



*Proven Expertise and Integrity*

December 5, 2011

Dr. Robert E. Wall  
Superintendent  
Jay School Department  
31 Community Drive  
Jay, Maine 04239

Dear Robert:

Enclosed please find 8 bound copies and 1 unbound copy of the Jay School Department's audited financial statements for the year ended June 30, 2011.

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 Jay School Department.

Very Best,

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

RHRS/wch

Enclosures



*Proven Expertise and Integrity*

December 5, 2011

Dr. Robert E. Wall  
Superintendent  
Jay School Department  
31 Community Drive  
Jay, Maine 04239

Dear Dr. Wall:

Enclosed is a draft of your audited financial statements for the year ended June 30, 2011.

Please review these statements and return this letter to us within 10 business days of the date above, indicating whether you have questions or corrections, or whether you have accepted this draft as an adequate result of our engagement, and understand the contents well enough to take responsibility for them.

Please call me with questions I have on page(s) \_\_\_\_\_.

OR

I have reviewed this draft, understand the financial information it represents and accept it as the final result of our engagement. Representations made and information provided to auditors during the period of this engagement have not changed.

SIGNED \_\_\_\_\_

(Print Name) \_\_\_\_\_

If you have any questions or comments, please do not hesitate to call.

Very Best,

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

RHRS/wch

Enclosures

Audited Financial Statements

Jay School Department

June 30, 2011



*Proven Expertise and Integrity*

JAY SCHOOL DEPARTMENT

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JUNE 30, 2011

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## INDEPENDENT AUDITORS' REPORT

July 14, 2011

Jay School Committee  
Jay School Department  
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 Jay School Department, a department of the Town of Jay, Maine as of and for the year ended June 30, 2011, which collectively comprise the Department's basic financial statements as listed in the table of contents. The Jay School Department 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 Jay School Department's management. Our responsibility is to express an opinion 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. 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 financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Jay School Department as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year 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 40 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 Jay School Department's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposed of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*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 Jay School Department's financial performance provides an overview of the Department's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the Department's financial statements.

**Financial Statement Overview**

The Jay School Department'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 Department'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 Department'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 Department activities. The types of activities presented for the Jay School Department are:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Department’s basic services are reported in governmental activities, which include elementary and secondary instruction, school administration, system administration, transportation, operations and maintenance.
- *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 Jay School Department include the school lunch program at the school department.

### **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 Jay School Department, like other local governments, uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Jay School Department can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

*Governmental funds:* Most of the basic services provided by the Department 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 Department’s finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Department.

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 Jay School Department presents three columns in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The Department's major governmental funds are the general fund and roof project. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Department 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 Jay School Department maintains one proprietary fund, the School Lunch 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 Jay School Department. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Department'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 Department's governmental and business-type activities. The Department's total net assets for governmental activities decreased by \$141,091 from \$5.36 million to \$5.21 million. The Department's total net assets for business-type activities increased by \$5,238 from \$24,795 to \$30,033.

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 \$1,197,355 at the end of this year. Unrestricted net assets for business-type activities increased to a balance of \$7,073.

**Table 1**  
**Jay School Department**  
**Net Assets**  
**June 30, 2011**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<b>Assets:</b>				
Current and other assets	\$ 1,678,530	\$ 1,947,971	\$ 7,073	\$ 130,063
Capital Assets	7,540,263	7,185,678	22,960	26,260
<b>Total Assets</b>	<b>\$ 9,218,793</b>	<b>\$ 9,133,649</b>	<b>\$ 30,033</b>	<b>\$ 156,323</b>
<b>Liabilities:</b>				
Current Liabilities	\$ 616,590	\$ 649,429	\$ -	\$ 131,528
Long-term Debt Outstanding	3,387,457	3,128,383	-	-
<b>Total Liabilities</b>	<b>\$ 4,004,047</b>	<b>\$ 3,777,812</b>	<b>\$ -</b>	<b>\$ 131,528</b>
<b>Net Assets:</b>				
Invested in Capital Assets, Net of related Debt	\$ 3,580,521	\$ 3,464,948	\$ 22,960	\$ 26,260
Nonspendable	-	-	-	-
Restricted	400,490	438,685	-	-
Committed	36,380	56,524	-	-
Assigned	-	-	-	-
Unassigned	1,197,355	1,395,680	7,073	(1,465)
<b>Total Net Assets</b>	<b>\$ 5,214,746</b>	<b>\$ 5,355,837</b>	<b>\$ 30,033</b>	<b>\$ 24,795</b>

**Table 2**  
**Jay School Department**  
**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>
<b>Revenues</b>				
Support from towns-taxes	\$ 7,964,508	\$ 7,923,010	\$ -	\$ -
Intergovernmental	1,293,859	1,981,155	208,542	220,145
State of Maine on-behalf payments	765,890	792,843	-	-
Miscellaneous	55,785	81,733	87,358	114,813
Total Revenues	<u>10,080,042</u>	<u>10,778,741</u>	<u>295,900</u>	<u>334,958</u>
<b>Expenses</b>				
Instruction:				
Elementary	2,354,338	2,461,050	-	-
Secondary	1,080,199	1,251,912	-	-
Library and media	94,639	63,803	-	-
Transportation	438,310	474,588	-	-
Operations & maintenance	1,223,525	1,219,588	-	-
Special education	1,051,036	1,124,990	-	-
Student activities	203,800	222,648	-	-
Guidance and counseling	239,191	255,835	-	-
Health service	60,108	59,208	-	-
Principals' office	448,310	409,301	-	-
Administration	324,337	281,227	-	-
Debt service:				
Interest	168,276	188,003	-	-
School wide instruction	375,373	616,966	-	-
Summer salaries	2,898	1,613	-	-
Contingency	-	6,634	-	-
Unallocated depreciation	-	653	3,300	3,300
State of Maine on-behalf payments	765,890	792,843	-	-
Program expenses	1,370,903	1,116,297	307,362	339,259
Total Expenses	<u>10,201,133</u>	<u>10,547,159</u>	<u>310,662</u>	<u>342,559</u>
Transfers	<u>(20,000)</u>	<u>(10,000)</u>	<u>20,000</u>	<u>10,000</u>
Change in Net Assets	(141,091)	221,582	5,238	2,399
Net Assets - July 1	<u>5,355,837</u>	<u>5,134,255</u>	<u>24,795</u>	<u>22,396</u>
Net Assets - June 30	<u>\$ 5,214,746</u>	<u>\$ 5,355,837</u>	<u>\$ 30,033</u>	<u>\$ 24,795</u>

## Revenues and Expenses

Revenues for the Department's governmental activities decreased by 6.46%, while total expenses decreased by 3.28%. Most of the Department's expenses and revenues were consistent with the previous year.

The intergovernmental revenue for the governmental funds had the largest decrease from last year. This was a result of decreased State subsidy from the statewide curtailments.

The revenues and expenses for the proprietary fund decreased from the prior year. The decrease was due to decreased enrollment and staff changes.

### Financial Analysis of the Department's Fund Statements

*Governmental funds:* The financial reporting focus of the Department'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 Department'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**  
**Jay School Department**  
**Fund Balances - Governmental Funds**  
**June 30, 2011**

	2011	2010
Major Funds:		
General fund:		
Unassigned	\$ 1,197,355	\$ 1,395,680
Roof project		
Restricted	260,520	-
Total Major Funds	\$ 1,457,875	\$ 1,395,680
Nonmajor Funds:		
Permanent funds		
Restricted	\$ 98,488	\$ 93,051
Special revenue funds		
Restricted	41,482	345,634
Committed	36,380	56,524
Total Nonmajor Funds	\$ 176,350	\$ 495,209

The general fund total fund balance decreased by \$198,325 over the prior fiscal year. The roof project which is classified as a major program increased from the prior year by \$260,520. The non-major fund balances decreased by \$318,859 over the prior fiscal year. Most of the decrease in the general fund came as a result of decreased revenue

from the intergovernmental revenues. The decrease in the non-major fund balances came as a result of several federal grants being spent in anticipation of consolidation.

*Proprietary funds:* The Department'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 the only proprietary fund, had a fund balance for the current year of \$30,033. This was an increase of \$5,238 from the net assets in the prior year.

