



Proven Expertise and Integrity

December 12, 2011

Ms. Ruth Marden
Town Manager
Town of Jay
340 Main Street
Jay, Maine 04239

Dear Ms. Marden:

Enclosed please find twelve bound copies and one unbound copy of the Town of Jay's federal compliance financial statements for the year ended June 30, 2011.

Please be aware that under the new OMB Circular A-133 requirements that you will be receiving an email to certify to the Federal Audit Clearinghouse these financial statements and data collection form.

If we can be of any further assistance to you, or if there are any questions concerning these statements, please contact us.

It has been a pleasure serving the Town of Jay.

Very Best,

Ron H.R. Smith, C.P.A.

RHRS/bh

Enclosures

Federal Compliance Audit

Town of Jay, Maine

June 30, 2011



Proven Expertise and Integrity

TOWN OF JAY, MAINE

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JUNE 30, 2011

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INDEPENDENT AUDITORS' REPORT

July 14, 2011

Board of Selectmen

Town of Jay
Jay, Maine

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Jay, Maine, a Town of the Town of Jay, Maine as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. The Town of Jay, Maine is included in the Town of Jay, Maine's financial statements which have a year-end of June 30, 2011. These financial statements are the responsibility of the Town of Jay, Maine's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Jay, Maine as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Jay, Maine's financial statements as a whole. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RHR Smith & Company

Certified Public Accountants

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

(UNAUDITED)

The following management's discussion and analysis of the Town of Jay's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

The Town of Jay's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government - Wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short – term as well as long – term information in regards to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government – wide financial statements include the following two statements:

The Statement of Net Assets – this statement presents *all* of the government's assets and liabilities with the difference being reported as net assets.

The Statement of Activities – this statement presents information that shows how the government's net assets changed during the period. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above mentioned financial statements have separate columns for the two different types of town activities. The types of activities presented for the Town of Jay are:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, education, insurance, recreation and culture and other unclassified.
- *Business-type activities* – These activities are normally intended to recover all or a significant portion of their costs through user fees and / or charges to external users for goods and / or services. These activities for the Town of Jay include the sewer fund and school lunch fund at the school Town.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Jay, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Jay can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds: Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government – wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town of Jay presents only two columns in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The Town's major governmental fund is the general fund. All other funds are shown as nonmajor and are combined in the "Nonmajor Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Proprietary Funds: The Town of Jay maintains two proprietary funds, the school lunch fund and sewer fund. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the Town of Jay. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

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 the Fund Financial Statements. The Notes to Financial Statements can be found following the Fiduciary Fund Financial Statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a schedule of Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net assets, and changes in net assets of the Town's governmental and business-type activities. The Town's total net assets for governmental activities increased by \$1,199,472 from \$21.7 million to \$22.9 million. The Town's total net assets for business-type activities decreased by \$45,400 from \$1.07 million to \$1.03 million.

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - decreased for governmental activities to a balance of \$8,543,016 at the end of this year. Unrestricted net assets for business-type activities increased to a balance of \$222,660.

Table 1
Town of Jay, Maine
Net Assets
June 30,

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Assets:				
Current and Other Assets	\$ 10,487,542	\$ 10,829,270	\$ (697,022)	\$ 170,337
Capital Assets	15,755,629	14,811,717	1,060,188	1,181,761
Other Assets	-	-	3,075,554	3,075,554
Total Assets	<u><u>\$ 26,243,171</u></u>	<u><u>\$ 25,640,987</u></u>	<u><u>\$ 3,438,720</u></u>	<u><u>\$ 4,427,652</u></u>
Liabilities:				
Current Liabilities	\$ 696,686	\$ 721,071	\$ 620,325	\$ 1,307,932
Long-term Debt Outstanding	2,642,309	3,215,212	1,791,472	2,047,397
Total Liabilities	<u><u>\$ 3,338,995</u></u>	<u><u>\$ 3,936,283</u></u>	<u><u>\$ 2,411,797</u></u>	<u><u>\$ 3,355,329</u></u>
Net Assets:				
Invested in Capital Assets, Net of Related Debt	\$ 12,557,069	\$ 11,079,800	\$ 804,263	\$ 925,836
Restricted General Fund	1,197,355	1,395,680	-	-
Special Revenue	488,650	345,634	-	-
Permanent Fund	118,086	111,043	-	-
Unrestricted	<u>8,543,016</u>	<u>8,772,547</u>	<u>222,660</u>	<u>146,487</u>
Total Net Assets	<u><u>\$ 22,904,176</u></u>	<u><u>\$ 21,704,704</u></u>	<u><u>\$ 1,026,923</u></u>	<u><u>\$ 1,072,323</u></u>

Table 2
Town of Jay, Maine
Change in Net Assets
For the Years Ended June 30,

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues				
Taxes:				
Property	\$ 14,448,888	\$ 14,597,476	\$ -	\$ -
Excise	658,857	677,660	-	-
Intergovernmental	1,615,679	2,027,206	208,542	220,145
Charges for services	272,118	479,530	432,954	423,359
State of Maine on behalf payments	765,890	792,843	-	-
Miscellaneous	1,204,103	1,439,882	6,082	17,014
Total Revenues	<u>18,965,535</u>	<u>20,014,597</u>	<u>647,578</u>	<u>660,518</u>
Expenses				
Current:				
General government	634,885	550,618	-	-
Public safety	1,207,099	1,268,402	-	-
Public works	835,560	1,381,532	-	-
Health and welfare	545,304	985,414	-	-
Social Services	25,530	35,610	-	-
Recreation and culture	191,547	205,953	-	-
Education	8,085,292	8,620,676	-	-
County tax	959,250	1,343,699	-	-
Insurance	125,259	128,866	-	-
TIF	2,324,655	2,435,650	-	-
Depreciation	41,524	41,616	-	-
State of Maine on behalf payments	765,890	792,843	-	-
Unclassified	1,753,458	1,688,016	963,788	1,053,583
Total Expenses	<u>17,495,253</u>	<u>19,478,895</u>	<u>963,788</u>	<u>1,053,583</u>
Change in Net Assets	1,470,282	535,702	(316,210)	(393,065)
Transfers	(270,810)	(294,291)	270,810	294,291
Net Assets - July 1	<u>21,704,704</u>	<u>21,463,293</u>	<u>1,072,323</u>	<u>1,171,097</u>
Net Assets - June 30	<u>\$ 22,904,176</u>	<u>\$ 21,704,704</u>	<u>\$ 1,026,923</u>	<u>\$ 1,072,323</u>

Revenues and Expenses

Revenues for the Town's governmental activities decreased by 5.24%, while total expenses decreased by 10.18%. Revenues and expenses were consistent with the prior year with exceptions to public works, health and welfare and county tax.

The intergovernmental revenue and miscellaneous revenues for the governmental funds had the largest decrease from last year. This was a result decreased State subsidy for the School department.

Revenues for the Town's business-type activities decreased by 1.96%, while total expenses decreased by 8.52%. The decrease in revenues for the proprietary fund was in intergovernmental revenues.

Financial Analysis of the Town's Fund Statements

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

Table 3
Town of Jay, Maine
Fund Balances - Governmental Funds
June 30,

	2011	2010
General Fund:		
Restricted	\$ 1,197,355	\$ 1,395,680
Unassigned	6,798,026	6,528,965
Total General Fund	\$ 7,995,381	\$ 7,924,645
Nonmajor Funds:		
Permanent funds		
Restricted	\$ 118,086	\$ 111,043
Special revenue funds		
Restricted	488,650	345,634
Committed	1,705,656	2,160,654
Unassigned	(48,377)	(108)
Total Nonmajor Funds	\$ 2,264,015	\$ 2,617,223

The general fund total fund balance increased by \$70,736 over the prior fiscal year. The non-major fund balances decreased by \$353,208 over the prior fiscal year. Most of the increase in the general fund came as a result of increased revenues from all types of sources and under-spent appropriations in most departments. The decrease in the non-major fund balances came as a result of spending of reserves and federal educational grants.

Proprietary funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The school lunch fund, which is a proprietary fund, had net assets for the current year of \$30,033. This was an increase of \$5,238 from the prior year. The sewer fund which is the other fund classified as a proprietary fund had net assets for the current year of \$996,890. This was a decrease of \$50,638 from the prior year.

Budgetary Highlights

There was a significant difference between the original and final budget for the general fund. This was in education where the total amount of fund balance is not utilized.

The general fund actual revenues exceeded the budget by \$96,584. This was a result of charges for services and other intergovernmental revenue. Medicaid for the school, which is classified as intergovernmental revenues, is not a budgetary revenue collected \$81,668.

The general fund actual expenditures were under the budget by \$2,119,832. The following expenditures were under budget which accounts for most of the balance:

Education	\$1,197,355
Overlay	356,385
Health and welfare	297,784

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2011, the net book value of capital assets recorded by the Town increased by \$822,339 over the prior year. This increase is the result of capital additions of \$1,783,551 less current year depreciation expense of \$895,117 and less dispositions net of accumulated depreciation of \$66,095.

