is due on July 1, 2014.

(7) COMMITMENTS AND CONTINGENCIES

The Unorganized Territories are exposed to various risks of loss related to torts; theft or damages to assets for which it carries commercial insurance. Settled claims, if any, resulting from these risks have not significantly exceeded commercial insurance coverage.

The Unorganized Territories is the recipient of various grants which are subject to review and/or compliance audits by various authorities. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. In the opinion of management, there are no such amounts that will be disallowed as of June 30, 2014.

(8) PRIOR PERIOD ADJUSTMENTS

The Governmental Activities' net position as of July 1, 2013 has been restated to correct the balance of property and equipment that was recognized at June 30, 2013. The result was an increase in the beginning net position of \$100,088.

(9) SUBSEQUENT EVENTS

Management has reviewed subsequent events through November 14, 2014, the date that these financial statements were available to be issued and determined that no additional adjustments or disclosures are required in order for these financial statements to be fairly stated.

BUDGETARY COMPARISON
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>Resources (Inflows)</u>				
Property tax	\$ 1,680,237	\$ 1,680,237	\$ 1,680,237	\$ -
Excise tax	232,000	232,000	331,407	99,407
Local road assistance	62,000	62,000	62,272	272
Snowmobile	1,500	1,500	986	(514)
Interest income	7,000	7,000	3,330	(3,670)
Other revenues	<u>1,000</u>	<u>1,000</u>	<u>4,108</u>	<u>3,108</u>
Amounts available for appropriations	<u>1,983,737</u>	<u>1,983,737</u>	<u>2,082,340</u>	<u>98,603</u>
<u>Charges to appropriations (Outflows)</u>				
County tax	655,121	655,121	655,121	-
Roads	130,000	130,000	130,000	-
Public works	90,053	90,053	85,919	4,134
Public safety	35,078	35,078	34,671	407
Snow removal	293,515	293,515	288,569	4,946
Solid waste disposal	122,156	122,156	118,698	3,458
Fire protection	135,213	135,213	137,793	(2,580)
Ambulance services	35,601	35,601	35,410	191
Administration	63,265	63,265	63,265	-
Capital outlays	327,750	327,750	323,947	3,803
Other	<u>95,983</u>	<u>95,983</u>	<u>88,436</u>	<u>7,547</u>
Total charges to appropriations	<u>1,983,735</u>	<u>1,983,735</u>	<u>1,961,829</u>	<u>21,906</u>
Excess of resources over charges to appropriations	<u>\$ 2</u>	<u>\$ 2</u>	<u>120,511</u>	<u>\$ 120,509</u>
FUND BALANCE - JULY 1, 2013			<u>393,389</u>	
FUND BALANCE - JUNE 30, 2014			<u>\$ 513,900</u>	

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

To the Board of Commissioners of the
Unorganized Territories 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 and each major fund of the Unorganized Territories of the County of Aroostook, Maine as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Unorganized Territories' basic financial statements, and have issued our report thereon dated November 14, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Territories' internal control over financial reporting (internal control) 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 the Territories' internal control. Accordingly, we do not express an opinion on the effectiveness of the Territories' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described below that we consider to be a significant deficiency.

To the Board of Commissioners of the
Unorganized Territories of the County of Aroostook, Maine

The size of the Territories imposes practical limitations on the establishment of those internal control structure policies and procedures that depend on segregation of duties. One individual signs checks and is also responsible to record journal entries and reconcile the bank account. Failure to segregate these duties could lead to unintentional errors in cash or the misuse of cash without being detected in the normal course of business.

Compliance and Other Matters

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

Unorganized Territories Response to Findings

The Territories' response to the above-mentioned finding is that management has segregated duties to the extent it considers feasible for the size of its office staff. It has also implemented various compensating controls in order to minimize its risk. The Unorganized Territories' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

Caribou, Maine
November 14, 2014

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District Court - Madawaska (207) 728-4700
District Court - Presque Isle (207) 764-2055
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