### **Budgetary Highlights**

There was no significant difference between the original and final budget for the general fund.

The general fund budget exceeded the actual revenues by \$376,119. This was a result of intergovernmental revenues from the reduction in state funding.

The general fund actual expenditures were under the budget by \$683,247. The following expenditures were under budget which accounts for most of the balance:

Secondary education	\$208,544
Transportation	103,193
School wide instruction	107,083

### **Capital Asset and Debt Administration**

#### **Capital Assets**

As of June 30, 2011, the net book value of capital assets recorded by the Department increased by \$351,285 over the prior year. This increase is the result of \$645,022 and current year depreciation expense of \$293,737..

**Table 4**  
**Jay School Department**  
**Capital Assets (Net of Depreciation)**  
**June 30,**

	<b>2011</b>	<b>2010</b>
Land	\$ 56,150	\$ 56,150
Construction in progress	510,036	-
Buildings & improvements	6,520,914	6,756,544
Furniture and fixtures	6,577	7,128
Machinery and equipment	64,186	28,834
Vehicles	365,360	323,282
Art works & historical treasures	40,000	40,000
<b>Total</b>	<b>\$ 7,563,223</b>	<b>\$ 7,211,938</b>

## **Debt**

At June 30, 2011, the Department had \$3.71 million in bonds outstanding versus \$3.36 million last year, an increase of 10%, as shown in Note 5 of the financial statements.

## **Economic Factors and Next Year's Budgets and Rates**

The Department has steadily maintained a sufficient undesignated fund balance to sustain government operations for a period of approximately two months.

## **Contacting the Department's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Department's finances and to show the Department's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School Department at 31 Community Drive, Jay, Maine 04239.

## STATEMENT A

## JAY SCHOOL DEPARTMENT

STATEMENT OF NET ASSETS  
JUNE 30, 2011

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash	\$ 281,934	\$ 64,666	\$ 346,600
Investments	81,585	-	81,585
Accounts receivable (net of allowance for uncollectibles)			
Other	170,719	15,590	186,309
Inventory	-	8,118	8,118
Due from Town of Jay	1,062,991	-	1,062,991
Internal balances	81,301	(81,301)	-
Total current assets	<u>1,678,530</u>	<u>7,073</u>	<u>1,685,603</u>
Noncurrent assets:			
Capital assets:			
Land, infrastructure, and other assets not being depreciated	606,186	-	606,186
Buildings and equipment net of accumulated depreciation	<u>6,934,077</u>	<u>22,960</u>	<u>6,957,037</u>
Total noncurrent assets	<u>7,540,263</u>	<u>22,960</u>	<u>7,563,223</u>
<b>TOTAL ASSETS</b>	<u>\$ 9,218,793</u>	<u>\$ 30,033</u>	<u>\$ 9,248,826</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 35,021	\$ -	\$ 35,021
Accrued payroll	9,284	-	9,284
Current portion of long-term obligations	<u>572,285</u>	<u>-</u>	<u>572,285</u>
Total current liabilities	<u>616,590</u>	<u>-</u>	<u>616,590</u>
Noncurrent liabilities			
Noncurrent portion of long-term obligations:			
Bonds payable	3,238,662	-	3,238,662
Capital lease payable	<u>148,795</u>	<u>-</u>	<u>148,795</u>
Total noncurrent liabilities	<u>3,387,457</u>	<u>-</u>	<u>3,387,457</u>
<b>TOTAL LIABILITIES</b>	<u>4,004,047</u>	<u>-</u>	<u>4,004,047</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	3,580,521	22,960	3,603,481
Nonspendable	-	-	-
Restricted	400,490	-	400,490
Committed	36,380	-	36,380
Assigned	-	-	-
Unassigned	<u>1,197,355</u>	<u>7,073</u>	<u>1,204,428</u>
<b>TOTAL NET ASSETS</b>	<u>5,214,746</u>	<u>30,033</u>	<u>5,244,779</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 9,218,793</u>	<u>\$ 30,033</u>	<u>\$ 9,248,826</u>

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

## STATEMENT B

JAY SCHOOL DEPARTMENT  
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							
Instruction:							
Elementary	\$ 2,354,338	\$ -	\$ -	\$ -	\$ (2,354,338)	\$ -	\$ (2,354,338)
Secondary	1,080,199	-	-	-	(1,080,199)	-	(1,080,199)
Library and media	94,639	-	-	-	(94,639)	-	(94,639)
Transportation	438,310	-	-	-	(438,310)	-	(438,310)
Operations & maintenance	1,223,525	-	-	-	(1,223,525)	-	(1,223,525)
Special education	1,051,036	-	-	-	(1,051,036)	-	(1,051,036)
Co-Curricular	203,800	-	-	-	(203,800)	-	(203,800)
Guidance and counseling	239,191	-	-	-	(239,191)	-	(239,191)
Health service	60,108	-	-	-	(60,108)	-	(60,108)
Principals' office	448,310	-	-	-	(448,310)	-	(448,310)
Administration	324,337	-	-	-	(324,337)	-	(324,337)
Summer programs	2,898	-	-	-	(2,898)	-	(2,898)
State of Maine on-behalf payments	765,890	-	765,890	-	-	-	-
School wide instruction	375,373	-	-	-	(375,373)	-	(375,373)
Program expenses	1,370,903	-	1,012,684	-	(358,219)	-	(358,219)
Interest on long-term debt	168,276	-	-	-	(168,276)	-	(168,276)
Total governmental activities	<u>10,201,133</u>	<u>-</u>	<u>1,778,574</u>	<u>-</u>	<u>(8,422,559)</u>	<u>-</u>	<u>(8,422,559)</u>
Business-type activities:							
School lunch program	310,662	87,012	208,542	-	-	(15,108)	(15,108)
Total business-type activities	<u>310,662</u>	<u>87,012</u>	<u>208,542</u>	<u>-</u>	<u>-</u>	<u>(15,108)</u>	<u>(15,108)</u>
Total government	<u>10,511,795</u>	<u>87,012</u>	<u>1,987,116</u>	<u>-</u>	<u>(8,422,559)</u>	<u>(15,108)</u>	<u>(8,437,667)</u>

STATEMENT B (CONTINUED)  
JAY SCHOOL DEPARTMENT

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>(8,422,559)</u>	<u>(15,108)</u>	<u>(8,437,667)</u>
General revenue:			
Support from towns	7,964,508	-	7,964,508
Grants and contributions not restricted to specific programs	281,175	-	281,175
Miscellaneous	<u>55,785</u>	<u>346</u>	<u>56,131</u>
Total general revenue and transfers	<u>8,301,468</u>	<u>346</u>	<u>8,301,814</u>
Transfers	<u>(20,000)</u>	<u>20,000</u>	<u>-</u>
Change in net assets	(141,091)	5,238	(135,853)
NET ASSETS - JULY 1, 2010	<u>5,355,837</u>	<u>24,795</u>	<u>5,380,632</u>
NET ASSETS - JUNE 30, 2011	<u>\$ 5,214,746</u>	<u>\$ 30,033</u>	<u>\$ 5,244,779</u>

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

## JAY SCHOOL DEPARTMENT

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2011

	General Fund	Roof Project	Other Governmental Funds	Totals Governmental Funds
<b>ASSETS</b>				
Cash	\$ -	\$ 265,031	\$ 16,903	\$ 281,934
Investments	-	-	81,585	81,585
Receivables (net of allowance for uncollectibles)				
Other	8,523	-	162,196	170,719
Due from Town of Jay	1,062,991	-	-	1,062,991
Due from other funds	247,927	-	97,889	345,816
<b>TOTAL ASSETS</b>	<b><u>\$ 1,319,441</u></b>	<b><u>\$ 265,031</u></b>	<b><u>\$ 358,573</u></b>	<b><u>\$ 1,943,045</u></b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities</b>				
Accounts payable	\$ 14,913	\$ -	\$ 20,108	\$ 35,021
Accrued salaries	9,284	-	-	9,284
Due to other funds	97,889	4,511	162,115	264,515
<b>TOTAL LIABILITIES</b>	<b><u>122,086</u></b>	<b><u>4,511</u></b>	<b><u>182,223</u></b>	<b><u>308,820</u></b>
<b>Fund Equity</b>				
Reserved, reported in:				
Nonspendable	-	-	-	-
Restricted	-	260,520	139,970	400,490
Committed	-	-	36,380	36,380
Assigned	-	-	-	-
Unassigned	1,197,355	-	-	1,197,355
<b>TOTAL FUND EQUITY</b>	<b><u>1,197,355</u></b>	<b><u>260,520</u></b>	<b><u>176,350</u></b>	<b><u>1,634,225</u></b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$ 1,319,441</u></b>	<b><u>\$ 265,031</u></b>	<b><u>\$ 358,573</u></b>	<b><u>\$ 1,943,045</u></b>