Table 4
Town of Jay, Maine
Capital Assets (Net of Depreciation)
June 30,

	<u>2011</u>	<u>2010</u>
Land and improvements	\$ 871,818	\$ 878,218
Buildings and improvements	9,261,073	9,636,848
Furniture and fixtures	6,791	7,378
Machinery and equipment	686,519	638,352
Vehicles	1,436,741	1,125,324
Art works & historical treasures	40,000	40,000
Infrastructure	3,985,201	3,667,358
Construction in progress	527,674	-
Total	<u>\$16,815,817</u>	<u>\$15,993,478</u>

Debt

At June 30, 2011, the Town had \$5.76 million in bonds outstanding versus \$5.66 million last year, an increase of 11.94%, as shown in Note 5 of the financial statements.

Economic Factors and Next Year's Budgets and Rates

The Town has steadily maintained a sufficient undesignated fund balance to sustain government operations for a period of approximately two months, while also maintaining significant reserve accounts for future capital and program needs.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Finance Dept. at 340 Main Street, Jay, Maine 04239.

STATEMENT A

TOWN OF JAY, MAINE

STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash	\$ 8,502,646	\$ 64,666	\$ 8,567,312
Investments	114,908	-	114,908
Accounts receivable (net of allowance for uncollectibles)			
Taxes	150,931	368,208	519,139
Liens	39,531	7,276	46,807
Other	245,231	17,749	262,980
Inventory	-	8,118	8,118
Prepays	271,256	-	271,256
Internal balances	1,163,039	(1,163,039)	-
Total current assets	<u>10,487,542</u>	<u>(697,022)</u>	<u>9,790,520</u>
Noncurrent assets:			
Capital assets:			
Non depreciable assets	1,373,507	27,435	1,400,942
Depreciated assets net of accumulated depreciation	14,382,122	1,032,753	15,414,875
Total noncurrent assets	<u>15,755,629</u>	<u>1,060,188</u>	<u>16,815,817</u>
Other assets:			
Investment in joint venture	-	3,075,554	3,075,554
TOTAL ASSETS	<u>\$ 26,243,171</u>	<u>\$ 3,438,720</u>	<u>\$ 29,681,891</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 88,814	\$ -	\$ 88,814
Accrued expenses	21,475	-	21,475
Due to other governments	493	-	493
Deferred revenues	1,320	364,400	365,720
Bond anticipation note	5,684	-	5,684
Prepaid taxes	3,034	-	3,034
Other liabilities	1,119	-	1,119
Current portion of long-term obligations	574,747	255,925	830,672
Total current liabilities	<u>696,686</u>	<u>620,325</u>	<u>1,317,011</u>
Noncurrent liabilities			
Noncurrent portion of long-term obligations:			
Bonds payable	2,468,662	1,791,472	4,260,134
Capital lease payable	155,151	-	155,151
Accrued compensated absences	18,496	-	18,496
Total noncurrent liabilities	<u>2,642,309</u>	<u>1,791,472</u>	<u>4,433,781</u>
TOTAL LIABILITIES	<u>3,338,995</u>	<u>2,411,797</u>	<u>5,750,792</u>
NET ASSETS			
Invested in capital assets, net of related debt	12,557,069	804,263	13,361,332
Restricted: General Fund	1,197,355	-	1,197,355
Special Revenues	488,650	-	488,650
Permanent Funds	118,086	-	118,086
Unrestricted	8,543,016	222,660	8,765,676
TOTAL NET ASSETS	<u>22,904,176</u>	<u>1,026,923</u>	<u>23,931,099</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 26,243,171</u>	<u>\$ 3,438,720</u>	<u>\$ 29,681,891</u>

See accompanying independent auditors' report and notes to financial statements

TOWN OF JAY, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Assets		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities							
Current:							
General government	\$ 634,885	\$ 23,829	\$ -	\$ -	\$ (611,056)	\$ -	\$ (611,056)
Public safety	1,207,099	1,568	-	-	(1,205,531)	-	(1,205,531)
Public works	835,560	17,534	94,951	-	(723,075)	-	(723,075)
Health and welfare	545,304	209,436	-	-	(335,868)	-	(335,868)
Social services	25,530	-	-	-	(25,530)	-	(25,530)
Recreation and culture	191,547	19,751	-	-	(171,796)	-	(171,796)
Education	8,085,292	-	281,175	-	(7,804,117)	-	(7,804,117)
County tax	959,250	-	-	-	(959,250)	-	(959,250)
Insurance	125,259	-	-	-	(125,259)	-	(125,259)
Tax increment financing agree.	2,324,655	-	-	-	(2,324,655)	-	(2,324,655)
State of Maine on-behalf payments	765,890	-	765,890	-	-	-	-
Unallocated depreciation	41,524	-	-	-	(41,524)	-	(41,524)
Unclassified	1,753,458	-	-	-	(1,753,458)	-	(1,753,458)
Total governmental activities	17,495,253	272,118	1,142,016	-	(16,081,119)	-	(16,081,119)
Business-type activities:							
Sewer department	653,126	345,942	-	-	-	(307,184)	(307,184)
School lunch program	310,662	87,012	208,542	-	-	(15,108)	(15,108)
Total business-type activities	963,788	432,954	208,542	-	-	(322,292)	(322,292)
Total government	18,459,041	705,072	1,350,558	-	(16,081,119)	(322,292)	(16,403,411)

STATEMENT B (CONTINUED)
TOWN OF JAY, MAINE

STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Changes in net assets:			
Net (expense) revenue	<u>(16,081,119)</u>	<u>(322,292)</u>	<u>(16,403,411)</u>
General revenue:			
Taxes			
Property taxes, levied for general purposes	14,448,888	-	14,448,888
Excise taxes, levied for general purposes	658,857	-	658,857
Grants and contributions not restricted to specific programs	1,239,553	-	1,239,553
Miscellaneous	1,204,103	6,082	1,210,185
Total general revenue and transfers	<u>17,551,401</u>	<u>6,082</u>	<u>17,557,483</u>
Change in net assets	1,470,282	(316,210)	1,154,072
Transfers	<u>(270,810)</u>	<u>270,810</u>	<u>-</u>
NET ASSETS - JULY 1, 2010	<u>21,704,704</u>	<u>1,072,323</u>	<u>22,777,027</u>
NET ASSETS - JUNE 30, 2011	<u><u>\$ 22,904,176</u></u>	<u><u>\$ 1,026,923</u></u>	<u><u>\$ 23,931,099</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF JAY, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Nonmajor Funds	Totals Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash	\$ 6,335,604	\$ 2,167,042	\$ 8,502,646
Investments	-	114,908	114,908
Receivables (net of allowance for uncollectibles)			
Taxes	150,931	-	150,931
Liens	39,531	-	39,531
Other	83,035	162,196	245,231
Prepays	271,256	-	271,256
Due from other funds	1,441,377	123,999	1,565,376
TOTAL ASSETS	<u>\$ 8,321,734</u>	<u>\$ 2,568,145</u>	<u>\$ 10,889,879</u>
LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts payable	\$ 68,706	\$ 20,108	\$ 88,814
Accrued payroll	21,475	-	21,475
Due to other funds	123,999	278,338	402,337
Due to other governments	493	-	493
Deferred tax revenues	106,207	-	106,207
Deferred revenues	1,320	-	1,320
Bond anticipation note	-	5,684	5,684
Other liabilities	1,119	-	1,119
Prepaid taxes	3,034	-	3,034
TOTAL LIABILITIES	<u>326,353</u>	<u>304,130</u>	<u>630,483</u>
Fund Equity			
Reserved, reported in:			
Nonspendable	271,256	-	271,256
Restricted	1,197,355	606,736	1,804,091
Committed	-	1,705,656	1,705,656
Assigned	-	-	-
Unassigned	6,526,770	(48,377)	6,478,393
TOTAL FUND EQUITY	<u>7,995,381</u>	<u>2,264,015</u>	<u>10,259,396</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 8,321,734</u>	<u>\$ 2,568,145</u>	<u>\$ 10,889,879</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF JAY, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

	<u>Total Governmental Funds</u>
Total Fund Equity	\$ 10,259,396
Amounts reported for governmental activities in the statement are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	15,755,629
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	106,207
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(2,940,000)
Capital lease payable	(258,560)
Accrued compensated absences	<u>(18,496)</u>
 Net assets of governmental activities	 <u><u>\$ 22,904,176</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF JAY, MAINE