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

## JAY SCHOOL DEPARTMENT

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

	<u>Total Governmental Funds</u>
Total Fund Equity	\$ 1,634,225
Amounts reported for governmental activities in the statement are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	7,540,263
Long-term liabilities shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bonds payable	(3,710,000)
Capital lease payable	<u>(249,742)</u>
 Net assets of governmental activities	 <u><u>\$ 5,214,746</u></u>

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

## JAY SCHOOL DEPARTMENT

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

	General Fund	Roof Project	Other Governmental Funds	Totals Governmental Funds
<b>REVENUES</b>				
Support from Town	\$ 7,964,508	\$ -	\$ -	\$ 7,964,508
Intergovernmental revenues	1,047,065	-	1,012,684	2,059,749
Miscellaneous revenues	15,869	556	39,360	55,785
<b>TOTAL REVENUES</b>	<b>9,027,442</b>	<b>556</b>	<b>1,052,044</b>	<b>10,080,042</b>
<b>EXPENDITURES</b>				
Instruction:				
Elementary	2,332,878	-	-	2,332,878
Secondary	1,061,641	-	-	1,061,641
Library and media	94,639	-	-	94,639
Transportation	393,824	-	-	393,824
Operations & maintenance	1,263,566	-	-	1,263,566
Special education	1,051,036	-	-	1,051,036
Co-Curricular	203,800	-	-	203,800
Guidance and counseling	239,191	-	-	239,191
Health service	60,108	-	-	60,108
Principals' office	448,310	-	-	448,310
Administration	324,337	-	-	324,337
Summer programs	2,898	-	-	2,898
Debt service:				
Principal	420,000	-	-	420,000
Interest	168,276	-	-	168,276
School wide instruction	375,373	-	-	375,373
State of Maine on-behalf payments	765,890	-	-	765,890
Program expenditures	-	510,036	1,370,903	1,880,939
<b>TOTAL EXPENDITURES</b>	<b>9,205,767</b>	<b>510,036</b>	<b>1,370,903</b>	<b>11,086,706</b>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(178,325)</b>	<b>(509,480)</b>	<b>(318,859)</b>	<b>(1,006,664)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Proceeds	-	770,000	-	770,000
Operating Transfers in	-	-	-	-
Operating Transfers (out)	(20,000)	-	-	(20,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(20,000)</b>	<b>770,000</b>	<b>-</b>	<b>750,000</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)</b>	<b>(198,325)</b>	<b>260,520</b>	<b>(318,859)</b>	<b>(256,664)</b>
<b>FUND BALANCES - JULY 1</b>	<b>1,395,680</b>	<b>-</b>	<b>495,209</b>	<b>1,890,889</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 1,197,355</b>	<b>\$ 260,520</b>	<b>\$ 176,350</b>	<b>\$ 1,634,225</b>

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

## JAY SCHOOL DEPARTMENT

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>\$ (256,664)</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 and disposed	566,997
Depreciation expense	<u>(290,437)</u>
	<u>276,560</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets.	<u>(770,000)</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>609,013</u>
Change in net assets of governmental activities (Statement B)	<u><u>\$ (141,091)</u></u>

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

## STATEMENT G

## JAY SCHOOL DEPARTMENT

BALANCE SHEET – PROPRIETARY FUNDS  
JUNE 30, 2011

	<u>School Lunch Program</u>
ASSETS	
Current assets:	
Cash	\$ 64,666
Accounts receivable	15,590
Inventory	8,118
Total current assets	<u>88,374</u>
Noncurrent assets:	
Machinery and equipment	<u>142,954</u>
Total capital assets	142,954
Less: accumulated depreciation	<u>(119,994)</u>
Net capital assets	<u>22,960</u>
TOTAL ASSETS	<u>\$ 111,334</u>
LIABILITIES AND NET ASSETS	
Current liabilities:	
Due to other funds	<u>\$ 81,301</u>
Total current liabilities	<u>81,301</u>
TOTAL LIABILITIES	<u>81,301</u>
NET ASSETS	
Invested in capital assets, net of related debt	\$ 22,960
Nonspendable	-
Restricted	-
Committed	-
Assigned	-
Unassigned	7,073
TOTAL NET ASSETS	<u>30,033</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 111,334</u>

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

## JAY SCHOOL DEPARTMENT

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

	<u>School Lunch Program</u>
OPERATING REVENUES	
Intergovernmental revenue	\$ 208,542
Charges for services	87,012
Other	-
TOTAL OPERATING REVENUES	<u>295,554</u>
OPERATING EXPENSES	
Salaries and benefits	172,590
Food	114,068
Supplies & equipment	11,312
Repairs and maintenance	4,857
Depreciation	3,300
Other	4,535
TOTAL OPERATING EXPENSES	<u>310,662</u>
OPERATING INCOME (LOSS)	<u>(15,108)</u>
NON-OPERATING INCOME (EXPENSE)	
Transfers in	20,000
Transfers (out)	-
Interest income	346
TOTAL NON-OPERATING INCOME (EXPENSE)	<u>20,346</u>
NET INCOME (LOSS)	5,238
NET ASSETS - JULY 1	<u>24,795</u>
NET ASSETS - JUNE 30	<u><u>\$ 30,033</u></u>

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

## JAY SCHOOL DEPARTMENT

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

	<u>School Lunch Program</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 92,603
Intergovernmental receipts	208,542
Internal activity - receipts (payments) from/to other funds	-
Payments to suppliers	(184,999)
Payments to employees	(172,590)
Net cash provide (used) by operating activities	<u>(56,444)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	346
Net cash provided by investing activities	<u>346</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Operating transfers	20,000
Net cash provided by financing activities	<u>20,000</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(36,098)</b>
<b>CASH - JULY 1</b>	<u>116,354</u>
<b>CASH - JUNE 30</b>	<u><u>\$ 80,256</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>	
Operating income (loss)	\$ (15,108)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	3,300
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	7,667
(Increase) decrease in inventory	(2,076)
(Decrease) increase in due to other funds	(50,227)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ (56,444)</u></u>

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

## JAY SCHOOL DEPARTMENT

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	
Current liabilities:	
Accounts Payable	\$ -
Deposits held for others	74,141
TOTAL LIABILITIES	<u>74,141</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 74,141</u>

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

JAY SCHOOL DEPARTMENT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Reporting Entity***

The Jay School Department was incorporated under the laws of the State of Maine.

The Department'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 Department has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Department has chosen not to do so.

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

***Government –Wide and Fund Financial Statements***

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

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Department's school lunch funds are categorized as a business-type activity. All other activities of the Department 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 Department's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Department first utilizes restricted resources to finance qualifying activities.

JAY SCHOOL DEPARTMENT

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 Department's functions and business-type activities (instruction, operation and maintenance, 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 Department does not allocate indirect costs. All costs are charged directly to the corresponding department.

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

**Measurement Focus - Basic Financial Statements & Fund Financial Statements**

The financial transactions of the Department 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 Department:

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 Department:

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

JAY SCHOOL DEPARTMENT

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 Department 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 Department:

- 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 Department programs. The reporting focus is on net assets and changes in net assets and is reported using accounting principles similar to proprietary funds.

The Department'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.

JAY SCHOOL DEPARTMENT

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.