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

	General Fund	Nonmajor Funds	Totals Governmental Funds
REVENUES			
Taxes	\$ 14,444,923	\$ -	\$ 14,444,923
Excise taxes	658,857	-	658,857
Intergovernmental	2,381,569	-	2,381,569
Charges for services	272,118	-	272,118
Miscellaneous revenues	50,500	1,153,603	1,204,103
TOTAL REVENUES	<u>17,807,967</u>	<u>1,153,603</u>	<u>18,961,570</u>
EXPENDITURES			
Current:			
General government	579,302	-	579,302
Public safety	1,218,621	-	1,218,621
Public works	1,150,023	-	1,150,023
Health and welfare	704,651	-	704,651
Social services	25,530	-	25,530
Recreation and culture	175,092	-	175,092
Education	8,439,877	-	8,439,877
County tax	959,250	-	959,250
Insurance	125,259	-	125,259
Tax increment financing agree.	2,324,655	-	2,324,655
State of Maine on behalf payments	765,890	-	765,890
Unclassified	173,460	3,101,622	3,275,082
TOTAL EXPENDITURES	<u>16,641,610</u>	<u>3,101,622</u>	<u>19,743,232</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>1,166,357</u>	<u>(1,948,019)</u>	<u>(781,662)</u>
OTHER FINANCING SOURCES			
Bond proceeds	-	770,000	770,000
Transfers in	-	826,701	826,701
Transfers out	(1,095,621)	(1,890)	(1,097,511)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,095,621)</u>	<u>1,594,811</u>	<u>499,190</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	70,736	(353,208)	(282,472)
FUND BALANCES - JULY 1	<u>7,924,645</u>	<u>2,617,223</u>	<u>10,541,868</u>
FUND BALANCES - JUNE 30	<u>\$ 7,995,381</u>	<u>\$ 2,264,015</u>	<u>\$ 10,259,396</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF JAY, MAINE

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

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (282,472)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocated those expenditures over the life of the assets:	
Capital asset purchases capitalized	1,783,551
Capital asset disposed	(65,884)
Depreciation expense	<u>(773,755)</u>
	<u>943,912</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported.	
Taxes and liens receivable	<u>3,965</u>
Debt proceeds provide current financial resources to governmental funds, but long-term liabilities in the Statement of Net Assets.	
	<u>(78,025)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets	
	<u>611,383</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	<u>709</u>
Change in net assets of governmental activities (Statement B)	<u><u>\$ 1,199,472</u></u>

See accompanying independent auditors' report and notes to financial statements.

STATEMENT G

TOWN OF JAY, MAINE

BALANCE SHEET – PROPRIETARY FUNDS
JUNE 30, 2011

	Sewer Department	School Lunch Program	Totals
ASSETS			
Current assets:			
Cash	\$ -	\$ 64,666	\$ 64,666
Accounts receivable (net of allowance for uncollectibles):			
Taxes	368,208	-	368,208
Liens	7,276	-	7,276
Other	2,159	15,590	17,749
Inventory	-	8,118	8,118
Total current assets	<u>377,643</u>	<u>88,374</u>	<u>466,017</u>
Noncurrent assets:			
Land and buildings	1,285,435	-	1,285,435
Vehicles and equipment	81,137	142,954	224,091
Infrastructure	4,727,065	-	4,727,065
Total capital assets	<u>6,093,637</u>	<u>142,954</u>	<u>6,236,591</u>
Less: accumulated depreciation	<u>(5,056,409)</u>	<u>(119,994)</u>	<u>(5,176,403)</u>
Net capital assets	<u>1,037,228</u>	<u>22,960</u>	<u>1,060,188</u>
Other assets:			
Investment in joint venture	<u>3,075,554</u>	-	<u>3,075,554</u>
TOTAL ASSETS	<u>\$ 4,490,425</u>	<u>\$ 111,334</u>	<u>\$ 4,601,759</u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Deferred revenue	\$ 364,400	\$ -	\$ 364,400
Due to other funds	1,081,738	81,301	1,163,039
Bonds payable, current portion	255,925	-	255,925
Total current liabilities	<u>1,702,063</u>	<u>81,301</u>	<u>1,783,364</u>
Noncurrent liabilities			
Noncurrent portion of long-term obligations:			
Bonds payable, net of current portion	<u>1,791,472</u>	-	<u>1,791,472</u>
Total Liabilities	<u>3,493,535</u>	<u>81,301</u>	<u>3,574,836</u>
NET ASSETS			
Invested in capital assets, net of related debt	781,303	22,960	804,263
Unrestricted	<u>215,587</u>	<u>7,073</u>	<u>222,660</u>
TOTAL NET ASSETS	<u>996,890</u>	<u>30,033</u>	<u>1,026,923</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,490,425</u>	<u>\$ 111,334</u>	<u>\$ 4,601,759</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF JAY, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

	Sewer Department	School Lunch Program	Totals
OPERATING REVENUES			
Intergovernmental revenue	\$ -	\$ 208,542	\$ 208,542
Charges for services	345,942	87,012	432,954
Other	3,162	-	3,162
TOTAL OPERATING REVENUES	349,104	295,554	644,658
OPERATING EXPENSES			
Payroll and related benefits	157,990	172,590	330,580
Food	-	114,068	114,068
Treatment fees	201,718	-	201,718
Contracted services	20,811	-	20,811
Supplies	78,876	11,312	90,188
Utilities	43,724	-	43,724
Depreciation	118,062	3,300	121,362
Other	5,949	9,392	15,341
TOTAL OPERATING EXPENSES	627,130	310,662	937,792
OPERATING INCOME (LOSS)	(278,026)	(15,108)	(293,134)
NON-OPERATING INCOME (EXPENSE)			
Transfers in	281,710	20,000	301,710
Transfers out	(30,900)	-	(30,900)
Interest income	2,574	346	2,920
Interest expense	(25,785)	-	(25,785)
Disposal of fixed assets	(211)	-	(211)
TOTAL NON-OPERATING INCOME (EXPENSE)	227,388	20,346	247,734
NET INCOME (LOSS)	(50,638)	5,238	(45,400)
NET ASSETS - JULY 1	1,047,528	24,795	1,072,323
NET ASSETS - JUNE 30	\$ 996,890	\$ 30,033	\$ 1,026,923

See accompanying independent auditors' report and notes to financial statements.

TOWN OF JAY, MAINE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Sewer Department	School Lunch Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 11,735	\$ 77,013	\$ 88,748
Intergovernmental receipts	-	208,542	208,542
Payments to suppliers and employees	16,591	(357,589)	(340,998)
Net cash provided (used) by operating activities	<u>28,326</u>	<u>(72,034)</u>	<u>(43,708)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Operating transfers in	281,710	20,000	301,710
Operating transfers out	(30,900)	-	(30,900)
Interest income	2,574	346	2,920
Net cash provided (used) by investing activities	<u>253,384</u>	<u>20,346</u>	<u>273,730</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal payments on bond payable	(255,925)	-	(255,925)
Interest payments on bond payable	(25,785)	-	(25,785)
Net cash provided (used) by financing activities	<u>(281,710)</u>	<u>-</u>	<u>(281,710)</u>
NET INCREASE (DECREASE) IN CASH	-	(51,688)	(51,688)
CASH - JULY 1	-	116,354	116,354
CASH - JUNE 30	<u>\$ -</u>	<u>\$ 64,666</u>	<u>\$ 64,666</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (278,026)	\$ (15,108)	\$ (293,134)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	118,062	3,300	121,362
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	(338,234)	(7,923)	(346,157)
(Increase) decrease in inventory	-	(2,076)	(2,076)
(Increase) decrease in prepays	865	-	865
(Decrease) increase in accounts payable	(39,234)	-	(39,234)
(Decrease) increase in accrued payroll	(424)	-	(424)
(Decrease) increase in deferred revenues	364,400	-	364,400
(Decrease) increase in due to other funds	200,917	(50,227)	150,690
NET CASH PROVIDED (USED) BY ACTIVITIES	<u>\$ 28,326</u>	<u>\$ (72,034)</u>	<u>\$ (43,708)</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF JAY, MAINE

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2011

	<u>Agency Funds</u>
ASSETS	
Current assets:	
Cash	\$ 74,141
TOTAL ASSETS	<u>\$ 74,141</u>
 LIABILITIES	
Deposits held for others	\$ 74,141
TOTAL LIABILITIES	<u>74,141</u>
 NET ASSETS	
Held in trust for special purposes	-
TOTAL NET ASSETS	<u>-</u>
 TOTAL LIABILITIES AND NET ASSETS	<u>\$ 74,141</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Jay was incorporated under the laws of the State of Maine. The Town operates under the selectmen-manager form of government and provides the following services: general government services, public safety, public works, health and welfare, education, and recreation.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so.

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component Towns as described in GASB Statement No. 14 and amended by GASB Statement No. 39.

Government –Wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's school lunch and sewer funds are categorized as a business-type activity. All other activities of the Town are categorized as governmental.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Town first utilizes restricted resources to finance qualifying activities.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (general government, public safety, etc.). The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, 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 a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government – wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding Town.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net assets resulting from the current year's activities.

Measurement Focus - Basic Financial Statements & Fund Financial Statements

The financial transactions of the Town are reported in the 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, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

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

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Permanent Funds are used to account for assets held by the Town in trust for specific purposes.

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Non-operating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The reporting focus is on net assets and changes in net assets and is reported using accounting principles similar to proprietary funds.

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

In accordance with Governmental Accounting Standards Board Statement No. 24, *Accounting and Reporting for Certain Grants and Other Financial Assistance*, payments made by the State of Maine to the Maine State Retirement System for teachers and certain other school employees are reported as offsetting revenues and expenditures of the general fund.

Revenues per budgetary basis	\$17,042,077
Add: On-behalf payments	<u>765,890</u>
Total GAAP basis	<u>\$17,807,967</u>

Expenditures per budgetary basis	\$16,971,341
Add: On-behalf basis	<u>765,890</u>
Total GAAP basis	<u>\$17,737,231</u>

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.
4. The Town does not adopt budgets for Special Revenue Funds.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits and Investments

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

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities.
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations, and credit unions.
- Repurchase agreements
- Money market mutual funds

The Town of Jay does have a formal investment policy that was revised in fiscal year 2009.

Inventories

Inventories of supplies are considered to be expenditures at the time of purchase and are not included in the general fund balance sheet. The enterprise fund inventory consists of school lunch supplies and food on hand at the end of the year, valued at cost. The cost value is determined using the first-in, first-out (FIFO) method.

Interfund Receivables and Payables

Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances". Interfund balances and transactions have been eliminated in the government-wide financial statements.

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2011.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. 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. Infrastructure such as streets, traffic signals, and signs are capitalized. 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.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactivity recorded infrastructure.

Estimated useful lives are as follows:

Buildings	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

Long-term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of notes or bonds payable and compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The Town's policies regarding vacation time do permit employees to accumulate earned but unused vacation leave. However, the school Town allows certain teachers to accumulated unused sick time. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2011 the Town's liability for compensated absences is \$18,496.

Reserves

The Town records reserves to indicate that a portion of the fund balance is legally segregated for a specific future use, which is indicated by the title of each reserves listed in the balance sheet and statement of net assets. It is the Town's policy to first use restricted assets for restricted programs and only unrestricted assets after the restricted assets have been exhausted.

Net Assets

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

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied August 25, 2010 on the assessed value listed as of April 1, 2010, for all real and personal property located in the Town. Taxes were due in two installments on October 1, 2010 and April 1, 2011. Interest on unpaid taxes commenced on October 2, 2010 and April 2, 2011, at 8% per annum.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$356,385 for the year ended June 30, 2011. For the current year overlay was at 1.98% of total budget.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (grant income/expenses).

Operating/Non-operating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund.

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses / expenditures during the reporting period. Actual results may differ from these estimates.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2 – DEPOSITS AND INVESTMENTS

The Town maintains a cash pool which is available for use by all funds. In addition cash and investments may be held by other funds within the government.

The Town of Jay does have a formal investment policy that was revised in fiscal year 2009.

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party.

At June 30, 2011, the Town's cash balance of \$8,641,453 was comprised of deposits amounting to \$9,129,210. This amount was comprised of \$9,129,210 which was insured by federal depository insurance or collateralized with securities held in the entity's name and thus not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 551,327
Insured sweep	8,556,688
Savings	21,195
	<u>\$ 9,129,210</u>

At June 30, 2011, the Town's investments were comprised of \$114,908 of which were insured by federal depository insurance and mutual funds.

<u>Investment Type</u>	<u>Current</u>	<u>1 Year</u>	<u>2 - 5 Years</u>
Certificates of Deposit	\$ -	\$ 113,348	\$ 1,561
	<u>\$ -</u>	<u>\$ 113,348</u>	<u>\$ 1,561</u>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2011 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due from)</u>	<u>Payables (Due to)</u>
General fund	\$ 1,441,377	\$ 123,999
Special revenue fund	123,999	277,538
Permanent fund	-	800
Enterprise fund	-	1,163,039
	<u>\$ 1,565,376</u>	<u>\$ 1,565,376</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets at June 30, 2011:

	<u>Balance, 7/1/10</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, 6/30/11</u>
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 805,833	\$ -	\$ -	\$ 805,833
Art works & historical treasures	40,000	-	-	40,000
Construction in progress	-	527,674	-	527,674
	<u>845,833</u>	<u>527,674</u>	<u>-</u>	<u>1,373,507</u>
Depreciated assets:				
Land Improvements	72,000	-	-	72,000
Buildings	15,663,114	-	-	15,663,114
Building improvements	410,996	16,920	-	427,916
Furniture & fixtures	396,589	-	-	396,589
Machinery & equipment	3,421,135	199,205	(68,528)	3,551,812
Vehicles	2,738,361	514,745	(173,389)	3,079,717
Infrastructure	5,617,027	525,007	-	6,142,034
	<u>28,319,222</u>	<u>1,255,877</u>	<u>(241,917)</u>	<u>29,333,182</u>
Less: accumulated depreciation	<u>(14,353,338)</u>	<u>(773,755)</u>	<u>176,033</u>	<u>(14,951,060)</u>
	<u>13,965,884</u>	<u>482,122</u>	<u>(65,884)</u>	<u>14,382,122</u>
Net capital assets	<u>\$ 14,811,717</u>	<u>\$ 1,009,796</u>	<u>\$ (65,884)</u>	<u>\$ 15,755,629</u>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Balance, 7/1/10	Additions	Disposals	Balance, 6/30/11
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 27,435	\$ -	\$ -	\$ 27,435
	<u>27,435</u>	<u>-</u>	<u>-</u>	<u>27,435</u>
Depreciated assets:				
Land Improvements	64,000	-	-	64,000
Buildings	1,105,000	-	-	1,105,000
Building improvements	89,000	-	-	89,000
Machinery & equipment	186,861	-	(2,325)	184,536
Vehicles	39,555	-	-	39,555
Infrastructure	4,727,065	-	-	4,727,065
	<u>6,211,481</u>	<u>-</u>	<u>(2,325)</u>	<u>6,209,156</u>
Less: accumulated depreciation	(5,057,155)	(121,362)	2,114	(5,176,403)
	<u>1,154,326</u>	<u>(121,362)</u>	<u>(211)</u>	<u>1,032,753</u>
Net capital assets	<u>\$ 1,181,761</u>	<u>\$ (121,362)</u>	<u>\$ (211)</u>	<u>\$ 1,060,188</u>

Current year depreciation:

Police	\$ 7,502
Fire	68,967
Highway	289,363
Recycling	59,507
Recreation	4,943
Library	11,512
Town-wide	41,524
School Department	290,437
Subtotal government wide depreciation	<u>773,755</u>
Sewer Department	118,062
School Lunch Program	3,300
Subtotal business-type depreciation	<u>121,362</u>
Total depreciation expense	<u>\$ 895,117</u>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 - LONG-TERM DEBT

The General Fund of the Town is used to pay for all long-term debt. A summary of long-term debt is as follows:

	Balance, 7/1/10	Additions	Deletions	Balance, 6/30/11	Current Portion
Bonds payable	\$ 5,663,322	\$ 770,000	\$ (675,925)	\$ 5,757,397	\$ 727,263
Capital leases payable	371,917	78,025	(191,382)	258,560	103,409
Accrued compensated absences	19,205	-	(709)	18,496	-
Totals	<u>\$ 6,054,444</u>	<u>\$ 848,025</u>	<u>\$ (868,016)</u>	<u>\$ 6,034,453</u>	<u>\$ 830,672</u>

The following is a summary of bonds outstanding as of June 30, 2011:

\$8,400,000, 1997 General Obligation Bond due in annual principal payments of \$420,000, through November, 2017. Interest is charged at a rate varying from 5.401% to 5.776% per annum.	\$ 2,940,000
\$4,094,795, 2003 General Obligation Bond due in annual principal payments of \$255,925, through November, 2018. Interest is charged at a rate of 1.45% per annum.	2,047,397
\$770,000, 2011 General Obligation Bond due in annual principal payments and semiannual interest payments through November 2025. Interest is charged at a rate from 2.125% to 5.625%	770,000
Total Long-Term Debt	<u>\$ 5,757,397</u>

The annual principal and interest requirements to amortize the bonds are as follows:

	Principal	Interest	Total Debt Service
2012	\$ 727,263	\$ 259,450	\$ 986,713
2013	727,258	227,607	954,865
2014	727,258	172,218	899,476
2015	727,258	121,443	848,701
2016	727,258	92,458	819,716
2017-2021	1,864,438	171,891	2,036,329
2022-2026	256,665	59,987	316,652
	<u>\$ 5,757,397</u>	<u>\$ 1,105,054</u>	<u>\$ 6,862,451</u>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a summary of leases outstanding as of June 30, 2011:

Lease payable for a bus. The lease is for five years with annual payments of \$15,170 through October 2012. The effective interest rate is 4.18% per annum.

Lease payable for a bus. The lease is for five years with annual payments of \$15,104 through July 2013. The effective interest rate is 3.60% per annum.

Lease payable for MLTI computers. The lease is for four years with quarterly payments of \$14,701 through May 2013. This is an interest free lease.

Lease payable for a copier. The lease is for five years with annual payments of \$2,760 through November 2014. The effective interest rate is 3.87% per annum.

Lease payable for a bus. The lease is for five years with annual payments of \$16,666 through August 2015. The effective interest rate is 3.40 per annum.

The annual principal and interest requirements to amortize the capital leases for the years ending June 30 are as follows:

2012	\$ 108,506
2013	108,506
2014	34,530
2015	17,816
2016	-
Total minimum lease payments	<u>269,358</u>
Less: Amount representing interest	<u>(10,798)</u>
Present value of future minimum lease payments	<u>\$ 258,560</u>

All bonds payable and capital leases payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town.