JAY SCHOOL DEPARTMENT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Budget**

The Department'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	\$ 8,261,552
Add: On-behalf payments	<u>765,890</u>
Total GAAP basis	<u>\$ 9,027,442</u>

Expenditures per budgetary basis	\$ 8,459,877
Add: On-behalf basis	<u>765,890</u>
Total GAAP basis	<u>\$ 9,225,767</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 Department 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 Department does not adopt budgets for Special Revenue Funds.

JAY SCHOOL DEPARTMENT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Deposits and Investments**

The Department'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 Department's policy to value investments at fair value. None of the Department's investments are reported at amortized cost. The Department 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 Jay School Department has no formal investment policy but instead follows the State of Maine Statutes. They are in the process of adopting a more detailed investment policy.

**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.

JAY SCHOOL DEPARTMENT

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 Department. The Department 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 bonds payable and capital leases payable.

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.

JAY SCHOOL DEPARTMENT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Compensated Absences**

The Department's policies regarding vacation and sick time do not permit employees to accumulate earned but unused vacation and sick leave. 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.

**Reserves**

The Department 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 Department's policy to first use restricted assets for restricted programs and only unrestricted assets after the restricted assets have been exhausted.

**Fund Equity**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Department is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted – This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Department. The inhabitants of the Department through Department meetings are the highest level of decision-making authority of the Department. Commitments may be established, modified, or rescinded only through a Department meeting vote.

Assigned – This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the Board of Selectmen.

JAY SCHOOL DEPARTMENT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unassigned – This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Department considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Department considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Department meeting vote has provided otherwise in its commitment or assignment actions.

The Department is in the process of adopting a set of financial policies to guide the financial operation of the Department. Included in the policies will be guidelines for accumulating and maintaining an operating position in certain budgeted governmental funds such that annual expenditures shall not exceed annual resources, including fund balances. Other funds shall be fully self-supporting to the extent that the fund balance or retained earnings of each fund shall be zero or greater.

**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.

JAY SCHOOL DEPARTMENT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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 Department does not utilize encumbrance accounting for its general fund.

**Use of Estimates**

During the preparation of the Department'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.

NOTE 2 – DEPOSITS AND INVESTMENTS

The Department 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 Department does not have a formal investment policy but instead follows state statutes. These statutes authorize the Department to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Department applies this to all Department funds.

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

At June 30, 2011, the Department's cash balance of \$421,675 was comprised of deposits amounting to \$420,293. This amount was comprised of \$420,293 which was insured by federal depository insurance and consequently was not exposed to custodial credit risk, and zero which was collateralized with securities held in the entity's name and thus not exposed to custodial credit risk.

JAY SCHOOL DEPARTMENT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 79,923
Savings accounts	10,672
Insured sweep	329,697
	<u>\$ 420,293</u>

At June 30, 2011, the department's investments of \$81,585 were comprised of \$81,585 that was insured by federal depository insurance and consequently was not exposed to custodial credit risk and zero that was in excess of federal depository insurance and collateralization, and therefore, not insured or collateralized.

<u>Investment Type</u>	<u>Current</u>	<u>1 Year</u>	<u>2 - 5 Years</u>
Certificates of Deposit	\$ -	\$ 80,024	\$ 1,561
	<u>\$ -</u>	<u>\$ 80,024</u>	<u>\$ 1,561</u>

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:		
Special Revenue Fund:		
Title IA	\$ 21,860	\$ -
Local entitlement	-	17,734
Block certification grant	-	1,896
Erate	-	20,365
Channel 7	-	15,495
ARRA Title IA	-	1,958
UMF donation	-	-
Title IIA	7,461	-
ARRA local entitlement	24,025	-
IDEA pre-school	-	416
Long term reserve	-	708
CIP short term	-	8,442
Sp Ed reserve	-	27,230

JAY SCHOOL DEPARTMENT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

	<u>Receivables</u> <u>(Due from)</u>	<u>Payables</u> <u>(Due to)</u>
Greenwork grant	-	120
Dome grant	419	-
CIPS grant/program improvement	4,343	-
State stabilization	104,007	-
Youth suicide grant	-	3,525
Roof project	4,511	-
	<u>166,626</u>	<u>97,889</u>
Enterprise Fund:		
Hot Lunch Program	<u>81,301</u>	<u>-</u>
	<u>\$ 247,927</u>	<u>\$ 97,889</u>
	<u>Receivables</u> <u>(Due from)</u>	<u>Payables</u> <u>(Due to)</u>
SPECIAL REVENUE FUND:		
General Fund:		
Title IA	\$ -	\$ 21,860
Local entitlement	17,734	-
Block certification grant	1,896	-
Erate	20,365	-
Channel 7	15,495	-
ARRA Title IA	1,958	-
UMF donation	-	-
Title IIA	-	7,461
ARRA local entitlement	-	24,025
IDEA pre-school	416	-
Long term reserve	708	-
CIP short term	8,442	-
Sp Ed reserve	27,230	-
Greenwork grant	120	-
Dome grant	-	419

JAY SCHOOL DEPARTMENT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

	<u>Receivables</u> <u>(Due from)</u>	<u>Payables</u> <u>(Due to)</u>
CIPS grant/program improvement	-	4,343
State stabilization	-	104,007
Youth suicide grant	3,525	-
Roof project	-	4,511
	<u>\$ 97,889</u>	<u>\$ 166,626</u>
ENTERPRISE FUND:		
General Fund:		
Hot Lunch Program	<u>\$ -</u>	<u>\$ 81,301</u>

JAY SCHOOL DEPARTMENT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 4 - CAPITAL ASSETS

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

	Balance, 7/1/10	Additions	Disposals	Balance, 6/30/11
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 56,150	\$ -	\$ -	\$ 56,150
Art works & historical treasures	40,000	-	-	40,000
Construction in progress	-	510,036	-	510,036
	<u>96,150</u>	<u>510,036</u>	<u>-</u>	<u>606,186</u>
Depreciated assets:				
Land Improvements	10,000	-	-	10,000
Buildings & improvements	12,584,496	16,920	-	12,601,416
Furniture & fixtures	396,339	-	-	396,339
Machinery & equipment	795,020	40,041	-	835,061
Vehicles	676,122	78,025	-	754,147
	<u>14,461,977</u>	<u>134,986</u>	<u>-</u>	<u>14,596,963</u>
Less: accumulated depreciation	<u>(7,372,449)</u>	<u>(290,437)</u>	<u>-</u>	<u>(7,662,886)</u>
	<u>7,089,528</u>	<u>(155,451)</u>	<u>-</u>	<u>6,934,077</u>
Net capital assets	<u>\$ 7,185,678</u>	<u>\$ 354,585</u>	<u>\$ -</u>	<u>\$ 7,540,263</u>
<u>Business-type activities</u>				
Depreciated assets:				
Machinery & equipment	\$ 142,954	\$ -	\$ -	\$ 142,954
	142,954	-	-	142,954
Less: accumulated depreciation	<u>(116,694)</u>	<u>(3,300)</u>	<u>-</u>	<u>(119,994)</u>
Net capital assets	<u>\$ 26,260</u>	<u>\$ (3,300)</u>	<u>\$ -</u>	<u>\$ 22,960</u>

Depreciation by departments:

Elementary School	\$ 53,301
Middle School	163,092
High School	29,558
Transportation	44,486
Subtotal government wide depreciation	<u>290,437</u>
School lunch	3,300
Total depreciation expense	<u>\$ 293,737</u>

JAY SCHOOL DEPARTMENT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 5 - LONG-TERM DEBT

The General Fund of the Department 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	\$ 3,360,000	\$ 770,000	\$ (420,000)	\$ 3,710,000	\$ 471,338
Capital leases payable	360,730	78,025	(189,013)	249,742	100,947
Totals	<u>\$ 3,720,730</u>	<u>\$ 848,025</u>	<u>\$ (609,013)</u>	<u>\$ 3,959,742</u>	<u>\$ 572,285</u>

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

Bonds totaling \$8,400,000 were issued in May of 1997 to finance the Jay Middle School. Annual principal payments are \$420,000. The interest rate varies from 5.401% to 5.776%. The bonds will mature in November of 2017.

The bonds are administered by the Maine Municipal Bond Bank. \$ 2,940,000

Bonds totaling \$770,000 were issued in 2011 to finance the roof projects. Annual principal payments are \$51,333. The interest rate varies from 2.125% to 5.625%. The bonds will mature in November of 2025. The bonds are administered by the Maine Municipal Bond Bank. 770,000

Total Long-Term Debt \$ 3,710,000

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

Year Ending June 30,	Principal	Interest	Total Debt Service
2012	\$ 471,338	\$ 240,372	\$ 711,710
2013	471,333	211,073	682,406
2014	471,333	158,228	629,561
2015	471,333	109,996	581,329
2016	471,333	83,555	554,888
2017-2021	1,096,665	160,444	1,257,109
2012-2026	256,665	59,987	316,652
	<u>\$ 3,710,000</u>	<u>\$ 1,023,655</u>	<u>\$ 4,733,655</u>

JAY SCHOOL DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 5 – LONG TERM DEBT (CONTINUED)

The following is a summary of the capital leases payable at 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 bus. The lease is for five years with annual payments of \$16,666 through August 2014. The effective interest rate is 3.40% per annum.

The following is a summary of capital lease maturities and interest requirements:

Year Ending June 30,		
2012	\$	105,746
2013		105,746
2014		31,770
2015		16,666
2016		-
Total minimum lease payments		<u>259,928</u>
Less: Amount representing interest		<u>(10,186)</u>
Present value of future minimum lease payments	\$	<u><u>249,742</u></u>

JAY SCHOOL DEPARTMENT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 6 – RESTRICTED NET ASSETS

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

Restricted for special revenue funds	
Block Certification Grant	\$ 1,896
E-rate	20,365
Channel 7	15,495
Greenwork grant	120
Dome grant	81
Youth suicide grant	3,525
Total restricted for special revenue funds	<u>19,221</u>
Restricted for permanent funds	98,488
	<u>\$ 117,709</u>

NOTE 7 – OVERSPENT APPROPRIATIONS

Article 8 - School Administration	10,487
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NOTE 8 – RISK MANAGEMENT

The Department is a member of the Maine School Management 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 Department pays an annual premium to the fund for its worker’s compensation coverage. The Department’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 Department’s for claims in excess of \$400,000 with an excess limit of \$2,000,000.

The Department is also a member of the Maine School Management Association – Property and Casualty Pool (“Pool”). As with the Fund above, the Pool was created to obtain lower rates for its members. The Department 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.

JAY SCHOOL DEPARTMENT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 9 – DEFINED BENEFIT PENSION PLAN

**Education Employees Retirement**

All school teachers, plus other qualified educators, participate in the Maine State Retirement System's teacher group. 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 Department 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.

The school department'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. Contributions paid by the State were approximately \$765,890 for the year ended June 30, 2011. There is no contribution required by the Department, except for federally funded teachers. For the year ended June 30, 2011, the Department 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 – 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 Department's financial position.

The Department participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Department'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 12 – DEFICIT FUND BALANCES

The school department did not have any deficit fund balance for the current fiscal year.

### 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

## JAY SCHOOL DEPARTMENT

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	\$ 1,395,680	1,395,680	\$ 1,395,680	\$ -
Resources (Inflows):				
Support from town	7,964,508	7,964,508	7,964,508	-
Intergovernmental revenues	666,359	666,359	281,175	(385,184)
Miscellaneous revenues	6,804	6,804	15,869	9,065
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	<u>10,033,351</u>	<u>10,033,351</u>	<u>9,657,232</u>	<u>(376,119)</u>
Charges to Appropriations (Outflows):				
Instruction:				
Elementary	2,351,308	2,351,308	2,332,878	18,430
Secondary	1,270,185	1,270,185	1,061,641	208,544
Library and media	89,098	89,098	94,639	(5,541)
Transportation	497,017	497,017	393,824	103,193
Operations & maintenance	1,305,388	1,305,388	1,263,566	41,822
Special education	1,142,707	1,142,707	1,051,036	91,671
Co curricular	263,691	263,691	203,800	59,891
Guidance and counseling	264,688	264,688	239,191	25,497
Health service	60,809	60,809	60,108	701
Principals' office	437,823	437,823	448,310	(10,487)
Administration	330,068	330,068	324,337	5,731
Summer programs/ESL	3,600	3,600	2,898	702
Alternative education	36,009	36,009	-	36,009
Debt service:				
Principal	420,000	420,000	420,000	-
Interest	168,277	168,277	168,276	1
School wide instruction	482,456	482,456	375,373	107,083
Transfers to other funds	20,000	20,000	20,000	-
Total Charges to Appropriations	<u>9,143,124</u>	<u>9,143,124</u>	<u>8,459,877</u>	<u>683,247</u>
Budgetary Fund Balance, June 30	<u>\$ 890,227</u>	<u>\$ 890,227</u>	<u>\$ 1,197,355</u>	<u>\$ 307,128</u>
Use of undesignated fund balance	<u>\$ 505,453</u>	<u>\$ 505,453</u>	<u>\$ -</u>	<u>\$ 505,453</u>

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.

- 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 Capital Project Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project 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

## JAY SCHOOL DEPARTMENT

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

	Budget	Total Available	Actual	Balance
Administration -				
School Committee	\$ 51,127	\$ 51,127	\$ 52,986	\$ (1,859)
Business Office	133,620	133,620	131,027	2,593
Superintendent's Office	145,321	145,321	140,324	4,997
	<u>330,068</u>	<u>330,068</u>	<u>324,337</u>	<u>5,731</u>
Operation and maintenance -				
System wide	135,609	135,609	149,549	(13,940)
Care of buildings:				
High school	483,876	483,876	479,321	4,555
Middle school	399,207	399,207	371,411	27,796
Elementary school	286,696	286,696	263,285	23,411
	<u>1,305,388</u>	<u>1,305,388</u>	<u>1,263,566</u>	<u>41,822</u>
Transportation -				
Expenses	497,017	497,017	393,824	103,193
	<u>497,017</u>	<u>497,017</u>	<u>393,824</u>	<u>103,193</u>
Special Education -				
Resource room - elementary	106,532	106,532	109,651	(3,119)
Self contained - elementary	125,246	125,246	124,489	757
Resource room - middle	194,334	194,334	156,590	37,744
Self contained - middle	82,281	82,281	124,221	(41,940)
Resource room - secondary	97,068	97,068	79,025	18,043
Self contained - secondary	120,159	120,159	135,999	(15,840)
English learners	1,000	1,000	-	1,000
Administration	145,124	145,124	126,765	18,359
Home instruction	2,000	2,000	352	1,648
Tuition private	51,000	51,000	13,354	37,646
Speech pathology	77,832	77,832	77,500	332
Occupational therapy	24,300	24,300	21,442	2,858
Psychology	43,000	43,000	15,597	27,403
Summer program	3,793	3,793	1,697	2,096
Physical therapy	1,500	1,500	3,273	(1,773)
Gifted and talented	67,538	67,538	61,081	6,457
	<u>1,142,707</u>	<u>1,142,707</u>	<u>1,051,036</u>	<u>91,671</u>

JAY SCHOOL DEPARTMENT

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

	<u>Budget</u>	<u>Total Available</u>	<u>Actual</u>	<u>Balance</u>
School Wide Instruction -				
Improvement of instruction	30,738	30,738	28,368	2,370
Instructional staff training - elementary	36,175	36,175	3,192	32,983
Instructional staff training - secondary	5,880	5,880	1,222	4,658
Academic assessment	14,000	14,000	16,189	(2,189)
Instructional related technology	395,663	395,663	326,402	69,261
	<u>482,456</u>	<u>482,456</u>	<u>375,373</u>	<u>107,083</u>
High School -				
Instruction	1,270,185	1,270,185	1,061,641	208,544
Guidance	178,474	178,474	153,098	25,376
Library	28,651	28,651	33,563	(4,912)
Principal's office	164,470	164,470	176,515	(12,045)
English as a second language	2,000	2,000	-	2,000
Co-curricular (Academic)	33,203	33,203	21,431	11,772
Co-curricular (Athletics)	153,756	153,756	122,451	31,305
	<u>1,830,739</u>	<u>1,830,739</u>	<u>1,568,699</u>	<u>262,040</u>
Health services	60,809	60,809	60,108	701
	<u>60,809</u>	<u>60,809</u>	<u>60,108</u>	<u>701</u>
Contingency	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Service				
Principal	420,000	420,000	420,000	-
Interest	168,277	168,277	168,276	1
	<u>588,277</u>	<u>588,277</u>	<u>588,276</u>	<u>1</u>