NOTE 6 – OVERLAPPING DEBT

The Town is liable for its proportional share of any defaulted debt issued by entities in which it is a member. The overlapping bonded debt applicable to the Town as of June 30, 2011 is as follows: \$0.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7 - RESERVED FUND BALANCE

The following net assets have been reserved at June 30, 2011 for the following purposes:

Restricted for general fund designated balances	\$ 1,197,355
Restricted for special revenue funds	
Educational	302,002
TIF	588
Small community grant	2,724
Taylor made	5,000
Tower fund	88,898
Jay community development	31,586
Clock tower	104
Cemetary	50,297
EAP program	380
Veterans memorial fund	3,237
Wellness works	2,174
Jay community playground	1,660
Restricted for permanent funds	118,086
	<u>\$ 1,804,091</u>

NOTE 8 – GENERAL FUND RESTRICTED FUND EQUITY

At June 30, 2011, the general fund restricted fund balance was made up of the following account balances carried forward into the subsequent year’s budget.

Education	<u>\$ 1,197,355</u>
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NOTE 9 – RISK MANAGEMENT

The Town is a member of the Maine Municipal Association – Worker Compensation Trust Fund (“Fund”). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund’s membership, obtain lower costs for worker’s compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the fund for its worker’s compensation coverage. The Town’s agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial company’s reinsurance contracts, individual stop loss coverage for member Town’s for claims in excess of \$400,000 with an excess limit of \$2,000,000.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 9 – RISK MANAGEMENT (CONTINUED)

The Town is also a member of the Maine Municipal Association – Property and Casualty Pool (“Pool”). As with the Fund above, the Pool was created to obtain lower rates for its members. The Town pays an annual premium for its property and liability coverage. Under the property coverage portion of the Pool, coverage is provided after the deductible is met, to \$26,000,000. Under the liability portion of the Pool, coverage is provided after the deductible is met, to \$1,000,000.

NOTE 10 – DEFINED BENEFIT PENSION PLAN

Plan Description

The Town participates in the ICMA Retirement System, a cost sharing multi-employer defined benefit pension plan which covers employees who work at least 30 hours per week. The system requires that both employees and the Town contribute, and provides retirement.

Funding Policy

Employees are eligible for normal retirement upon reaching the age of sixty and early retirement after completing twenty-five or more years of credited service. The Town’s contributions to the plan including employee contributions for 2011, 2010, and 2009 were \$82,536, \$86,557, and \$80,145, respectively.

Unfunded Actuarial Accrued Liability

The Town has no actuarial accrued liability.

Employees Retirement

All school teachers, plus other qualified educators and town employees, participate in the Maine State Retirement System’s teacher group or PLD. The system is an agent multiple-employer public retirement system. Employees are eligible for normal retirement upon attaining the age of 60, provided they have 25 years of credible service. Employees are penalized 2.5% for each year of early retirement.

Employees are required to contribute 7.65% of their compensation to the retirement system. The Town is not required to make any contributions to this plan with the exception of federally funded teachers. The contribution of these federally funded teachers is the actuarial determined rate which was 17.76% for the current fiscal year.

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

The school Town's payroll for employees covered by this group was approximately \$4,312,442 for the year ended June 30, 2011. The State of Maine is required to contribute the employer contribution which amounts to 17.76% of compensation for federally funded employees. Contributions paid by the State were approximately \$765,890 for the year ended June 30, 2011. There is no contribution required by the Town, except for federally funded teachers. For the year ended June 30, 2011, the Town contributed approximately \$27,984 for these federally funded employees. The funding status and progress for the System may be obtained by contacting the Maine State Retirement System.

NOTE 11 – DEFERRED COMPENSATION PLAN

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

It is the opinion of the Town's management that the Town has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

NOTE 12 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The Town of Jay's landfill is at 100% capacity to date. Therefore, the estimated remaining landfill life is zero years. Federal and state laws require that certain post closure care be met. The Town estimates that on an annual basis, some immaterial costs will be incurred for post closure care. The annual amount will be paid for within the Town's annual operating budget.

NOTE 13 - OVERSPENT APPROPRIATIONS

General assistance	\$	1,850
Transfers to other funds		6,230
	\$	<u>8,080</u>

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 14 – DEFICIT FUND BALANCE

The listed accounts that have a deficit fund balance are special revenue fund accounts.

Fire department reserve	\$	33,899
Route 4 project		13,973
IP Memorial		505
	\$	<u>48,377</u>

NOTE 15 – CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

NOTE 16 – JOINT VENTURES

The Town is a member of a joint venture with the Town of Livermore Falls, Maine for the purpose of constructing, operating, and maintaining sewerage treatment facilities. A joint committee, comprised of three residents from each municipality, is responsible for the administration of the joint venture agreement. Operating, maintenance, and administrative costs for the sewerage treatment plant and disposal facilities are prorated between the towns based on metered volume of flow.

Summarized financial information for the joint venture as of and for the year ended June 30, 2011 is as follows:

Total Assets	\$	5,928,633
Total Equity	\$	5,910,202
Total Expenses (net of depreciation on assets purchased with contributed capital)	\$	369,458
Net Income (Loss)	\$	(61,363)

TOWN OF JAY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 16 – JOINT VENTURES (CONTINUED)

The Town of Jay accounts for its investment in the joint venture using the equity method. The equity method requires the original investment to be recorded at cost. Subsequently, the carrying amount of the investment is adjusted for the investee's proportionate share of the joint venture income/loss. The Town's share of capital cost was agreed to be 49% of the joint venture. Operating income/losses have been allocated based on the capital contribution ratio. The joint venture's audited financial statements are available at the Town Office of Jay.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Government Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual - General Fund

TOWN OF JAY, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 7,924,645	\$ 7,924,645	\$ 7,924,645	\$ -
Revenues (Inflows):				
Property taxes	14,323,323	14,323,323	14,444,923	121,600
Excise taxes	650,000	650,000	658,857	8,857
Intergovernmental	1,887,586	1,606,630	1,615,679	9,049
Charges for services	256,475	265,540	272,118	6,578
Miscellaneous revenues	100,000	100,000	50,500	(49,500)
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	25,142,029	24,870,138	24,966,722	96,584
Charges to Appropriations (Outflows):				
Current:				
General government	627,120	627,120	579,302	47,818
Public safety	1,269,764	1,269,764	1,218,621	51,143
Public works	1,272,800	1,272,800	1,150,023	122,777
Health and welfare	1,002,435	1,002,435	704,651	297,784
Social services	25,530	25,530	25,530	-
Recreation & culture	176,358	176,358	175,092	1,266
Education	9,123,124	9,637,232	8,439,877	1,197,355
County tax	959,250	959,250	959,250	-
Insurance	154,550	154,550	125,259	29,291
Tax Increment Financing Agreement	2,324,655	2,324,655	2,324,655	-
Unclassified	542,811	552,088	173,460	378,628
Transfers to other funds	994,440	1,089,391	1,095,621	(6,230)
Total Charges to Appropriations	18,472,837	19,091,173	16,971,341	2,119,832
Budgetary Fund Balance, June 30	\$ 6,669,192	\$ 5,778,965	\$ 7,995,381	\$ 2,216,416
Utilization of undesignated fund balance	\$ 750,000	\$ 750,000	\$ -	\$ (750,000)
Utilization of designated fund balance	505,453	1,395,680	-	(1,395,680)
	\$ 1,255,453	\$ 2,145,680	\$ -	\$ (2,145,680)

See accompanying independent auditors' report.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Government Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Budgetary Comparison Schedule – Budget Basis – Budget and Actual – General Fund Revenues
- Schedule of Departmental Operations – General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

TOWN OF JAY, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Actual Amounts	Variance Positive (Negative)
Revenues (Inflows):			
Taxes:			
Property taxes	\$ 14,323,323	\$ 14,444,923	\$ 121,600
Auto excise	650,000	655,210	5,210
Boat excise	-	3,647	3,647
Intergovernmental revenues:			
State revenue sharing	342,000	327,656	(14,344)
Homestead reimbursement	95,200	95,200	-
Highway block grant	-	94,951	94,951
State education subsidy	666,359	281,175	(385,184)
Tree growth	7,200	6,322	(878)
BETE reimbursement	774,027	774,062	35
Veteran's / other reimbursement	2,800	36,313	33,513
Charges for services			
Solid waste fees	121,000	110,991	(10,009)
Recycling fees	36,000	77,258	41,258
Demolition fees	10,000	15,006	5,006
Contract fees	10,000	5,065	(4,935)
Administration fees	24,000	23,829	(171)
Dumpsters	5,000	1,116	(3,884)
Tires	1,000	1,665	665
Garbage bags	2,000	-	(2,000)
Police	1,000	1,568	568
Education	6,804	15,869	9,065
Other	39,671	19,751	(19,920)
Miscellaneous revenues			
Tax lien interest	15,000	12,530	(2,470)
Investment interest	60,000	28,501	(31,499)
Lien fees	-	6,998	6,998
Other	25,000	2,471	(22,529)
Transfers from other funds	-	-	-
Fund balance	1,255,453	-	(1,255,453)
Amounts Available for Appropriation	<u>\$ 18,472,837</u>	<u>\$ 17,042,077</u>	<u>\$ (1,430,760)</u>

See accompanying independent auditors' report.