JAY SCHOOL DEPARTMENT

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

	<u>Budget</u>	<u>Total Available</u>	<u>Actual</u>	<u>Balance</u>
Middle School -				
Instruction	1,357,927	1,357,927	1,241,299	116,628
Guidance	60,919	60,919	60,876	43
Library	37,735	37,735	39,369	(1,634)
Principal's office	135,126	135,126	135,870	(744)
Alternative education	36,009	36,009	-	36,009
Summer program	-	-	1,278	(1,278)
Co-curricular (Academic)	22,278	22,278	18,575	3,703
Co-curricular (Athletics)	42,295	42,295	35,197	7,098
	<u>1,692,289</u>	<u>1,692,289</u>	<u>1,532,464</u>	<u>159,825</u>
Elementary School -				
Regular instruction	315,783	315,783	408,398	(92,615)
K-2 instruction	677,598	677,598	683,181	(5,583)
Guidance	25,295	25,295	25,217	78
Library	22,712	22,712	21,707	1,005
Principal's office	138,227	138,227	135,925	2,302
Pre-K	1,600	1,600	1,620	(20)
Co-curricular	12,159	12,159	6,146	6,013
	<u>1,193,374</u>	<u>1,193,374</u>	<u>1,282,194</u>	<u>(88,820)</u>
Totals	<u>\$ 9,123,124</u>	<u>\$ 9,123,124</u>	<u>\$ 8,439,877</u>	<u>\$ 683,247</u>

See accompanying independent auditors' report.

## JAY SCHOOL DEPARTMENT

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2011

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash	\$ -	\$ 16,903	\$ 16,903
Investments	-	81,585	81,585
Accounts receivable	162,196	-	162,196
Due from other funds	97,889	-	97,889
Total assets	<u>\$ 260,085</u>	<u>\$ 98,488</u>	<u>\$ 358,573</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 20,108	\$ -	\$ 20,108
Due to other funds	162,115	-	162,115
Total liabilities	<u>182,223</u>	<u>-</u>	<u>182,223</u>
<b>FUND EQUITY</b>			
Fund balance:			
Nonspendable	\$ -	\$ -	\$ -
Restricted	41,482	98,488	139,970
Committed	36,380	-	36,380
Assigned	-	-	-
Unassigned	-	-	-
Total fund equity	<u>77,862</u>	<u>98,488</u>	<u>176,350</u>
Total liabilities and fund equity	<u>\$ 260,085</u>	<u>\$ 98,488</u>	<u>\$ 358,573</u>

See accompanying independent auditors' report.

JAY SCHOOL DEPARTMENT

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			
Support from Town	\$ -	\$ -	\$ -
Intergovernmental revenue	1,012,684	-	1,012,684
Other	29,976	9,384	39,360
TOTAL REVENUES	<u>1,042,660</u>	<u>9,384</u>	<u>1,052,044</u>
EXPENDITURES			
Program expenses	1,366,956	3,947	1,370,903
TOTAL EXPENDITURES	<u>1,366,956</u>	<u>3,947</u>	<u>1,370,903</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(324,296)</u>	<u>5,437</u>	<u>(318,859)</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	-	-	-
Operating Transfers (Out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>(324,296)</u>	<u>5,437</u>	<u>(318,859)</u>
FUND BALANCE, JULY 1	<u>402,158</u>	<u>93,051</u>	<u>495,209</u>
FUND BALANCE, JUNE 30	<u>\$ 77,862</u>	<u>\$ 98,488</u>	<u>\$ 176,350</u>

See accompanying independent auditors' report.

## Special Revenue Funds Description

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.

JAY SCHOOL DEPARTMENT

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

	Drug Free Schools	Block Grant Certification	Erate	Channel 7	ARRA Title IA
<b>ASSETS</b>					
Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	1,896	20,365	15,495	1,958
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 1,896</b>	<b>\$ 20,365</b>	<b>\$ 15,495</b>	<b>\$ 1,958</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,958
Due to other funds	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,958</b>
<b>FUND EQUITY</b>					
Fund balance:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	1,896	20,365	15,495	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND EQUITY</b>	<b>-</b>	<b>1,896</b>	<b>20,365</b>	<b>15,495</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ -</b>	<b>\$ 1,896</b>	<b>\$ 20,365</b>	<b>\$ 15,495</b>	<b>\$ 1,958</b>

JAY SCHOOL DEPARTMENT

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

	<u>UMF Donation</u>	<u>Title IA</u>	<u>Title IIA Teacher Quality</u>	<u>IDEA Preschool</u>	<u>ARRA Local Entitlement</u>
<b>ASSETS</b>					
Accounts receivable	\$ -	\$ 21,860	\$ 7,461	\$ -	\$ 24,025
Due from other funds	-	-	-	416	-
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 21,860</u>	<u>\$ 7,461</u>	<u>\$ 416</u>	<u>\$ 24,025</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 416	\$ -
Due to other funds	-	21,860	7,461	-	24,025
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>21,860</u>	<u>7,461</u>	<u>416</u>	<u>24,025</u>
<b>FUND EQUITY</b>					
Fund balance:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND EQUITY</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ -</u>	<u>\$ 21,860</u>	<u>\$ 7,461</u>	<u>\$ 416</u>	<u>\$ 24,025</u>

JAY SCHOOL DEPARTMENT

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

	<u>Long Term Reserve</u>	<u>CIP Short Term</u>	<u>Sp Ed Reserve</u>	<u>Local Entitlement</u>	<u>Greenwork Grant</u>	<u>Dome Grant</u>	<u>ARRA IDEA Preschool</u>
<b>ASSETS</b>							
Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ -
Due from other funds	708	8,442	27,230	17,734	120	-	-
<b>TOTAL ASSETS</b>	<u>\$ 708</u>	<u>\$ 8,442</u>	<u>\$ 27,230</u>	<u>\$ 17,734</u>	<u>\$ 120</u>	<u>\$ 500</u>	<u>\$ -</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ 17,734	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	419	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,734</u>	<u>-</u>	<u>419</u>	<u>-</u>
<b>FUND EQUITY</b>							
Fund balance:							
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	120	81	-
Committed	708	8,442	27,230	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND EQUITY</b>	<u>708</u>	<u>8,442</u>	<u>27,230</u>	<u>-</u>	<u>120</u>	<u>81</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 708</u>	<u>\$ 8,442</u>	<u>\$ 27,230</u>	<u>\$ 17,734</u>	<u>\$ 120</u>	<u>\$ 500</u>	<u>\$ -</u>

JAY SCHOOL DEPARTMENT

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

	<u>CIPS Grant Program Improvement</u>	<u>State Stabilization</u>	<u>Youth Suicide Grant</u>	<u>Rural Low Income</u>	<u>ARRA Title IID</u>	<u>Totals</u>
<b>ASSETS</b>						
Accounts receivable	\$ 4,343	\$ 104,007	\$ -	\$ -	\$ -	\$ 162,196
Due from other funds	-	-	3,525	-	-	97,889
<b>TOTAL ASSETS</b>	<u>\$ 4,343</u>	<u>\$ 104,007</u>	<u>\$ 3,525</u>	<u>\$ -</u>	<u>\$ -</u>	<u>260,085</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,108
Due to other funds	4,343	104,007	-	-	-	162,115
<b>TOTAL LIABILITIES</b>	<u>4,343</u>	<u>104,007</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>182,223</u>
<b>FUND EQUITY</b>						
Fund balance:						
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	3,525	-	-	41,482
Committed	-	-	-	-	-	36,380
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND EQUITY</b>	<u>-</u>	<u>-</u>	<u>3,525</u>	<u>-</u>	<u>-</u>	<u>77,862</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 4,343</u>	<u>\$ 104,007</u>	<u>\$ 3,525</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 260,085</u>

See accompanying independent auditors' report.