TOWN OF JAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Adjustments	Final Budget	Actual	Balance
General government:					
Administration	\$ 512,750	\$ -	\$ 512,750	\$ 484,337	\$ 28,413
Town boards	3,000	-	3,000	409	2,591
Board of Selectmen	11,015	-	11,015	10,845	170
Buildings & grounds	100,355	-	100,355	83,711	16,644
	<u>627,120</u>	<u>-</u>	<u>627,120</u>	<u>579,302</u>	<u>47,818</u>
Public safety:					
Police department	752,218	-	752,218	734,278	17,940
Fire department	160,260	-	160,260	143,247	17,013
Ambulance	55,386	-	55,386	55,386	-
Hydrants/Water	301,900	-	301,900	285,710	16,190
	<u>1,269,764</u>	<u>-</u>	<u>1,269,764</u>	<u>1,218,621</u>	<u>51,143</u>
Public works:					
Road Maintenance	1,272,800	-	1,272,800	1,150,023	122,777
	<u>1,272,800</u>	<u>-</u>	<u>1,272,800</u>	<u>1,150,023</u>	<u>122,777</u>
Health and sanitation:					
Transfer station	1,002,435	-	1,002,435	704,651	297,784
	<u>1,002,435</u>	<u>-</u>	<u>1,002,435</u>	<u>704,651</u>	<u>297,784</u>
Social services					
Agencies	25,530	-	25,530	25,530	-
	<u>25,530</u>	<u>-</u>	<u>25,530</u>	<u>25,530</u>	<u>-</u>

TOWN OF JAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Adjustments	Final Budget	Actual	Balance
Recreation and culture:					
Recreation	16,000	-	16,000	14,734	1,266
Library	160,358	-	160,358	160,358	-
	<u>176,358</u>	<u>-</u>	<u>176,358</u>	<u>175,092</u>	<u>1,266</u>
Education	<u>9,123,124</u>	<u>514,108</u>	<u>9,637,232</u>	<u>8,439,877</u>	<u>1,197,355</u>
County tax	<u>959,250</u>	<u>-</u>	<u>959,250</u>	<u>959,250</u>	<u>-</u>
Insurance	<u>154,550</u>	<u>-</u>	<u>154,550</u>	<u>125,259</u>	<u>29,291</u>
TIF	<u>2,324,655</u>	<u>-</u>	<u>2,324,655</u>	<u>2,324,655</u>	<u>-</u>
Unclassified:					
Industrial revaluation	20,000	-	20,000	17,775	2,225
Audit	12,000	-	12,000	12,000	-
Local access	-	-	-	6,877	(6,877)
Assessing	31,350	-	31,350	29,551	1,799
AVCOG	11,486	-	11,486	11,486	-
Dues & fees	9,299	-	9,299	8,731	568
Plumbing inspect.	1,080	-	1,080	1,000	80
Chamber of Commerce	35	-	35	35	-
Adult ed	40,000	-	40,000	40,000	-
Andy Valley	-	9,277	9,277	9,277	-
Building inspector	11,176	-	11,176	-	11,176
General assistance	5,000	-	5,000	6,850	(1,850)
Overlay	356,385	-	356,385	-	356,385
Legal fees	45,000	-	45,000	29,878	15,122
	<u>542,811</u>	<u>9,277</u>	<u>552,088</u>	<u>173,460</u>	<u>378,628</u>

TOWN OF JAY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Adjustments	Final Budget	Actual	Balance
Transfers					
Admin reserve	2,500	-	2,500	2,500	-
Police reserve	32,000	-	32,000	32,000	-
Highway dept. reserve	100,000	-	100,000	100,000	-
Curbside reserve	113,000	-	113,000	113,000	-
Recycling reserve	10,000	-	10,000	10,000	-
Recycling facility reserve	15,000	-	15,000	15,000	-
Paving reserve	350,000	-	350,000	350,000	-
Fire dept. reserve	65,000	-	65,000	65,000	-
Buildings and grounds	4,000	-	4,000	4,000	-
Wellness works	1,230	-	1,230	2,460	(1,230)
Cemetery	-	-	-	5,000	(5,000)
Paving (URIP funds)	-	94,951	94,951	94,951	-
Enterprise funds	301,710	-	301,710	301,710	-
	<u>994,440</u>	<u>94,951</u>	<u>1,089,391</u>	<u>1,095,621</u>	<u>(6,230)</u>
Total Expenditures	<u>\$ 18,472,837</u>	<u>\$ 618,336</u>	<u>\$ 19,091,173</u>	<u>\$ 16,971,341</u>	<u>\$ 2,119,832</u>

See accompanying independent auditors' report.

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash	\$ 2,147,545	\$ 19,497	\$ 2,167,042
Investments	15,519	99,389	114,908
Accounts receivable	162,196	-	162,196
Due from other funds	123,999	-	123,999
Total assets	<u>\$ 2,449,259</u>	<u>\$ 118,886</u>	<u>\$ 2,568,145</u>
LIABILITIES			
Accounts payable	\$ 20,108	\$ -	\$ 20,108
Bond anticipation note	5,684	-	5,684
Due to other funds	277,538	800	278,338
Total liabilities	<u>303,330</u>	<u>800</u>	<u>304,130</u>
FUND EQUITY			
Fund balance:			
Restricted	488,650	118,086	606,736
Committed	1,705,656	-	1,705,656
Unassigned	(48,377)	-	(48,377)
Total fund equity	<u>2,145,929</u>	<u>118,086</u>	<u>2,264,015</u>
Total liabilities and fund equity	<u>\$ 2,449,259</u>	<u>\$ 118,886</u>	<u>\$ 2,568,145</u>

See accompanying independent auditors' report.

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES	<u>\$ 1,141,813</u>	<u>\$ 11,790</u>	<u>\$ 1,153,603</u>
EXPENDITURES	<u>3,096,875</u>	<u>4,747</u>	<u>3,101,622</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,955,062)</u>	<u>7,043</u>	<u>(1,948,019)</u>
OTHER FINANCING SOURCES (USES)			
Bond Proceeds	770,000	-	770,000
Transfers In	826,701	-	826,701
Transfers Out	<u>(1,890)</u>	<u>-</u>	<u>(1,890)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,594,811</u>	<u>-</u>	<u>1,594,811</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	(360,251)	7,043	(353,208)
FUND BALANCE, JULY 1	<u>2,506,180</u>	<u>111,043</u>	<u>2,617,223</u>
FUND BALANCE, JUNE 30	<u><u>\$ 2,145,929</u></u>	<u><u>\$ 118,086</u></u>	<u><u>\$ 2,264,015</u></u>

See accompanying independent auditors' report.

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	Recycling Reserve	TIF	Highway Department Reserve	Police Reserve	Recycling Facility Reserve	Small Comm. Grant	Curbside Reserve	Taylor Made
ASSETS								
Cash	\$ 37,733	\$ 588	\$ 307,649	\$ 18,303	\$ 14,095	\$ -	\$ 14	\$ -
Investments	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-
Due from other funds	-	-	15,343	-	-	2,724	-	5,000
TOTAL ASSETS	\$ 37,733	\$ 588	\$ 322,992	\$ 18,303	\$ 14,095	\$ 2,724	\$ 14	\$ 5,000
LIABILITIES AND FUND EQUITY								
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bond anticipation note	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	74	-	-	-	-
TOTAL LIABILITIES	-	-	-	74	-	-	-	-
FUND EQUITY								
Fund balance:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	588	-	-	-	2,724	-	5,000
Committed	37,733	-	322,992	18,229	14,095	-	14	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND EQUITY	37,733	588	322,992	18,229	14,095	2,724	14	5,000
TOTAL LIABILITIES AND FUND EQUITY	\$ 37,733	\$ 588	\$ 322,992	\$ 18,303	\$ 14,095	\$ 2,724	\$ 14	\$ 5,000

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2011

	<u>Garbage Bags</u>	<u>Environmental Reserve</u>	<u>Tower Fund</u>	<u>Jay Community Development</u>	<u>School Grants</u>	<u>Clock Tower</u>	<u>Cemetery</u>
ASSETS							
Cash	\$ -	\$ 1,092,689	\$ -	\$ 19,302	\$ 265,031	\$ -	\$ 51,860
Investments	-	-	-	12,284	-	-	-
Accounts receivable	-	-	-	-	162,196	-	-
Due from other funds	2,973	-	88,898	-	-	104	-
TOTAL ASSETS	<u>\$ 2,973</u>	<u>\$ 1,092,689</u>	<u>\$ 88,898</u>	<u>\$ 31,586</u>	<u>\$ 427,227</u>	<u>\$ 104</u>	<u>\$ 51,860</u>
LIABILITIES AND FUND EQUITY							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 20,108	\$ -	\$ -
Bond anticipation note	-	-	-	-	-	-	-
Due to other funds	-	164,153	-	-	68,737	-	1,563
TOTAL LIABILITIES	<u>-</u>	<u>164,153</u>	<u>-</u>	<u>-</u>	<u>88,845</u>	<u>-</u>	<u>1,563</u>
FUND EQUITY							
Fund balance:							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	88,898	31,586	302,002	104	50,297
Committed	2,973	928,536	-	-	36,380	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND EQUITY	<u>2,973</u>	<u>928,536</u>	<u>88,898</u>	<u>31,586</u>	<u>338,382</u>	<u>104</u>	<u>50,297</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 2,973</u>	<u>\$ 1,092,689</u>	<u>\$ 88,898</u>	<u>\$ 31,586</u>	<u>\$ 427,227</u>	<u>\$ 104</u>	<u>\$ 51,860</u>

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	Paving Reserve	Sewer Treatment Plant	Fire Department Reserve	Town Fall Fund	EAP Program	Buildings & Grounds	Route 4 Project
ASSETS							
Cash	\$ 20,240	\$ 262,320	\$ 19	\$ -	\$ -	\$ 27,144	\$ -
Investments	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Due from other funds	-	-	-	3,267	380	1,474	-
TOTAL ASSETS	<u>\$ 20,240</u>	<u>\$ 262,320</u>	<u>\$ 19</u>	<u>\$ 3,267</u>	<u>\$ 380</u>	<u>\$ 28,618</u>	<u>\$ -</u>
LIABILITIES AND FUND EQUITY							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bond anticipation note	-	-	-	-	-	-	5,684
Due to other funds	-	264	33,918	-	-	-	8,289
TOTAL LIABILITIES	<u>-</u>	<u>264</u>	<u>33,918</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,973</u>
FUND EQUITY							
Fund balance:							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	380	-	-
Committed	20,240	262,056	-	3,267	-	28,618	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	(33,899)	-	-	-	(13,973)
TOTAL FUND EQUITY	<u>20,240</u>	<u>262,056</u>	<u>(33,899)</u>	<u>3,267</u>	<u>380</u>	<u>28,618</u>	<u>(13,973)</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 20,240</u>	<u>\$ 262,320</u>	<u>\$ 19</u>	<u>\$ 3,267</u>	<u>\$ 380</u>	<u>\$ 28,618</u>	<u>\$ -</u>

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	Admin Reserve	Veterans Memorial Fund	Wellness Works	IP Memorial	Jay Comm Playground	Totals
ASSETS						
Cash	\$ 30,558	\$ -	\$ -	\$ -	\$ -	\$ 2,147,545
Investments	-	3,235	-	-	-	15,519
Accounts receivable	-	-	-	-	-	162,196
Due from other funds	-	2	2,174	-	1,660	123,999
TOTAL ASSETS	\$ 30,558	\$ 3,237	\$ 2,174	\$ -	\$ 1,660	\$ 2,449,259
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,108
Bond anticipation note	-	-	-	-	-	5,684
Due to other funds	35	-	-	505	-	277,538
TOTAL LIABILITIES	35	-	-	505	-	303,330
FUND EQUITY						
Fund balance:						
Nonspendable	-	-	-	-	-	-
Restricted	-	3,237	2,174	-	1,660	488,650
Committed	30,523	-	-	-	-	1,705,656
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	(505)	-	(48,377)
TOTAL FUND EQUITY	30,523	3,237	2,174	(505)	1,660	2,145,929
TOTAL LIABILITIES AND FUND EQUITY	\$ 30,558	\$ 3,237	\$ 2,174	\$ -	\$ 1,660	\$ 2,449,259

See accompanying independent auditors' report.

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR YEAR ENDED JUNE 30, 2011

	Recycling Reserve	TIF	Highway Department Reserve	Police Reserve	Recycling Facility Reserve	Small Comm. Grant	Curbside Reserve	Taylor Made
REVENUES	\$ 1,793	\$ 2	\$ 2,772	\$ 79	\$ 155	\$ -	\$ 130	\$ -
EXPENDITURES	61,324	-	87,650	31,239	54,071	-	113,116	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(59,531)	2	(84,878)	(31,160)	(53,916)	-	(112,986)	-
OTHER FINANCING SOURCES (USES)								
Bond Proceeds	-	-	-	-	-	-	-	-
Operating Transfers In	10,000	-	100,000	32,000	15,000	-	113,000	-
Operating Transfers Out	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	10,000	-	100,000	32,000	15,000	-	113,000	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	(49,531)	2	15,122	840	(38,916)	-	14	-
FUND BALANCE, JULY 1	87,264	586	307,870	17,389	53,011	2,724	-	5,000
FUND BALANCE, JUNE 30	\$ 37,733	\$ 588	\$ 322,992	\$ 18,229	\$ 14,095	\$ 2,724	\$ 14	\$ 5,000

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR YEAR ENDED JUNE 30, 2011

	Garbage Bags	Enviro- mental Reserve	Tower Fund	Jay Community Develop.	School Grants	Clock Tower	Cemetery
REVENUES	\$ 2,973	\$ 8,308	\$ 71,975	\$ 137	\$ 1,043,216	\$ -	\$ 512
EXPENDITURES	-	69,191	11,819	-	1,876,992	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,973	(60,883)	60,156	137	(833,776)	-	512
OTHER FINANCING SOURCES (USES)							
Bond Proceeds	-	-	-	-	770,000	-	-
Operating Transfers In	-	-	-	-	-	-	5,000
Operating Transfers Out	-	-	-	-	-	-	(1,890)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	770,000	-	3,110
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	2,973	(60,883)	60,156	137	(63,776)	-	3,622
FUND BALANCE, JULY 1	-	989,419	28,742	31,449	402,158	104	46,675
FUND BALANCE, JUNE 30	\$ 2,973	\$ 928,536	\$ 88,898	\$ 31,586	\$ 338,382	\$ 104	\$ 50,297

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR YEAR ENDED JUNE 30, 2011

	Paving Reserve	Sewer Treatment Plant	Fire Department Reserve	Town Fall Fund	EAP Program	Buildings & Grounds	Route 4 Project
REVENUES	\$ 309	\$ 754	\$ 530	\$ 4	\$ -	\$ 3,012	\$ 3,665
EXPENDITURES	530,533	-	240,363	-	-	-	17,638
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(530,224)	754	(239,833)	4	-	3,012	(13,973)
OTHER FINANCING SOURCES (USES)							
Bond Proceeds	-	-	-	-	-	-	-
Operating Transfers In	444,951	30,900	65,000	-	-	5,890	-
Operating Transfers Out	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	444,951	30,900	65,000	-	-	5,890	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	(85,273)	31,654	(174,833)	4	-	8,902	(13,973)
FUND BALANCE, JULY 1	105,513	230,402	140,934	3,263	380	19,716	-
FUND BALANCE, JUNE 30	\$ 20,240	\$ 262,056	\$ (33,899)	\$ 3,267	\$ 380	\$ 28,618	\$ (13,973)

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR YEAR ENDED JUNE 30, 2011

	Admin Reserve	Veterans Memorial Fund	Wellness Works	IP Memorial	Jay Comm Play Ground	Totals
REVENUES	\$ 250	\$ 2	\$ 1,235	\$ -	\$ -	\$ 1,141,813
EXPENDITURES	-	-	2,542	397	-	3,096,875
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	250	2	(1,307)	(397)	-	(1,955,062)
OTHER FINANCING SOURCES (USES)						
Bond Proceeds	-	-	-	-	-	770,000
Operating Transfers In	2,500	-	2,460	-	-	826,701
Operating Transfers Out	-	-	-	-	-	(1,890)
TOTAL OTHER FINANCING SOURCES (USES)	2,500	-	2,460	-	-	1,594,811
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	2,750	2	1,153	(397)	-	(360,251)
FUND BALANCE, JULY 1	27,773	3,235	1,021	(108)	1,660	2,506,180
FUND BALANCE, JUNE 30	\$ 30,523	\$ 3,237	\$ 2,174	\$ (505)	\$ 1,660	\$ 2,145,929

See accompanying independent auditors' report.

Permanent Funds

To account for assets held by Town of Jay, Maine in trust or as an agent for individuals, private organizations, other governmental Towns and/or other funds.

TOWN OF JAY, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2011

	Poland Sullivan Fund	Ministerial Fund	Scholarships	Total
ASSETS				
Cash	\$ -	\$ 2,594	\$ 16,903	\$ 19,497
Investments	17,804	-	81,585	99,389
Due from other funds	-	-	-	-
Total assets	<u>\$ 17,804</u>	<u>\$ 2,594</u>	<u>\$ 98,488</u>	<u>\$118,886</u>
LIABILITIES				
Due to other funds	\$ 800	\$ -	\$ -	\$ 800
Total liabilities	<u>800</u>	<u>-</u>	<u>-</u>	<u>800</u>
FUND EQUITY				
Fund balance:				
Nonspendable	-	-	-	-
Restricted	17,004	2,594	98,488	118,086
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund equity	<u>17,004</u>	<u>2,594</u>	<u>98,488</u>	<u>118,086</u>
Total liabilities and fund equity	<u>\$ 17,804</u>	<u>\$ 2,594</u>	<u>\$ 98,488</u>	<u>\$118,886</u>

See accompanying independent auditors' report.