JAY SCHOOL DEPARTMENT

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

	Drug Free Schools	Block Grant Certification	Erate	Channel 7	ARRA Title IA
REVENUES					
Support from Town	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-	-
Other	-	-	15,379	9,877	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>15,379</u>	<u>9,877</u>	<u>-</u>
EXPENDITURES					
Program expenses	<u>2,865</u>	<u>-</u>	<u>34,821</u>	<u>6,159</u>	<u>80,975</u>
TOTAL EXPENDITURES	<u>2,865</u>	<u>-</u>	<u>34,821</u>	<u>6,159</u>	<u>80,975</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,865)</u>	<u>-</u>	<u>(19,442)</u>	<u>3,718</u>	<u>(80,975)</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>(2,865)</u>	<u>-</u>	<u>(19,442)</u>	<u>3,718</u>	<u>(80,975)</u>
FUND BALANCE, JULY 1	<u>2,865</u>	<u>1,896</u>	<u>39,807</u>	<u>11,777</u>	<u>80,975</u>
FUND BALANCE, JUNE 30	<u>\$ -</u>	<u>\$ 1,896</u>	<u>\$ 20,365</u>	<u>\$ 15,495</u>	<u>\$ -</u>

JAY SCHOOL DEPARTMENT

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

	<u>UMF Donation</u>	<u>Title IA</u>	<u>Title IIA Teacher Quality</u>	<u>IDEA Preschool</u>	<u>ARRA Local Entitlement</u>
REVENUES					
Support from Town	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	2,000	213,891	59,316	5,912	99,025
Other	-	-	-	-	-
TOTAL REVENUES	<u>2,000</u>	<u>213,891</u>	<u>59,316</u>	<u>5,912</u>	<u>99,025</u>
EXPENDITURES					
Program expenses	2,000	248,692	62,830	5,912	130,934
TOTAL EXPENDITURES	<u>2,000</u>	<u>248,692</u>	<u>62,830</u>	<u>5,912</u>	<u>130,934</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(34,801)</u>	<u>(3,514)</u>	<u>-</u>	<u>(31,909)</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>-</u>	<u>(34,801)</u>	<u>(3,514)</u>	<u>-</u>	<u>(31,909)</u>
FUND BALANCE, JULY 1	<u>-</u>	<u>34,801</u>	<u>3,514</u>	<u>-</u>	<u>31,909</u>
FUND BALANCE, JUNE 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

JAY SCHOOL DEPARTMENT

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

	Long Term Reserve	CIP Short Term	Sp Ed Reserve	Local Entitlement	Greenwork Grant	Dome Grant	ARRA IDEA Preschool
REVENUES							
Support from Town	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	214,959	-	-	3,000
Other	-	-	-	-	120	4,600	-
TOTAL REVENUES	-	-	-	214,959	120	4,600	3,000
EXPENDITURES							
Program expenses	-	-	-	261,283	2,926	4,519	3,000
TOTAL EXPENDITURES	-	-	-	261,283	2,926	4,519	3,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	(46,324)	(2,806)	81	-
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	-	-	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	-	-	-	(46,324)	(2,806)	81	-
FUND BALANCE, JULY 1	708	8,442	27,230	46,324	2,926	-	-
FUND BALANCE, JUNE 30	\$ 708	\$ 8,442	\$ 27,230	\$ -	\$ 120	\$ 81	\$ -

JAY SCHOOL DEPARTMENT

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

	CIPS Grant Program Improvement	State Stabilization	Youth Suicide Grant	Rural Low Income	ARRA Title IID	Totals
REVENUES						
Support from Town	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	20,890	373,874	-	19,817	-	1,012,684
Other	-	-	-	-	-	29,976
TOTAL REVENUES	<u>20,890</u>	<u>373,874</u>	<u>-</u>	<u>19,817</u>	<u>-</u>	<u>1,042,660</u>
EXPENDITURES						
Program expenses	20,890	475,670	1,916	21,516	48	1,366,956
TOTAL EXPENDITURES	<u>20,890</u>	<u>475,670</u>	<u>1,916</u>	<u>21,516</u>	<u>48</u>	<u>1,366,956</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(101,796)</u>	<u>(1,916)</u>	<u>(1,699)</u>	<u>(48)</u>	<u>(324,296)</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>-</u>	<u>(101,796)</u>	<u>(1,916)</u>	<u>(1,699)</u>	<u>(48)</u>	<u>(324,296)</u>
FUND BALANCE, JULY 1	<u>-</u>	<u>101,796</u>	<u>5,441</u>	<u>1,699</u>	<u>48</u>	<u>402,158</u>
FUND BALANCE, JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,525</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,862</u>

See accompanying independent auditors' report.

## Permanent Funds Description

Permanent funds are used to account for assets held by the Jay School Department in trust or as an agent for individuals, private organizations, other governmental units and/or other funds.

## JAY SCHOOL DEPARTMENT

## COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS

JUNE 30, 2011

	Jay High School Scholarship	Randall Lane Scholarship I	Randall Lane Scholarship II	David True Scholarship	Jay Community School Scholarship	Thomas J. Plourde Memorial
<b>ASSETS</b>						
Cash	\$ 2,964	\$ 1,444	\$ -	\$ -	\$ -	\$ 1,409
Investments	-	-	6,260	1,560	10,000	-
<b>TOTAL ASSETS</b>	<u>\$ 2,964</u>	<u>\$ 1,444</u>	<u>\$ 6,260</u>	<u>\$ 1,560</u>	<u>\$ 10,000</u>	<u>\$ 1,409</u>
<b>FUND EQUITY</b>						
Fund balance:						
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	2,964	1,444	6,260	1,560	10,000	1,409
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND EQUITY</b>	<u>2,964</u>	<u>1,444</u>	<u>6,260</u>	<u>1,560</u>	<u>10,000</u>	<u>1,409</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 2,964</u>	<u>\$ 1,444</u>	<u>\$ 6,260</u>	<u>\$ 1,560</u>	<u>\$ 10,000</u>	<u>\$ 1,409</u>

JAY SCHOOL DEPARTMENT

COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS  
JUNE 30, 2011

	Brandi L. Jerry Scholarship I	Paul Roy Memorial I	Paul Roy Memorial II	Linda Latham Memorial	Thomas J Plourde Memorial	Jay Community Scholarship	Sgt. Mathew K. Roy Memorial
ASSETS							
Cash	\$ 1,236	\$ -	\$ 1,737	\$ 1,486	\$ -	\$ 822	\$ 3,903
Investments	1,500	23,045	-	2,784	4,501	-	-
TOTAL ASSETS	<u>\$ 2,736</u>	<u>\$ 23,045</u>	<u>\$ 1,737</u>	<u>\$ 4,270</u>	<u>\$ 4,501</u>	<u>\$ 822</u>	<u>\$ 3,903</u>
FUND EQUITY							
Fund balance:							
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	2,736	23,045	1,737	4,270	4,501	822	3,903
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND EQUITY	<u>2,736</u>	<u>23,045</u>	<u>1,737</u>	<u>4,270</u>	<u>4,501</u>	<u>822</u>	<u>3,903</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 2,736</u>	<u>\$ 23,045</u>	<u>\$ 1,737</u>	<u>\$ 4,270</u>	<u>\$ 4,501</u>	<u>\$ 822</u>	<u>\$ 3,903</u>

JAY SCHOOL DEPARTMENT

COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS  
JUNE 30, 2011

	<u>Bill Thompson Scholarship</u>	<u>George Bunten Scholarship</u>	<u>Jay High School Scholarships</u>	<u>Wausau Paper Otis Mill Scholarship</u>	<u>Ercolini</u>	<u>Ercolini</u>	<u>Totals</u>
<b>ASSETS</b>							
Cash	\$ 406	\$ -	\$ -	\$ 1,091	\$ -	\$ 405	\$ 16,903
Investments	-	10,715	12,565	6,147	2,508	-	81,585
<b>TOTAL ASSETS</b>	<u>\$ 406</u>	<u>\$ 10,715</u>	<u>\$ 12,565</u>	<u>\$ 7,238</u>	<u>\$ 2,508</u>	<u>\$ 405</u>	<u>\$ 98,488</u>
<b>FUND EQUITY</b>							
Fund balance:							
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	406	10,715	12,565	7,238	2,508	405	98,488
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND EQUITY</b>	<u>406</u>	<u>10,715</u>	<u>12,565</u>	<u>7,238</u>	<u>2,508</u>	<u>405</u>	<u>98,488</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 406</u>	<u>\$ 10,715</u>	<u>\$ 12,565</u>	<u>\$ 7,238</u>	<u>\$ 2,508</u>	<u>\$ 405</u>	<u>\$ 98,488</u>

See accompanying independent auditors' report.