TOWN OF JAY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES – NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

	Poland Sullivan Fund	Ministerial Fund	Scholarships	Total
REVENUES				
Interest	\$ -	\$ 6	\$ 508	\$ 514
Other	2,400		8,876	11,276
TOTAL REVENUES	<u>2,400</u>	<u>6</u>	<u>9,384</u>	<u>11,790</u>
EXPENDITURES				
Scholarships	-	-	3,947	3,947
Other	800	-	-	800
TOTAL EXPENDITURES	<u>800</u>	<u>-</u>	<u>3,947</u>	<u>4,747</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,600</u>	<u>6</u>	<u>5,437</u>	<u>7,043</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	1,600	6	5,437	7,043
FUND BALANCES - JULY 1	<u>15,404</u>	<u>2,588</u>	<u>93,051</u>	<u>111,043</u>
FUND BALANCES - JUNE 30	<u>\$ 17,004</u>	<u>\$ 2,594</u>	<u>\$ 98,488</u>	<u>\$ 118,086</u>

See accompanying independent auditors' report.

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets.

TOWN OF JAY, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2011

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
Police	\$ -	\$ -	\$ 272,494	\$ -	\$ 272,494
Fire	24,215	580,132	1,596,844	-	2,201,191
Highway	32,638	773,320	1,620,780	6,142,034	8,568,772
Recycling	48,500	974,170	883,344	-	1,906,014
Recreation	65,400	-	34,600	-	100,000
Library	-	-	562,238	-	562,238
Town-wide	596,568	1,223,992	72,271	-	1,892,831
School Department	606,186	12,611,416	1,985,547	-	15,203,149
Sewer Department	27,435	1,258,000	81,137	4,727,065	6,093,637
School Lunch Program	-	-	142,954	-	142,954
Total General Capital Assets	1,400,942	17,421,030	7,252,209	10,869,099	36,943,280
Less: Accumulated Depreciation	-	(8,121,407)	(5,122,158)	(6,883,898)	(20,127,463)
Net General Capital Assets	\$ 1,400,942	\$ 9,299,623	\$ 2,130,051	\$ 3,985,201	\$ 16,815,817

See accompanying independent auditors' report.

TOWN OF JAY, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2011

	General Capital Assets 7/1/10	Additions	Deletions	General Capital Assets 6/30/11
Police	\$ 241,114	\$ 31,380	\$ -	\$ 272,494
Fire	2,144,580	230,000	(173,389)	2,201,191
Highway	7,964,946	658,295	(54,469)	8,568,772
Recycling	1,687,160	218,854	-	1,906,014
Recreation	100,000	-	-	100,000
Library	562,238	-	-	562,238
Town-wide	1,906,890	-	(14,059)	1,892,831
School Department	14,558,127	645,022	-	15,203,149
Sewer Department	6,095,962	-	(2,325)	6,093,637
School Lunch Program	142,954	-	-	142,954
Total General Capital Assets	35,403,971	1,783,551	(244,242)	36,943,280
Less: Accumulated Depreciation	(19,410,493)	(895,117)	178,147	(20,127,463)
Net General Capital Assets	<u>\$ 15,993,478</u>	<u>\$ 888,434</u>	<u>\$ (66,095)</u>	<u>\$ 16,815,817</u>

See accompanying independent auditors' report.

TOWN OF JAY, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Pass Thru Grantor Number	Expenditures
U.S. Department of Agriculture			
Passed Through State of Maine -			
Department of Education and Cultural Services			
Food Distribution	10.550	N/A	\$ 21,775
School Breakfast Program	10.555	013-05A-712-05	69,085
School Lunch Program	10.555	013-05A-7128-95	117,402
Total Department of Agriculture			<u>208,261</u>
U.S. Department of Education			
Passed Through State of Maine -			
Department of Education and Cultural Services			
Title IA - Educationally Deprived	84.010	013-05A-6334-13	248,692
Handicapped Programs - Local	84.027	013-05A-6334-13	261,283
Local Entitlement Part B - Section 619	84.173	013-05A-6334-13	5,912
ARRA Title IA	84.389A	020-06A-6334-13	79,017
Rural Low Income	84.358	013-05A-6334-13	21,516
Title IID Grant	84.318	013-05A-6334-13	48
State Stabilization	84.394	020-05A-6334-01	475,670
ARRA Local Entitlement IDEA	84.391A	020-06A-6317-12	130,934
ARRA Local Entitlement - Part B Section 619	84.392A	020-06A-6241-23	3,000
CIPS Grant	84.377A		20,890
Title V	84.298	013-06A-1072-66	4,519
Title IIA Teaching Quality Grant	84.367	013-05A-6334-13	62,830
Total Department of Education			<u>1,314,311</u>
U.S. Department of Mental Health, Mental Retardation, and Substance Abuse Services			
Passed Through State of Maine -			
Department of Mental Health, Mental Retardation, and Substance Abuse Services			
Drug Free Schools Act	84.186	013-075-6346-57	2,865
Total Department of Mental Health, Mental Retardation, and Substance Abuse Services			<u>2,865</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 1,525,437</u>

TOWN OF JAY, MAINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Town of Jay. All federal financial assistance received is included on the schedule.

2. Basis of Accounting

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

3. The following programs were tested as Type B programs as outlined in OMB Circular A-133.

- 1) 84.010 – Title IA
- 2) 84.027 – Local Entitlement
- 3) 84.394 – State Stabilization



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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

July 14, 2011

Board of Selectmen
Town of Jay
Jay, Maine

We have audited the financial statements of the Town of Jay, Maine, as of and for the year ended June 30, 2011, and have issued our report thereon dated July 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

RHR Smith & Company

Certified Public Accountants



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

July 14, 2011

Board of Selectmen
Town of Jay
Jay, Maine

Compliance

We have audited Town of Jay, Maine's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Town of Jay, Maine's major federal programs for the year ended June 30, 2011. Town of Jay, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Town of Jay, Maine's management. Our responsibility is to express an opinion on Town of Jay, Maine's compliance based on our audit.

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

In our opinion, Town of Jay, Maine, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

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Internal Control over Compliance

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

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

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

Town of Jay, Maine's responses to the finding identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Town of Jay, Maine's responses and, accordingly, we express no opinion on the responses.

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

RHR Smith & Company

Certified Public Accountants

TOWN OF JAY, MAINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITORS RESULTS
FOR THE YEAR ENDED JUNE 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued : Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no
- Noncompliance material to financial statements noted yes no

- *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported

In accordance with section 510(a) of OMB Circular A-133? yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I
84.027	Local Entitlement
84.394	State Stabilization

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

Auditee qualified as low-risk auditee? yes no

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None



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INDEPENDENT AUDITORS' REPORT ON STATE REQUIREMENTS

July 14, 2011

Board of Selectmen
Town of Jay
Jay, Maine

We have audited the financial statements of Town of Jay, Maine for the year ended June 30, 2011 and have issued our report thereon dated July 14, 2011. Our audit was made in accordance with auditing standards generally accepted in the United States of America and applicable state and federal laws relating to financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit, we reviewed the budgetary controls that are in place, and have reviewed the annual financial report that was submitted to the Town for accuracy. In addition we have reviewed quarterly EF-U-415 reports for the year ended June 30, 2011 and the Town's compliance with applicable provisions of the Maine Finance Act as noted under MRSA Title 20A, section 6051 as we considered necessary in obtaining our understanding.

The results of our procedures indicate that with respect to the items tested, Town of Jay, Maine complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Town of Jay, Maine was in noncompliance with, or in violation of, those provisions.

Management has determined that adjustments were necessary to the fiscal books of the Town and have attached the following schedule as it relates to the reconciliation of audit adjustments to the initial annual financial data submitted to the MEDMS financial system maintained at the Town.

This report is intended solely for the information of the Board of Selectmen, management and the Department of Education. This report is not intended to be and should not be used by anyone other than the specified parties.

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JAY SCHOOL DEPARTMENT

RECONCILIATION OF MEDMS ANNUAL REPORT TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund (100)	Special Revenue Funds (200)	Capital Projects Funds (300)	Totals
June 30 balance per MEDMS financial system	\$ 1,197,578	\$ 135,908	\$ 261,228	\$ 1,594,714
Revenue Adjustments:				
Expenditure Adjustments:				
Food Service Per MEDMS	-	(38,659)	-	(38,659)
Federal Payback in Accounts Payable	-	(20,095)	-	(20,095)
Misposting	-	708	(708)	-
Unallocated Variance	(223)	-	-	(223)
Audited GAAP Basis Fund balance June 30	<u>\$ 1,197,355</u>	<u>\$ 77,862</u>	<u>\$ 260,520</u>	<u>\$ 1,535,737</u>