## JAY SCHOOL DEPARTMENT

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

	Jay High School Scholarship	Randall Lane Scholarship I	Randall Lane Scholarship II	David True Scholarship	Jay Community School Scholarship	Thomas J. Plourde Memorial
REVENUES						
Interest	\$ 8	\$ 3	\$ 179	\$ -	\$ -	\$ 2
Other	400	586	-	-	-	-
TOTAL REVENUES	<u>408</u>	<u>589</u>	<u>179</u>	<u>-</u>	<u>-</u>	<u>2</u>
EXPENDITURES	<u>750</u>	<u>300</u>	<u>-</u>	<u>186</u>	<u>100</u>	<u>400</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(342)</u>	<u>289</u>	<u>179</u>	<u>(186)</u>	<u>(100)</u>	<u>(398)</u>
OTHER FINANCING SOURCES (USES)						
Other Transfers	-	-	-	-	(75)	575
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(75)</u>	<u>575</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>(342)</u>	<u>289</u>	<u>179</u>	<u>(186)</u>	<u>(175)</u>	<u>177</u>
FUND BALANCE, JULY 1, RESTATED	<u>3,306</u>	<u>1,155</u>	<u>6,081</u>	<u>1,746</u>	<u>10,175</u>	<u>1,232</u>
FUND BALANCE, JUNE 30	<u>\$ 2,964</u>	<u>\$ 1,444</u>	<u>\$ 6,260</u>	<u>\$ 1,560</u>	<u>\$ 10,000</u>	<u>\$ 1,409</u>

JAY SCHOOL DEPARTMENT

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

	Brandi L. Jerry Scholarship I	Paul Roy Memorial I	Paul Roy Memorial II	Linda Latham Memorial	Thomas J Plourde Memorial	Jay Community Scholarship	Sgt. Mathew Roy Memorial
REVENUES							
Interest	\$ 19	\$ -	\$ 6	\$ 3	\$ 38	\$ 1	\$ 3
Other	10	2,000	1,000	480	-	-	4,400
TOTAL REVENUES	<u>29</u>	<u>2,000</u>	<u>1,006</u>	<u>483</u>	<u>38</u>	<u>1</u>	<u>4,403</u>
EXPENDITURES	-	-	500	61	-	-	500
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>29</u>	<u>2,000</u>	<u>506</u>	<u>422</u>	<u>38</u>	<u>1</u>	<u>3,903</u>
OTHER FINANCING SOURCES (USES)							
Other Transfers	-	-	-	-	(575)	75	-
Operating Transfers In	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(575)</u>	<u>75</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>29</u>	<u>2,000</u>	<u>506</u>	<u>422</u>	<u>(537)</u>	<u>76</u>	<u>3,903</u>
FUND BALANCE, JULY 1, RESTATED	<u>2,707</u>	<u>21,045</u>	<u>1,231</u>	<u>3,848</u>	<u>5,038</u>	<u>746</u>	<u>-</u>
FUND BALANCE, JUNE 30	<u>\$ 2,736</u>	<u>\$ 23,045</u>	<u>\$ 1,737</u>	<u>\$ 4,270</u>	<u>\$ 4,501</u>	<u>\$ 822</u>	<u>\$ 3,903</u>

JAY SCHOOL DEPARTMENT

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

	<u>Bill Thompson Scholarship</u>	<u>George Bunten Scholarship</u>	<u>Jay High School Scholarships</u>	<u>Wausau Paper Otis Mill Scholarship</u>	<u>Ercolini</u>	<u>Ercolini</u>	<u>Totals</u>
REVENUES							
Interest	\$ 1	\$ 70	\$ -	\$ 149	\$ 23	\$ 3	\$ 508
Other	-	-	-	-	-	-	8,876
TOTAL REVENUES	<u>1</u>	<u>70</u>	<u>-</u>	<u>149</u>	<u>23</u>	<u>3</u>	<u>9,384</u>
EXPENDITURES	<u>500</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>150</u>	<u>3,947</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(499)</u>	<u>70</u>	<u>-</u>	<u>(351)</u>	<u>23</u>	<u>(147)</u>	<u>5,437</u>
OTHER FINANCING SOURCES (USES)							
Other Transfers	-	-	-	-	(37)	37	-
Operating Transfers In	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37)</u>	<u>37</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>(499)</u>	<u>70</u>	<u>-</u>	<u>(351)</u>	<u>(14)</u>	<u>(110)</u>	<u>5,437</u>
FUND BALANCE, JULY 1, RESTATED	<u>905</u>	<u>10,645</u>	<u>12,565</u>	<u>7,589</u>	<u>2,522</u>	<u>515</u>	<u>93,051</u>
FUND BALANCE, JUNE 30	<u>\$ 406</u>	<u>\$ 10,715</u>	<u>\$ 12,565</u>	<u>\$ 7,238</u>	<u>\$ 2,508</u>	<u>\$ 405</u>	<u>\$ 98,488</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.

## JAY SCHOOL DEPARTMENT

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
Elementary School	\$ -	\$ 2,658,618	\$ 322,402	\$ -	\$ 2,981,020
Middle School	40,000	8,457,920	374,435	-	8,872,355
High School	-	1,420,167	468,013	-	1,888,180
Superintendent's Office	-	-	23,245	-	23,245
Transportation	15,250	74,711	754,147	-	844,108
School Lunch	-	-	142,954	-	142,954
School-wide	550,936	-	43,305	-	594,241
Total General Capital Assets	606,186	12,611,416	2,128,501	-	15,346,103
Less: Accumulated Depreciation	-	(6,090,502)	(1,692,378)	-	(7,782,880)
Net General Capital Assets	\$ 606,186	\$ 6,520,914	\$ 436,123	\$ -	\$ 7,563,223

See accompanying independent auditors' report.

## JAY SCHOOL DEPARTMENT

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
JUNE 30, 2011

	General Capital Assets 7/1/10	Additions	Deletions	General Capital Assets 6/30/11
Elementary School	\$ 2,981,020	\$ -	\$ -	\$ 2,981,020
Middle School	8,866,435	5,920	-	8,872,355
High School	1,877,180	11,000	-	1,888,180
Superintendent's Office	23,245	-	-	23,245
Transportation	766,083	78,025	-	844,108
School Lunch	142,954	-	-	142,954
School-wide	44,164	550,077	-	594,241
Total General Capital Assets	14,701,081	645,022	-	15,346,103
Less: Accumulated Depreciation	(7,489,143)	(293,737)	-	(7,782,880)
Net General Capital Assets	<u>\$ 7,211,938</u>	<u>\$ 351,285</u>	<u>\$ -</u>	<u>\$ 7,563,223</u>

See accompanying independent auditors' report.



*Proven Expertise and Integrity*

## INDEPENDENT AUDITORS' REPORT ON STATE REQUIREMENTS

July 14, 2011

Jay School Committee  
Jay School Department  
Jay, Maine

We have audited the financial statements of Jay School Department 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 Department for accuracy. In addition we have reviewed quarterly EF-U-415 reports for the year ended June 30, 2011 and the Department'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, the Jay School Department 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 the Jay School Department was in noncompliance with, or in violation of, those provisions.

Management has determined that adjustments were necessary to the fiscal books of the Department 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 Department.

This report is intended solely for the information of the School Committee, 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.

*RHR Smith & Company*

Certified Public Accountants

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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
<b>Revenue Adjustments:</b>				
<b>Expenditure Adjustments:</b>				
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>